



2022

Report on Sustainable Investing





Our purpose is to help provide a foundation upon which 21 million contributors and beneficiaries of the Canada Pension Plan can build their financial security in retirement. We believe that organizations that effectively anticipate, manage and integrate sustainability-related factors that are material to their business are more likely to endure and create value over the long term.

TABLE OF CONTENTS

Introduction to CPP Investments	2	Our Net-Zero Commitment	22
Financial Sustainability of the Canada Pension Plan	3	Progress on Our Net-Zero Commitment	24
President's Message	4	Green Bonds	40
Our Approach to Sustainable Investing	8	Active Ownership	44
Sustainable Investing for Long-term Value Creation and Preservation	9	How We Vote	45
Sustainable Investing at CPP Investments	10	Proxy Voting Overview	46
Embedding Sustainability-related Considerations into the Investment Life Cycle	13	Collaboration Partners and Highlights	55
What CPP Investments Expects of Portfolio Companies	20	Employee Engagement and Well-Being at CPP Investments	59

Introduction to CPP Investments

INSIDE THIS SECTION

Financial Sustainability of the Canada Pension Plan	3
President's Message	4



CPP Investments is well positioned to create financial value over the long term by integrating sustainability factors into our investment decisions.

CPP Investments is a global investment management organization. We were established with a clear focus: to help ensure the Canada Pension Plan (CPP) is strong and sustainable for the long term. We prudently invest the amounts transferred to us by the CPP Fund, helping to provide a foundation on which Canadians can build financial security in retirement.

CPP Investments' governance structure is globally recognized as a best practice for national pension plans. We operate at arm's length from governments and our management team reports to an independent, professional board of directors.

Our defining purpose is to manage the CPP Fund in the best interests of its contributors and beneficiaries. Our experienced professionals invest globally in public and private assets to maximize returns without undue risk of loss, with consideration of the factors that may affect funding of the CPP. We believe organizations that effectively anticipate and manage dynamic and emerging material business risks and opportunities, including climate change, are more likely to make better-informed decisions, and endure and create value over the long term. This is why we consider and integrate these sustainability-related risks and opportunities into our investment analysis across the investment life cycle and across asset classes, where such considerations are material. This includes engaging with our investment partners and portfolio companies to promote improved management of these factors to enhance long-term outcomes in the companies and assets in which we invest.

Financial Sustainability of the Canada Pension Plan

CPP sustainability

75+ years

10-year net income

As at June 30, 2022

\$305B

10-year return (net nominal/real)

As at June 30, 2022

10.3%/7.8%

CPP contributors and beneficiaries

21M

The CPP is designed to provide a stable source of retirement income to Canadians today and over multiple generations.

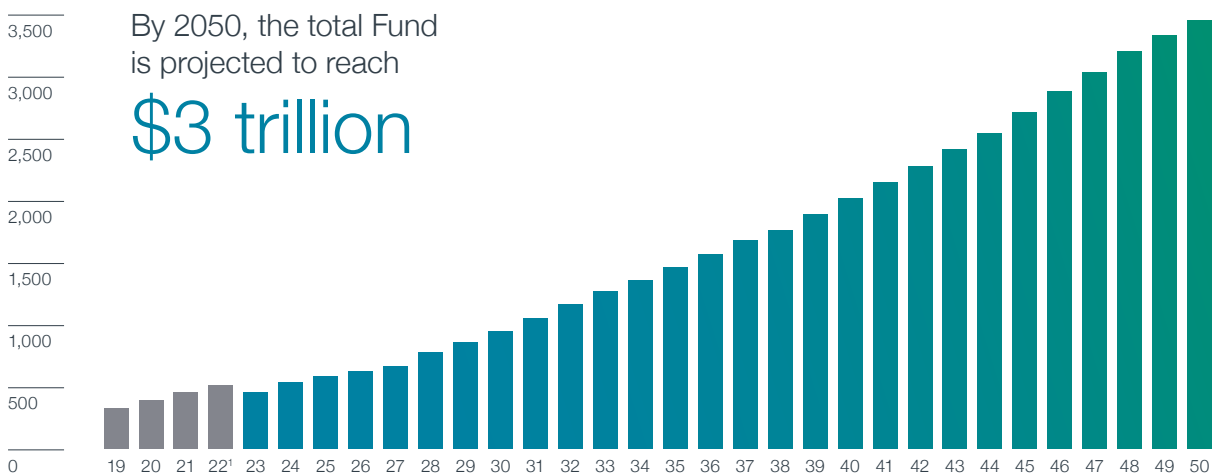
The Office of the Chief Actuary monitors the long-term sustainability of each part of the Plan. Every three years, the Chief Actuary reports on the financial state of the base CPP and additional CPP over the next 75 years.

The most recent report, released in December 2019, reconfirmed that both parts of the CPP are sustainable at the legislated contribution rates as of December 31, 2018.

The chart below illustrates the combined projections of assets from the Chief Actuary's 30th Report, which considers future changes in demographics, the economy and investment environments. The Fund has two sources of growth: net contributions from CPP participants and net income earned from investments.

Projection of Fund Assets As at December 31 (\$ billions)

■ Actual Assets ■ Projected Assets



1. Represents actual total assets of \$523.1B as at June 30, 2022.

President's Message

In the past year, capital markets have evolved how they integrate environmental impact, societal pressure, and governance risk into day-to-day drivers of performance. We believe these actions reflect the reality that anticipating and managing these risks and opportunities will determine the decade-to-decade staying power of companies. How we select investments and hold management accountable to manage these factors can enhance or erode the long-term value of the CPP Fund. That's why our approach to sustainable investing remains clear: to maximize value by building and growing a portfolio that aims to deliver enduring performance over the long term. This report contains an update on the sustainability-related activities we undertook from July 1, 2021 through June 30, 2022.

Dear contributors and beneficiaries of the Canada Pension Plan,

Investing for generations requires us to prioritize our long-term objectives while also managing present day challenges. Current market challenges include high inflationary pressure, fragile supply chains, and food and energy insecurity. Yet these immediate challenges don't eliminate the need to further explore how our influence as an asset owner and voting shareholder can improve the way our global investment ecosystem addresses longer-term issues, like climate change and evolving stakeholder expectations.

That's why our decision earlier this year to commit CPP Investments to net-zero greenhouse gas emissions (GHG) by 2050 was made after significant study of what this commitment would mean for our organization and your retirement Fund. We do not support simply divesting emitting companies from our portfolio. Instead, to deliver strong investment returns and support the decarbonization of the real economy, we must finance emissions reduction by making portfolio companies accountable for developing credible transition plans; invest in solutions and the deployment of scalable green technologies; and support the transition of grey sectors to net zero. This belief underpins our Climate Change Principles and our net-zero commitment.

Two-thirds of companies in the S&P 500 have emissions targets of some kind and over 70 countries, including Canada, have committed to net zero by 2050. We support the global economy's net-zero transition by preparing our portfolio and own operations for a net-zero world. Working across the organization, and with select portfolio companies, we look for opportunities to mitigate sustainability-related risks, including climate change, develop transition strategies, and capture investment opportunities.

Our net-zero commitment extends across all scopes. We are on track to achieve carbon neutrality for our internal operations by the end of fiscal 2023. And, we expect our \$66 billion investment in green and transition assets as at end of fiscal year 2022 to expand to at least \$130 billion by 2030. We also demonstrated our commitment to sustainability in 2021 by appointing a Chief Sustainability



John Graham, President & CEO

Officer (CSO) to help guide our strategy and its implementation. The actions we are taking to reach net zero by 2050 are outlined in detail [here](#), and a progress report on these actions will be released at fiscal year end.

Given the growth in corporate climate commitments and increased regulation on climate-related reporting, we expect a notable increase in the number of companies reporting emissions, the scope of their reporting, and third-party assurance in the year ahead. There is genuine progress in the development of infrastructure to support the management of climate risk. This progress includes improvements in regulation, reporting standards, climate tools, and guidance on offsetting to name a few. We also acknowledge that many of these supports are still in development, and we remain open to changes in direction as well as opportunities to help build this much-needed infrastructure. For example, the CPP Investments Insights Institute is working with companies and industry bodies to improve board oversight of climate-related issues using an [Abatement Capacity Assessment Framework](#) that helps companies identify emissions and the cost of mitigation.

Introduction to CPP Investments

Our Role

Our long-standing [Policy on Sustainable Investing](#) makes clear that we do not direct the strategy of companies – we respect their role as operators, and ours as owners. But make no mistake, we have clear expectations of directors when it comes to ensuring businesses are sustainably run. As investors who take an active and engaged approach to overseeing our private investment portfolio, we target appropriate interventions to drive better returns. This can include improving governance, pricing and costs; environmental or stakeholder management; employing our decarbonization investment approach; or using our public platform to focus on maximizing long-term returns through consideration of all stakeholders.

We are also proactively engaging with our public holdings that have high levels of climate change risk to ensure that boards are exercising appropriate oversight. This means ensuring there is a climate change governance framework in place, that climate risk is identified and quantified, and that these insights are integrated into company strategy, culture, operations, and public disclosures. Where this is not the case, we withhold support for director reappointments.

We provide the same level of engagement on board diversity in our public holdings by employing our [Gender Diversity Voting Policy](#), which expanded this past year. We now require boards of public companies in New Zealand and South Africa as well as Australia, Canada, developed Europe, and the U.S., to have at least 30% female directors. We believe that companies with diverse and inclusive boards and executive management teams are more likely to achieve superior financial performance. Companies lacking diversity of any type, including gender, race, experience, and age risk missing valuable perspectives on critical business decisions and could expose themselves to unnecessary governance risk.

What the term Environmental, Social and Governance (ESG) means to us

In the last year, debate has emerged over the utility and integrity of the term “environmental, social, governance” (ESG). At CPP Investments, the term refers to a set of factors that we analyze to make more informed investment decisions. It is an important complement to traditional financial analysis. Trade-offs between ESG considerations are inevitable and we resolve them by carefully considering which ones are likely to have the biggest impact on investment returns. 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.

Conclusion

Maximizing the long-term value of a business today is no longer just about strategic, operational and financial excellence. It requires boards and executives to anticipate and manage a highly dynamic environment. This, in turn, requires greater diversity of perspective in the boardroom, an evolved culture of risk management and opportunity identification, more proactive engagement on environmental footprint, labour, supply chains, cyber and data security, and other factors. Organizations that do this well will preserve and grow shareholder value over the long term, and investors that seek to identify these companies will be well positioned to achieve superior investment returns.

Sincerely,



John Graham
President & CEO



Our Approach to Sustainable Investing

INSIDE THIS SECTION

Sustainable Investing for Long-term Value Creation and Preservation	9
Sustainable Investing at CPP Investments	10
Embedding Sustainability-related Considerations into the Investment Life Cycle	13
What CPP Investments Expects of Portfolio Companies	20



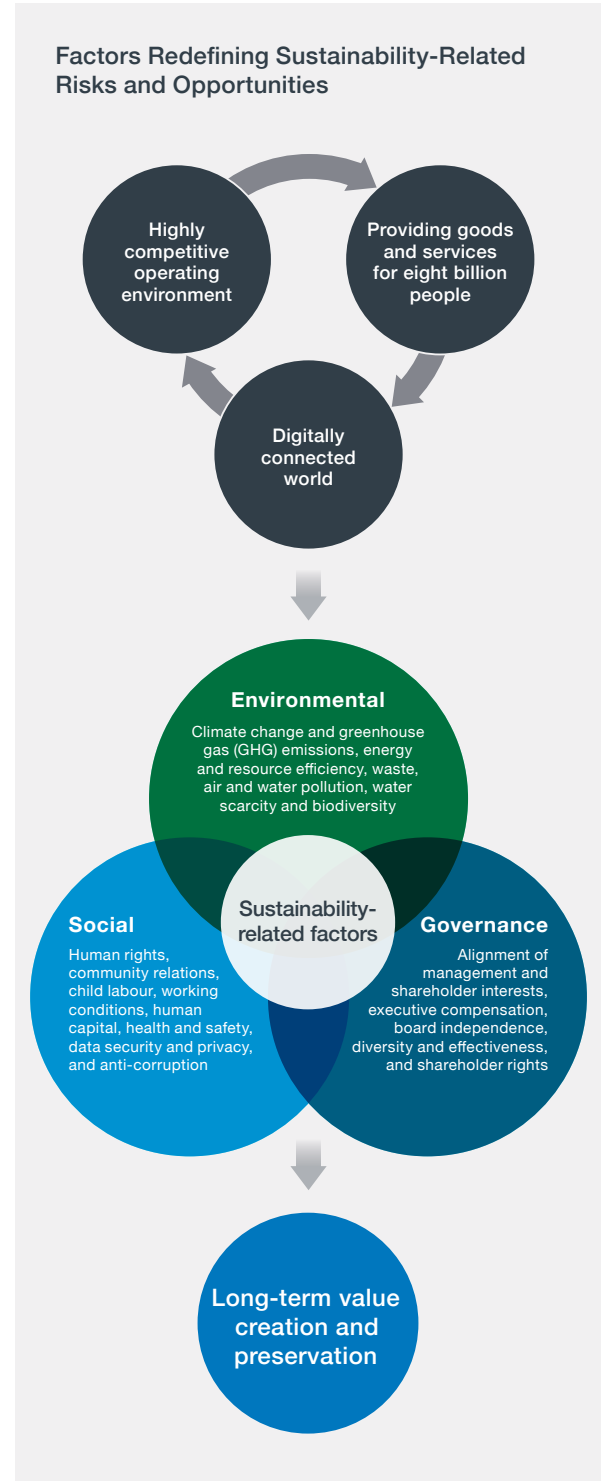
Sustainable Investing for Long-term Value Creation and Preservation

The nature of economic business risks and opportunities has fundamentally changed in this century. Companies are operating in an increasingly competitive and digitally connected world, as they look to provide goods and services for almost eight billion people. This has led to heightened and rapidly evolving stakeholder expectations of sustainable and inclusive growth. As a result, sustainability-related factors, including climate change, are increasingly and more directly impacting the strategic, operational and financial profile of companies around the world. The war in Ukraine and the resulting global food crisis, as well as cost-of-living increases caused by multiple sources of inflationary pressure, have added to the challenge over the past year. As such, we believe that companies and investors that effectively anticipate, manage and integrate dynamic and emerging material risks and opportunities into their strategy are more likely to preserve and create value over the long term than those that do not.

In contrast, underinvesting in climate change-related transition strategies, maintaining irresponsible or unethical labour-sourcing practices, failing to address hostile work conditions, and inadequate cybersecurity practices can erode a company's value. These are just some of the many sustainability-related risks and opportunities facing businesses today. This value erosion can manifest as loss of competitiveness as the economy transitions to net zero. It could also result in decreased customer trust and loyalty, a loss of brand equity or an inability to attract talent. In the worst cases, a company could lose its social, or even legal, licence to operate. Conversely, proactively addressing and investing in these factors can result in added long-term value creation and preservation for a company.

We recognize that sustainability-related factors, be they environmental, social or governance, are often interlinked and, where material, should be addressed in a comprehensive manner. Our use of the term environmental, social and governance (ESG) reflects prevailing market convention rather than an attempt to oversimplify a discipline that we recognize is more complex and nuanced than these three initials may suggest.

The report details our approach and activities from July 1, 2021 – June 30, 2022, unless otherwise specified.



Our Approach to Sustainable Investing

The principles underlying our approach to sustainable investing include, but are not limited to, the following:

- Given our legislative objectives, we consider and integrate both sustainability-related risks and opportunities into our investment analysis and asset management activities, rather than eliminating investments based on environment, social and governance factors alone;
- We consider the economic impacts from these sustainability-related risks and opportunities, not only across the investment life cycle, but across asset classes, where such considerations are material;
- As an active owner, we monitor sustainability-related factors and engage with companies to promote improved management of these factors, where material, to enhance long-term outcomes in the companies and assets in which we invest;
- We support the division of authority and responsibilities among the triad of interests that is the core of good corporate governance – shareholders (owners), directors and managers – and we view directors as responsible to the company on whose board they serve, but accountable to the company's shareholders as owners;
- Where sustainability-related factors, including climate change, are material to the company,

we expect boards to ensure they are considered and integrated into the company's strategy.

- We expect disclosure of financially relevant, potentially material sustainability-related factors to allow investors to better understand, evaluate and assess these risks and opportunities, including their potential impact on a company's performance. We support alignment of reporting with SASB Standards and the Task Force on Climate-related Financial Disclosures (TCFD) Framework. (Our reporting in accordance with the TCFD recommendations is available [here](#)); and
- Employees, customers, suppliers, governments and the community at large have a vested interest in forward-thinking corporate conduct and long-term business performance.

We strive to be both principled and pragmatic, taking into account industry norms, corporate performance, competitive issues, regulatory requirements and other factors necessary to put specific issues into context.

For more details on our Sustainable Investing Principles see our [Policy on Sustainable Investing](#), which also includes our Climate Change Principles.

Sustainable Investing at CPP Investments

Our belief that consideration of sustainability-related factors through the investment life cycle leads to greater value creation and preservation over the long term is reflected in the chart on [page 11](#). Our [Proxy Voting Principles and Guidelines](#), [Policy on Sustainable Investing](#) and Integrated Risk Framework (see pages 29–31 of our [Annual Report](#)) inform how we approach these decisions within the context of our legislative objectives.

Our **Board of Directors** oversees management's development of the strategic direction of the organization. The strategy incorporates risk management policies and controls, as well as monitoring and reporting mechanisms. Our Board approves our Proxy Voting Principles and Guidelines, Policy on Sustainable Investing and Risk Policy, upon the recommendation of our Chief Sustainability Officer, our Investment Strategy and Risk Committee or our Sustainable Investing Committee.

Our **President & CEO** has accountability for all risks and organizational matters beyond those specifically reserved for the Board.

Our **Chief Sustainability Officer (CSO)** is responsible for the development and implementation of our sustainability-related strategy at the enterprise level.¹ Given the integrated nature of our approach, our CSO works closely with our CEO, Chief Investment Officer (CIO) and Chief Finance and Risk Officer (CFRO) to ensure we maintain a global, cross-enterprise approach to sustainability, including delivering on our commitment to reach net zero across the Fund and our operations by 2050.² Delivering on our long-term sustainability-related goals requires close collaboration between CSO and department heads on annual objectives.

Our **Head of Sustainable Investing (SI)** leads the group responsible for integrating consideration of sustainability-related risks and opportunities, including climate change, across our investment programs, as well as internal and external thought leadership on key and emerging sustainability-related topics. The Head of SI also chairs the Sustainable Investing Committee and reports directly to the Chief Sustainability Officer.

Our **Investment Strategy and Risk Committee (ISRC)** is comprised of the CIO, CFRO and General Counsel, with the President & CEO as Chair. The CSO

1. We are currently in the process of naming a new CSO. In the interim, our President & CEO assumes all responsibilities related to the CSO role.

2. On June 28, 2022, we announced that the current role of Senior Managing Director & Chief Financial and Risk Officer will be divided into two distinct senior management positions. Going forward, the organization will have a Chief Risk Officer (CRO) and a Chief Financial Officer (CFO). As such, the CSO will work closely with both individuals on relevant matters.

actively participates in relevant sustainability-related matters. The ISRC membership expands to include additional members of the Senior Management Team for select matters that require broader perspectives. The ISRC and its sub-committees have select approval accountabilities, including the approval of the Annual Report on Sustainable Investing. The committee also provides guidance and recommendations on sustainability-related items, including our [Policy on Sustainable Investing](#) and our [Proxy Voting Principles and Guidelines](#).

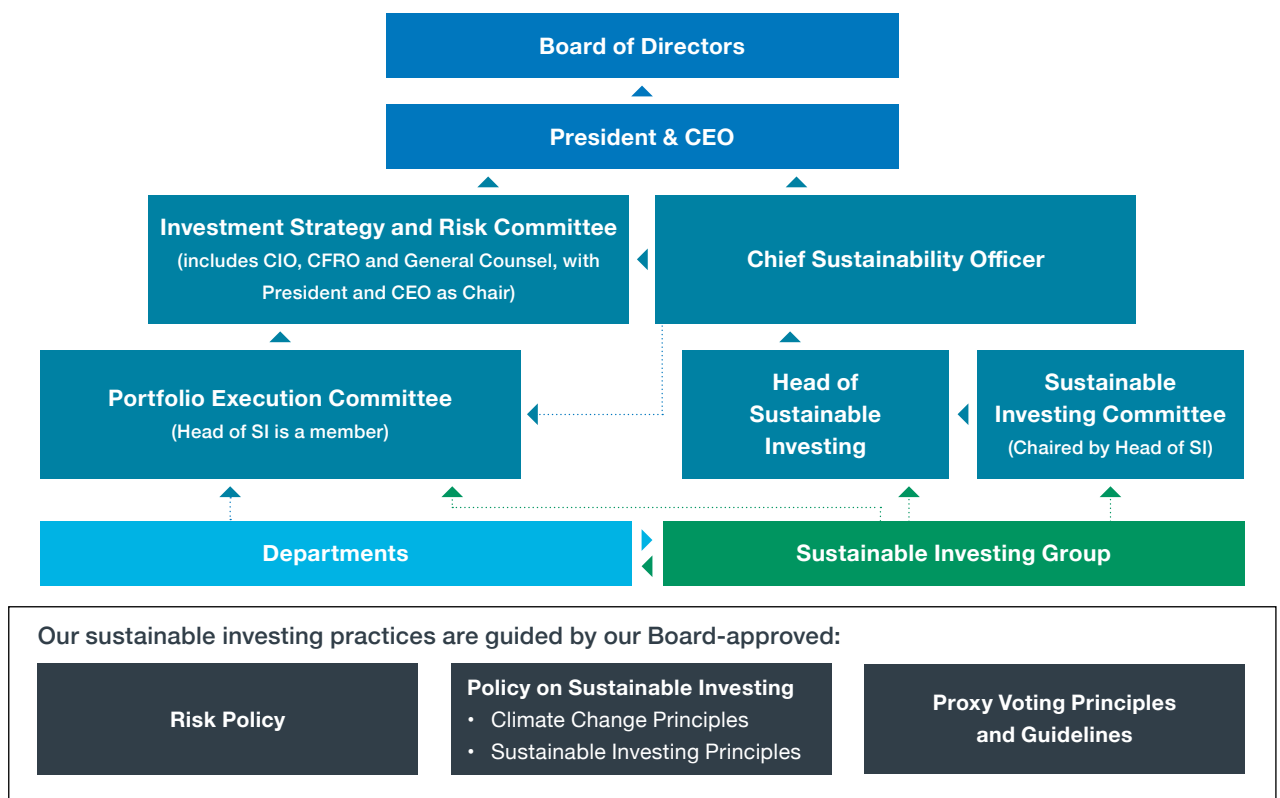
Our **Portfolio Execution Committee (PEC)** is a management-level sub-committee of the Investment Strategy and Risk Committee (ISRC). The PEC supports the ISRC's oversight of investment-related accountabilities. Chaired by the CIO, the PEC oversees key aspects of portfolio execution and considers an array of strategic investment and risk-related matters as it reviews new investments, dispositions and follow-on transactions for approval. This includes evaluating sustainability-related considerations, such as climate change, related to investment decisions presented to the committee where these impacts are deemed to be material to the transaction. The PEC also evaluates whether specific investments are aligned to the mandate of its corresponding active strategy and providing guidance on select investment department-related matters, including their strategies, mandates and department reviews. The Head of Sustainable Investing is a member of the PEC.

The **Sustainable Investing Committee (SIC)** is chaired by the Head of Sustainable Investing. The SIC is comprised of senior representatives from across the organization and is the central forum for the monitoring and guidance of issues related to sustainability, including climate change. Members of the SIC work alongside the Sustainable Investing group to shape CPP Investments' view and stance on areas related to sustainability, while also ensuring dissemination of key issues back to their respective departments. Its responsibilities include approving additions to our Green Bond Register (see [pages 40–43](#) for details on our Green Bond Program) and providing guidance to the CSO on key sustainability-related matters, including our Policy on Sustainable Investing, Proxy Voting Principles and Guidelines and Annual Report on Sustainable Investing.

Our **departments** work closely with the **Sustainable Investing (SI) group** to integrate material sustainability-related considerations into investment decisions and asset management, and inform our proxy voting decisions and engagement with public and private companies in our portfolio (see [page 12](#) for more about our SI group). Senior management from our Legal, Public Affairs & Communications, and Finance and Risk departments are also involved in ensuring investment, operational, regulatory and legal, and strategic risks and reputational factors are considered.

Sustainability-related considerations are incorporated into employee objectives and compensation structures, where relevant.

Sustainable Investing at CPP Investments



Our Approach to Sustainable Investing

Our **Sustainability Virtual Team (SVT)** facilitates knowledge-sharing and collaboration on sustainability-related topics across the organization. SVT members, who include representatives from across our global offices, share insights and foster discussion — including best practices, market updates and lessons learned — to accelerate our firm-wide understanding of key sustainability-related issues.

In March 2022, we launched the **CPP Investments Insights Institute** (Institute), which has the mission to create enduring value by using our global investing expertise, partnerships and convening power to advance how the global investment ecosystem addresses climate change, technology disruption and evolving stakeholder expectations. The Institute is

our platform for sharing knowledge and collaborating with fellow investors, CEOs, policy makers and others to engage on ways to overcome obstacles as we mobilize capital. In 2022, we hosted various convening events to bring together key stakeholders to discuss topics of mutual interest. This included a series of roundtables with institutional investors, consultants and independent auditors to socialize our proposed Abatement Capacity Assessment Framework, and to develop steps to refine and improve this **novel idea**.

CPP Investments **Insights**INSTITUTE

Sustainable Investing Group

Our dedicated Sustainable Investing (SI) group is part of our Real Assets Department and as of June 30, 2022 included 20 professionals in Toronto and London with diverse experience and sustainability-related expertise. The Head of Sustainable Investing chairs the Sustainable Investing Committee and is a member of the Portfolio Execution Committee. Other senior members of the group are also members of select investment committees. Additionally, the SI group regularly participates in investment committees when sustainability-related factors are material to the investments being discussed.

The group is a trusted partner to our deal teams throughout the investment process, committed to driving long-term returns through the integration of sustainability-related factors into the life cycle of our investments. The SI group shares insights on evolving trends, industry competitiveness and best practices. The group helps colleagues across the organization gain fluency in better identifying, understanding and managing these sustainability-related factors. At CPP Investments, we encourage secondments across the organization to ensure cross-fertilization of ideas and experience; this year, colleagues from our Knowledge Advantage and Real Estate teams joined the SI group on secondment. We expect colleagues from additional groups across the organization will take advantage of similar opportunities in the future as in-depth understanding of sustainability, including climate change, will be critical for the next generation of investment leaders.

“At CPP Investments we believe that sustainable investing means making more informed decisions to deliver superior long-term investment outcomes. Anticipating, managing and integrating dynamic and emerging material business risks and opportunities allows us to create enduring value. This is precisely why we have a dedicated Sustainable Investing team that works closely with colleagues across the organization to identify, understand and manage such risks and opportunities.”



Richard Manley
Managing Director,
Head of Sustainable Investing
Global Leadership Team

Embedding Sustainability-related Considerations into the Investment Life Cycle

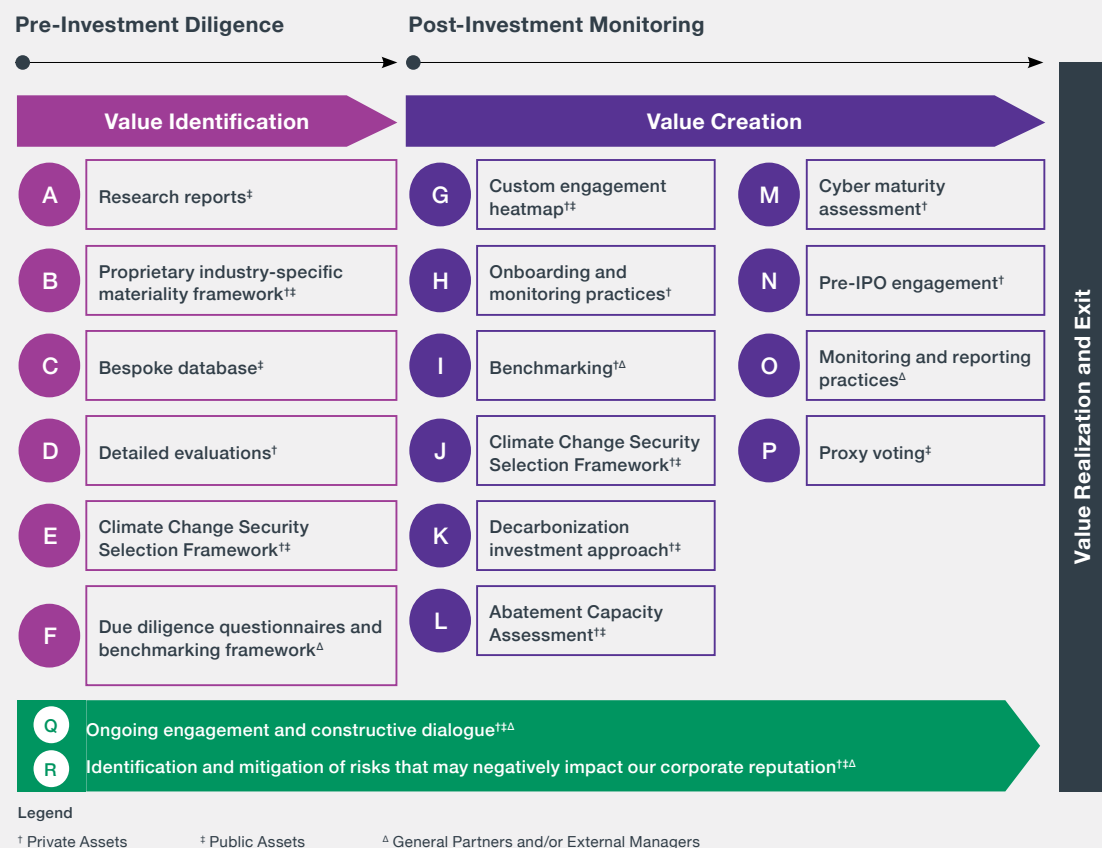
At CPP Investments, our Sustainable Investing group collaborates with our investment and asset management teams to integrate material sustainability-related factors both before and during the period in which we hold the asset, as well as when our portfolio companies prepare for listing. In this section, we share examples of how we integrate these considerations, where material, during our diligence and monitoring processes. Diligence is an aspect of our integration process that is done prior to investment. Monitoring is part of the process by which we manage our assets

post-investment. Engagement to promote improved management of sustainability-related factors to enhance long-term outcomes in the companies and assets in which we invest is an essential part of both our diligence and monitoring processes when these factors matter to the business. Since these considerations can significantly affect our assessment of a company's risk profile and value, they are critical in determining the attractiveness of a potential investment and how we can best manage an asset once acquired.

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

Examples of Tools Utilized Throughout the Investment Life Cycle (i.e., During the Diligence and Monitoring Processes) and Across Asset Classes

We apply these tools in a tailored manner based on the investment strategy, asset class and/or nature of each individual investment.



Value Identification

- A. Research reports** are utilized to identify material sustainability-related risks and opportunities and guide diligence of the most relevant factors when considering significant investments in publicly traded companies. These reports also facilitate engagement with investee companies pre- and/or post-investment to promote best practices in the management of material sustainability-related issues.
- B. Proprietary industry-specific materiality framework** draws on existing standards and frameworks (such as **SASB Standards** and **TCFD**) to codify the most material sustainability-related information for any given industry. This framework provides industry-level insights into the sustainability-related factors that are most material to a company's financial and operational performance.
- C. Bespoke database** provides data-centric and dynamic approach to systematically and comprehensively measure and monitor available sustainability-related information. This proprietary database includes information obtained from public disclosures of companies sourced from financial data vendors. It enables us to create differentiated insights for the diligence and monitoring of potential and existing assets.
- D. Detailed evaluations** provide structured, intensive reviews of the most material sustainability-related factors for potential direct equity investments in private assets. These reviews are refined based on the specific deal structure, company, industry and geography for topics such as environment, health and safety, labour and human rights, community relations, cybersecurity and data privacy (see [page 16](#) for more about our work in the cyber space), business integrity and corporate governance.
- E. Climate Change Security Selection Framework** requires consideration of the financial impacts of both high physical-risk and high transition-risk scenarios (our "bookend scenarios") where climate change impacts are deemed to be material to the investment decision and asset management strategy. High physical-risk scenarios are those resulting in more than 4°C of temperature warming over pre-industrial levels. High transition-risk scenarios result in less than 2°C warming. The Framework is applied to any direct investment requiring Portfolio Execution Committee approval and where our Sustainable Investing group and deal teams determine climate risk is potentially material.
- F. Due diligence questionnaire and benchmark** evaluate how General Partners (GPs) and external managers integrate sustainability-related considerations into policies and processes, due diligence, monitoring and reporting, and their commitment to providing

resources for those activities. Insights from the questionnaire enable us to benchmark performance and best practices, allowing us, in turn, to better engage with GPs on areas of opportunity and value creation.

Value Creation

- G. Custom engagement heatmap** is a visual interface that allows us to analyze our public portfolio companies, where we hold significant positions, to determine and engage on:
- opportunities for alignment with our Proxy Voting Principles and Guidelines,
 - alignment of reporting to SASB Standards and TCFD, and
 - sustainability-related disclosure and performance gaps based on our proprietary materiality framework.
- These public company sustainability-related insights also help us better assess our private assets, including ones where initial public offerings are potential exit options.
- H. Onboarding and monitoring practices** enable active monitoring of sustainability-related factors over the life cycle of an investment, with a focus on issues identified during the diligence process. For assets where CPP Investments has material governance rights, we incorporate industry best practices into value-creation planning, management and director evaluation and selection, and monitoring of company performance, including with regards to sustainability-related factors.

Developing proprietary sustainability-related Key Performance Indicators

During fiscal 2022, we developed a proprietary Key Performance Indicator (KPI) framework of financially and operationally material metrics to support value creation or reduce risk for our existing direct equity investments. We defined a standardized and comparable set of core sustainability metrics related to i) health, safety and environment; ii) cyber security; iii) human capital, including equity, diversity and inclusion; and iv) compliance, integrity and governance. In addition to these core sustainability KPIs, we also identified asset-specific ones informed by materiality and a focus on business-critical and industry-specific factors. Examples of some core sustainability metrics include workplace fatalities, number of material cyber incidents in the last 12 months, management diversity, employee attrition and GHG emissions. To select these KPIs, we applied our deep expertise in integration of sustainability-related factors in public markets; our industry-leading database for benchmarking; and industry best practices, particularly **SASB Standards**, **TCFD** and the **ESG Data Convergence Initiative**.

During the year, we worked hand-in-hand with our co-investors and management teams to pilot this framework on a number of assets in our Direct Private Equity (DPE) portfolio. We plan to roll it out to the majority of our active DPE portfolio in fiscal 2023.

- I. Benchmarking** of the sustainability-related capabilities of our GPs and private portfolio companies against their respective peer groups. We then share best practices and tailored perspectives for capacity building based on their respective priorities.
- J. Climate Change Security Selection Framework** see point E above. In addition to applying the Framework during the screening and due diligence stages of deals, we have begun to apply it to existing assets in our portfolio. As part of this process, we also consider potential initiatives to mitigate risk and realize opportunities to further enhance value.
- K. Decarbonization investment approach** identifies, funds and supports the efforts of select high-emitting companies in select strategic sectors to decarbonize their activities and create more sustainable business models (see [page 33](#) for more about this approach).
- L. Abatement Capacity Assessment** provides a decision-useful framework to measure the capacity of organizations to remove or “abate” their GHG emissions. We are starting to pilot it with some of our assets.
- M. Cyber maturity assessment** provides a comprehensive assessment of the capability and degree of readiness of companies in our direct equity investments portfolio to mitigate cyber vulnerabilities and threats (see [page 16](#) for more details).
- N. Pre-IPO engagement** includes active dialogue with select portfolio companies on sustainability-related issues based on best practices, when private companies we are invested in prepare to list publicly. As a large private equity direct investor and Limited Partner (LP), and public equity market investor, CPP Investments is uniquely placed to share insights into evolving governance and other best practices. Our engagements with companies preparing to publicly list primarily focus on:
- understanding the broader sustainability ecosystem, including reporting standards and frameworks;
 - connecting them with relevant professionals at our other portfolio companies to share insights and best practices;
 - benchmarking their readiness against best in class public peers leveraging our industry-leading database;
 - sharing our views on sustainability-related topics that are most material to prospective public equity investors, and;
 - providing perspectives on the robustness of their sustainability-related disclosures and go-forward strategies.

O. Monitoring and reporting capture updates or changes to existing sustainability-related processes at GPs and external managers through their responses to an annual survey, LP Advisory Committee meetings and public reporting.

P. Proxy voting entails voting of CPP Investments’ shares at annual general and special meetings of shareholders for publicly traded companies in which we invest (see the [active ownership](#) section for details).

Throughout the Investment Life Cycle

Q. Ongoing engagement and constructive dialogue involves engagements with our portfolio companies through our board representation and shareholder voting rights, as applicable; live dialogue and formal correspondence; and working with like-minded organizations. We engage directly with portfolio companies where we believe engagement will create better long-term outcomes on sustainability-related matters and, in turn, generate more sustainable value for the Fund.

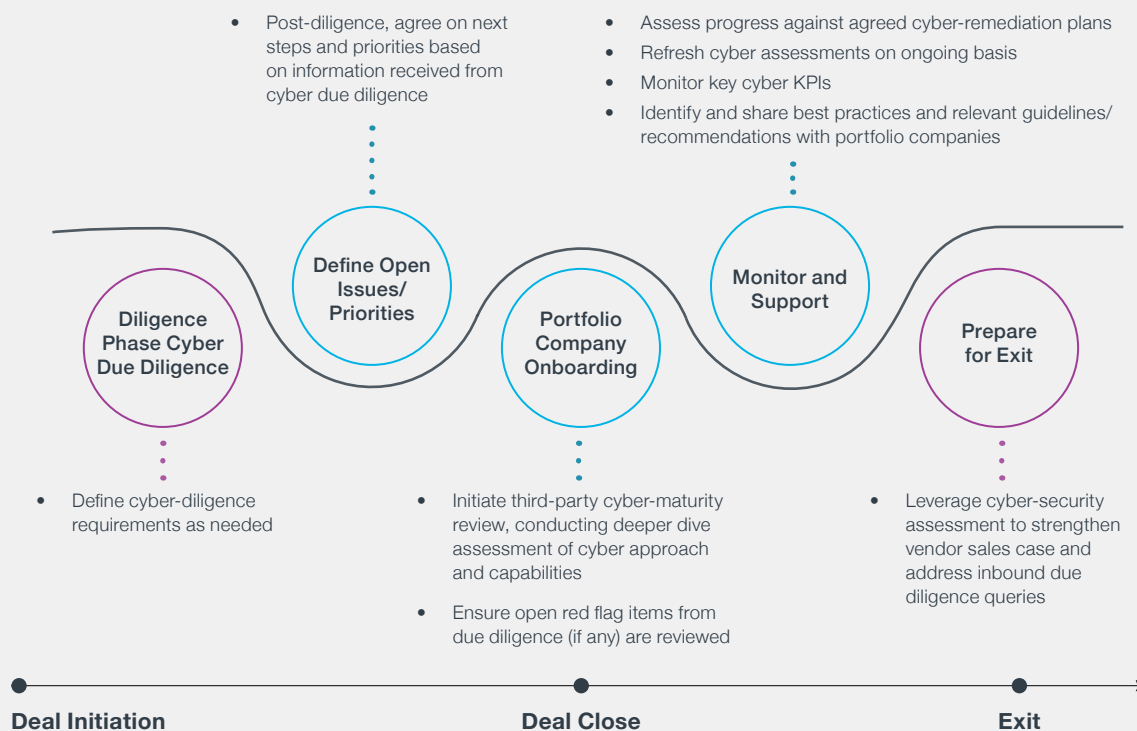
We focus where to engage by: 1) analyzing sustainability-related risks and opportunities in our portfolio companies using internal and third-party research; 2) identifying engagement objectives considering materiality, time horizon, resource implications and likelihood of success; and 3) selecting the best method of engagement: direct, working with other organizations and/or exercising shareholder voting and other rights. We focus our engagement efforts on sustainability-related issues that are most material to the long-term value creation and preservation of the companies. Because the topics we engage on are often interconnected, interactions may cover more than one distinct issue.

R. Identification and mitigation of risks that may negatively impact our corporate reputation considers issues and events that can create significant reputational concerns. Our Reputation Management Framework seeks to identify and mitigate risks that may negatively impact our corporate reputation. Through this Framework, CPP Investments conducts reputation assessments across all asset classes in which we invest. Sustainability-related considerations are an integral part of these assessments, given their potential to generate reputational harm to the Fund. The Framework and assessments help ensure that potential reputation and sustainability-related impacts are fully factored into investment decision-making.

Examining cyber risk in our portfolio companies

As a long-term investor, CPP Investments understands the importance of examining cyber risk throughout the life cycle of our portfolio companies (as illustrated in the chart below). From a cyber-security standpoint, the safest businesses are those that anticipate and are ready to respond appropriately to cyber attacks. It is with this in mind that as part of the detailed evaluations we conduct on potential direct equity investments, where cyber is considered a material risk, we assess their cyber-security posture. We do this by looking at a company’s capabilities, governance and readiness related to this issue. Additionally, for these companies, we have started conducting a comprehensive, third-party, cyber-maturity review. We also monitor select cyber-related Key Performance Indicators (KPIs) that provide us with

a useful snapshot of the cyber resilience of these investments. These KPIs focus on various issues including number of data breaches and material incidences, consistency of security testing and coverage of employee training, as well as portfolio company progress against their ongoing cyber roadmap.



Over the past year, we also developed a set of best practices that portfolio companies, with material cyber issues, can utilize to improve robustness of their cyber-security programs.

Ensuring good governance through our nomination rights

CPP Investments regularly negotiates customary governance rights in conjunction with our investments, including the right to nominate directors to the boards of those material investments and reserve rights as shareholders. Although CPP Investments does not make management-level decisions or act as management for our portfolio companies, we employ these supervisory governance rights to facilitate constructive engagement with oversight of, and support for,

management teams. These governance rights are fundamental to our ability to responsibly oversee, preserve, and enhance the long-term value of our investments.

CPP Investments negotiates board-level governance rights in private or public companies where we have a controlling ownership stake. In these cases, we take a comprehensive approach to: 1) director appointment, 2) director engagement, and 3) the monitoring of director effectiveness.

1. Director appointment: We seek to ensure that the overall board is well positioned to facilitate long-term value creation.



We use a rigorous, skills matrix-based approach to selecting directors.	We appoint directors based on merit and the benefits of diversity.
We seek to broaden the pool of possible candidates, including by running robust searches with external search partners (actively considering external candidates in addition to CPP Investments employees).	We regularly assess board composition against investment priorities.

2. Director engagement and training: Our focus on long-term value creation also informs our approach to director engagement and training, which is designed to enhance investment outcomes through both collaboration on specific asset management priorities and the sharing of best practices and key learnings drawn from across the wider CPP Investments network.



Among other things, our director training program includes the following:

- A mandatory training course based on CPP Investments Board Guidelines.
- An ongoing director-training series on tools needed to drive long-term value creation, such as building high-performing management teams, and creating a culture of inclusion and diversity.
- Additional internal resources, guidelines, and ongoing internal support.

In addition, CPP Investments runs a continuous non-executive directors engagement program comprised of virtual and in-person meetings and communications that allow us to share information and best practices with directors we have appointed, align on key issues, and learn from one another. Topics covered in these sessions deal with matters related to long-term value creation including climate change, digital disruption risks and opportunities, and equity, diversity and inclusion.

3. Monitoring effectiveness: For all investments, we seek to monitor the performance of the directors we appoint, as well as that of the broader boards, on a regular basis.



Engaging with portfolio companies on human rights, including in relation to supply chains

CPP Investments believes strong human rights practices contribute to creating and sustaining long-term value. It is key to our mandate to work with companies in our portfolio to improve the monitoring and assurance of these practices, including in relation to supply chains. Companies that do not respect human rights may face above-average operational turmoil, higher legal risk, lack of community support and impaired brand value resulting from reputational damage.

During fiscal 2022, we engaged with consultants and market participants to support the development of a framework on responsible sourcing for high-risk industries. The framework helps provide a more systematic approach to identify, diligence and mitigate risks associated with corporate supply chains, including human rights abuses. Human rights abuses could result from the direct or indirect sourcing of goods, services or raw materials, from both emerging and developed markets. Human rights issues can include child labour, forced labour, health and safety concerns, among others.

As a global investor, we expect that any company in which we invest is not only compliant with local laws and regulations, but also adheres to fit-for-purpose industry best practices regarding responsible sourcing. As with all issues material to sustained long-term value, we seek to influence companies we invest in on their human rights practices.

As part of our efforts to advance best practices on this issue, in 2021, we joined an engagement group led by the Investor Alliance for Human Rights, with 50+ global peers to encourage supply chain mapping of potential forced labour in the Xinjiang Uyghur Autonomous Region and disengagement from business relationships where appropriate, as well as public disclosure of efforts and progress. This group has been involved in 60+ engagements on these issues with companies in our portfolios. We constantly monitor developments related to our holdings to understand where we need to focus our resources as they relate to these issues. We frequently participate in engagements with other organizations on sustainability-related issues. For example, we, along with over 20 global investors, have participated in a Principles of Responsible Investment–supported engagement related to child labour and other human rights concerns in the cobalt mining industry in the Democratic Republic of the Congo (DRC). The DRC is the world's largest producer of cobalt, a key ingredient of lithium-ion batteries that power products ranging from smartphones and laptops to electric vehicles.

Human rights factors can also impact a company's social licence, which is the belief among stakeholders that the operator or owner is fair and legitimate. Investors can maintain social licence by focusing on long-term sustainability, building goodwill among all stakeholders and establishing patterns of healthy communication with operators. Ideal long-term capital partners bring experience and an understanding of factors that contribute to social licence such as environmental, social and governance issues, together with a strong sense of purpose. See our paper **'Social licence and the infrastructure investor'** for details on how social licence is a powerful force that provides operators with a conducive environment within which to operate infrastructure assets.

We work with companies in situations where we believe there is an opportunity to bring about change. As a last resort, a failure by a company's management to address unacceptable human rights practices is one of the reasons that could cause us to exit or avoid making an investment, consistent with the Exclusions and Exits section of our Policy on Sustainable Investing.



Exclusions and Exits

As a long-term investor, we prefer to actively engage with, and seek to influence, companies when we disagree with a position taken by management or a board of directors of our active holdings. We can be a patient provider of capital and work with companies to bring about change. However, under our [Policy on Sustainable Investing](#), we may conclude as part of our risk and return assessment not to pursue or maintain investments in companies for reasons such as the following:

- we conclude management's strategy or lack of engagement with sustainability-related issues undermines long-term sustainability of the business;
- where brand and reputation considerations from sustainability-related factors may generate risk impacts beyond any expected risk-adjusted returns; or
- legal considerations.

These factors are not applied to our exposure to companies through broad-based indexes or baskets of exposures to individual companies designed to provide index-like exposure. Such exposures are indirect and result from CPP Investments' use of market-traded index future contracts. No actual securities are held by the organization in those companies. Further, composition of these indexes is beyond the control of CPP Investments. Our exposures do not assist or affect the capital formation of these companies.

Exclusions include companies affected by the following legislation:

- Anti-personnel landmines: we will not invest in companies not in compliance with Canada's *Anti-Personnel Mines Convention Implementation Act*, or that would not comply if they operated in Canada.
- Cluster munitions: we will not invest in companies not in compliance with Canada's *Prohibiting Cluster Munitions Act*, or that would not comply if they operated in Canada.



What CPP Investments Expects of Portfolio Companies

CPP Investments is an active and engaged owner, and is constructive in our partnership with companies on their sustainability journeys. We recognize and respect the different roles that shareholders/owners, boards/directors and management teams/executives each play in ensuring long-term value creation.

We view the corporate board as being accountable to shareholders, and responsible for the appointment

of executives and the approval of strategy. The board also provides oversight and counsel to management in the execution of the strategy. Where boards support actions that appear inconsistent with long-term value creation and preservation, we expect them to communicate the rationale supporting their recommendation.

Respect for Roles and Responsibilities

We do not seek to manage the companies in which we own an interest. A company's shareholders (owners), board directors and management each play critical roles in creating sustained long-term value. Their relationships hinge on clear communication and trust. We accept the division of authority and responsibilities among the triad of interests (i.e., that of owners, boards and management teams), which is the core of good governance. 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



We recognize and appreciate the complexity of running a company and discharging a board's duties in light of heightened expectations from stakeholders. We expect companies to seek to deliver long-term value creation. To achieve this, we believe companies need to create a culture and a governance framework that proactively identify all material sustainability-related risks and opportunities, and integrate consideration of these into

their strategy, operations and disclosures. Where we do not observe this is taking place, we will hold directors accountable.

We are transparent with our portfolio companies about our expectations of them with respect to considering sustainability-related factors as they exercise their responsibilities to both preserve and grow shareholder value.



We expect our portfolio companies to:

- **Have effective boards.** We believe that, to deliver the best outcomes for the company, a board should be majority independent from senior management, and have sufficient diversity to be able to challenge, counsel and support management in developing and executing a strategy that incorporates a thorough review of all material business risks and opportunities. We believe that companies with diverse and inclusive boards and executive management teams are more likely to achieve superior financial performance. Diversity should be considered in all its forms, including but not limited to gender, ethnicity, race, age and disability. Where sustainability-related factors, including climate change, are material to the company, we expect boards to ensure they are considered and integrated into the company's strategy.
- **Disclose material sustainability-related risks and opportunities, including climate-change impacts.** We expect companies to disclose the magnitude of these risks and opportunities, their potential impact on business outcomes and how the companies plan to mitigate or capitalize on them over time. We look for companies to report on those factors, including climate change, that are relevant to their industries and investment decision-making. For private companies, this pertains to reporting to their shareholders and boards of directors. We support companies aligning their sector-specific sustainability-related disclosures to SASB Standards.

Wherever climate change-related factors are material to the company, we expect portfolio companies to have a credible transition plan to navigate through the challenges and opportunities presented by climate change.

We expect companies to disclose an appropriate governance structure for monitoring climate risks and opportunities. We support companies aligning their climate change reporting with the Task Force on Climate-related Financial Disclosures (TCFD) Framework. Our reporting in accordance with the TCFD recommendations is available [here](#). See [page 39](#) for details on the challenges in measuring, monitoring and reporting portfolio carbon emissions.

- **Articulate clearly how integration of sustainability-related factors has informed strategy and enhanced returns or reduced risk in the business.** We believe successful integration will support long-term value creation. Rather than solely relying on ESG ratings that may not capture the nuance of integration, we expect companies that are proactively integrating these factors into their businesses to be able to articulate how they do so and how it affects outcomes.
- **Have a culture that proactively identifies dynamic and emerging material business risks and opportunities, and seeks solutions to reduce or capture their potential.** Culture is often the differentiator between good and great companies. Successful businesses will identify and integrate sustainability-related factors into their decision-making because maximizing long-term shareholder returns depends on it. We welcome dialogue with companies to understand how their culture helps drive sustainable value creation.
- **Align incentives.** Executives should receive market competitive total compensation and incentives which are tied to individual and company performance and incentivize them to focus on serving the long-term interests of the company, which includes **considering material sustainability-related factors where appropriate and under their control.**



Additionally, we expect our public portfolio companies to:

- **Adhere to our Proxy Voting Principles and Guidelines.** We are willing to support companies if they provide compelling explanations for why specific proposals diverge from these principles and guidelines. Companies that fail to create a high-performing culture for governance and leadership will typically struggle to realize their full potential (see [pages 44–53](#) for more about our Proxy Voting Principles and Guidelines and an overview of our proxy voting activities over this past year).

Our Net-Zero Commitment

INSIDE THIS SECTION

Progress on Our Net-Zero Commitment	24
Investing in the Whole Economy Transition	24
Decarbonization Investment Approach	33
Operational Emissions	34
Green and Transition Assets	34
Renewable Energy	36
Green Bonds	40
Green Bond Impact Report	41



Navigating the risks and opportunities presented by the whole economy transition required by climate change will be a defining challenge of the 21st century. We believe stewarding our portfolio to net zero is in the best interests of contributors and beneficiaries of the

Canada Pension Plan, and in line with our mandate of maximizing returns without undue risk of loss. In February 2022, we committed our portfolio and operations to being net zero of greenhouse gas (GHG) emissions across all scopes by 2050.³



3. Scope 1 refers to direct GHG emissions from an organization's owned and controlled sources. Scope 2 refers to indirect emissions from the generation of purchased energy. Scope 3 refers to all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Our 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 greenhouse gas emissions by 2050. These advancements include the acceleration and fulfilment of commitments made by governments, technological progress, fulfilment of corporate targets, changes in consumer and corporate behaviours, and development of global reporting standards and carbon markets, all of which will be necessary for us to meet our commitment. We are committed to staying ahead of and contributing to developments that will impact our portfolio's path to net zero. We are taking an active role in the transition by financing emissions reduction and supporting the decarbonization of assets.

We are currently developing a proprietary net-zero scenario rooted in expertise and knowledge from across the organization. Our net-zero scenario is comprehensive and includes views on the whole economy transition to net zero. This scenario represents our optimistic beliefs about technology innovation and evolving consumer behaviour, which distributes the burden of emissions reduction across stakeholders, including governments, industry and consumers.

This work will be used to inform our investment decision-making and track our assumptions about the global community's advancement to net zero by 2050. We will periodically revisit this scenario as pathways to net zero evolve and emerge over time.

We are holding ourselves accountable to our net-zero commitment by taking the following actions:

 <p>I. Invest and exert our influence in the whole economy transition as active investors, not through blanket divestment</p>	 <p>II. Build our new decarbonization investment approach to help transform high-emitting sectors</p>	 <p>III. Achieve carbon neutrality for our internal operations by end of fiscal 2023</p>	 <p>IV. Expect to increase our green and transition assets to at least \$130 billion by 2030</p>
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Fulfilling our net-zero commitment will be done in accordance with our [Climate Change Principles](#). These principles help guide our decision-making so we can deliver on our mandate against the backdrop of escalating climate risk and opportunities by supporting the transition of the whole economy towards sustainability.

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

As the world moves toward net zero, we aim to manage the investment risks and invest to capture and support value-creating opportunities that will arise as society works to remove GHG emissions from the whole economy.

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 seek to invest in companies across all industries that are driving and demonstrating carbon reduction innovations and practices that we believe will lead to maximized returns. These include increased efficiency and renewable energy to carbon capture and storage technologies, sustainable foods and materials, real estate and transportation.

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.

We support companies aligning their climate change reporting with the Task Force on Climate-related Financial Disclosures (TCFD) Framework. Our reporting in accordance with the TCFD recommendations is available [here](#).

Progress on Our Net-Zero Commitment



I. Investing in the whole economy transition

We seek to uncover investment opportunities across the whole economy — across sectors, asset classes and geographies. We combine our patient capital with the influence of active ownership to support companies with viable and credible transition plans (see sub-section “[Green and transition assets](#)” to learn what we mean by viable transition plans). We help inform those plans by sharing insights and best practices. Additionally, we provide capital to companies we believe can generate superior long-term investment returns. While being patient and constructive with capital is our modus operandi in seeing through complex transformations, we will not equivocate in

cases where progress is manifestly not advancing, and intentions are unconvincing. As an active manager, we are prepared to make prudent sell decisions or take other actions when we conclude companies are at risk of permanently impairing shareholder value.

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. Here are some examples of investments we have made in these areas:

Energy Systems



Renewable Power Capital

Creating a platform to invest in the growing pan-European renewables sector

In December 2020, CPP Investments established Renewable Power Capital (RPC), our pan-European onshore renewables investment platform. RPC invests in the development, construction and long-term ownership of solar, onshore wind and battery storage projects, among other clean energy technologies, enabling the energy evolution and driving stable long-term, risk-adjusted returns.

RPC’s flexible mandate allows the company to develop innovative solutions for managing the development, construction and operation of merchant investments. This is done recognizing the changing market dynamics in Europe with a move towards unsubsidized renewables. By March 2026, we expect RPC to have an annual output of 17 TWh, enough to power 4.5 million homes. RPC is committed to enriching the communities in which it operates by focusing on trust and integrity and adopting industry-leading practices and standards

through all its operations, with a diligent focus on health, safety and environmental management. RPC has a seasoned management team with the depth and breadth of expertise across power markets and technical, financial and operating functions to build scale, create and capture value, and manage risk over the long term.

RPC has focused its initial investments in the Nordic countries and Spain, which are key growth markets in the current post-subsidy renewables landscape. Over time, RPC plans to expand into other key growth regions across Europe. In June 2022, CPP Investments committed additional capital to RPC to significantly expand its presence in the Swedish market with the acquisition of a 528 MW onshore wind cluster. This transaction more than doubles RPC’s onshore wind portfolio from 317 MW to 845 MW across Sweden and Finland, in addition to a nearly 4 GW solar photovoltaic pipeline in Spain.



Partnering to create one of Brazil's largest platforms for renewable energy and energy trading

Auren Energia S.A. (Auren) is a new publicly listed energy producer and trader in the Novo Mercado segment of the B3 Stock Exchange in Brazil. Auren was created in 2022 through a partnership between CPP Investments and Votorantim S.A. that consolidated several Brazilian renewable energy assets. These assets include the operating assets of CPP Investments and Votorantim's renewable-power joint-venture VTRM Energia, Votorantim's standalone power assets and CESP, an existing listed company controlled by VTRM.

Auren engages in the construction, installation, operation, and maintenance of renewable energy generation assets in Brazil. It operates hydroelectric and wind energy generation assets in Brazil with a total installed capacity of 3.3 GW and a mostly solar project pipeline of 1.9 GW, making it among Brazil's largest. In 2021, through VTRM, the company invested in Brazil's first hybrid solar and wind energy park in a 68.9 MWac project that will share a transmission substation. Auren is also one of the largest energy trading agents in Brazil with a volume of 2.6 GWavg commercialized in 2021, through VTRM.

Installed capacity (in operation and under construction) of Auren, the new combined company

Total	3.3 GW
Hydro	2.3 GW in operation and 160MW small hydro, under development
Wind	0.6 GW in operation and 0.4 GW at advanced stage of construction
Hybrid (wind and solar)	68 MWac under development
Pipeline	1.7 GW under development

Extending an already successful partnership, Votorantim and CPP Investments also created a separate, privately held company focused on energy transition processes in Brazil. This new company will pursue investments in earlier-stage opportunities, including new solutions and technologies oriented toward the decarbonization of the energy mix such as biofuels, green hydrogen and carbon capture.

“We continue to see opportunities to invest in high-quality renewable energy assets in Brazil that are well-suited to our long-term investment strategy. This transaction will create a diversified and well-capitalized platform primed for further growth in the country's power sector.”



Bruce Hogg
Managing Director,
Head of Sustainable Energies,
Global Leadership Team





Accelerating deployment along the carbon capture and sequestration value chain

In 2021, CPP Investments participated in Series A funding for Carbon America, a developer of carbon capture, utilization and storage (CCUS) projects in the United States. Carbon America has a unique vertically integrated model that focuses on project design, developing its own proprietary capture technology, transporting the CO₂ and sequestering it. Carbon America provides carbon capture as a turnkey service to commercial clients by delivering the full CO₂ capture-transport-storage value chain from screening through development, finance, construction, operation and project closure. By being a one-stop shop that allows customers to outsource the entire CCUS project development life cycle while sharing the benefits, Carbon America is able to control the entire value chain and improve project speed, cost and efficiency.



Expanding long-duration energy storage

In April 2022, we invested in Hydrostor, the Toronto-based leading developer of utility-scale, long-duration energy storage facilities. Hydrostor provides reliable and affordable utility integration of long-duration energy storage, enabling grid operators to scale renewable energy and secure grid capacity. It employs the people, suppliers and technologies from the traditional energy sector to design, build and operate emissions-free energy storage facilities.

Hydrostor’s patented Advanced Compressed Air Energy Storage (A-CAES) technology uses proven components from mining and gas operations to create a scalable energy storage system. This storage system is low impact and cost-effective, has a 50+ year life span and can store energy from five hours up to multiple days if needed. Additionally, its proprietary purpose-built air caverns allow for flexible project siting where needed and without the environmental impacts. Hydrostor has projects worldwide in various development stages providing capacity of over 200 MW each.

Our investment in Hydrostor supports the global expansion of long-duration energy storage, a critical component in the decarbonization of electrical grids and the whole economy transition required by climate change.

Built Space

As at March 31, 2022, Green Building Certified Assets (Certified/ Pre certified) in which we have at least a 10% ownership stake:⁴

253 across 19 countries

LEED Certified	LEED Gold	LEED Platinum
130	62	14

4. 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.



Developing a renewables-focused, global mixed-use innovation pilot

In 2021, we invested in Phase I of the Milano Innovation District (MIND) through a 50/50 joint venture with Lendlease, a globally integrated real estate and investment group. MIND is a renewables-focused district that aims to be a pilot for urban regeneration as a decarbonization strategy. The 1,000,000-sq.-metre site includes both public and private anchor assets, with many facilities dedicated to innovation, science and technology. MIND is being developed over three phases on the former 2015 World Expo site near Milan's city centre.

According to the World Green Business Council, buildings are currently responsible for 39% of global energy-related carbon emissions: 28% from operational emissions (energy needed to heat, cool and power them), and the remaining 11% from materials and construction. In light of this, MIND takes a multi-pronged approach to sustainability, which focuses on:

- **Sustainable buildings:** MIND is designed and built to achieve green recognized certifications such as LEED Platinum/WELL Gold;
- **Sustainable neighbourhoods:** MIND is targeting LEED Cities and Communities GOLD certification;
- **100% renewable power:** MIND will be powered solely by renewable power from on-site production from solar panels and power purchase agreements with Guarantees of Origin;
- **Resource optimization:** MIND utilizes Design for Manufacture and Assembly approach to maximize use of resources and circular economy by allowing waste or inefficiencies in fabrication and assembly to be identified, quantified and minimized;
- **Green infrastructure:** MIND consists of a 120,000-sq.-metre network of green areas and paths that connect with pre-existing canals;
- **Heating and cooling infrastructure:** MIND uses a new generation low-temperature and high-efficiency district heating and cooling network;
- **Digital twin technologies:** MIND assists in design and construction to align design efficiency, sustainability, optimized fabrication and safer installation;
- **Climate resilience:** Temperature increase and urban flooding were identified as the top two climate risks for the site. To mitigate these risks, the project has embedded climate-resilient solutions in its design and has committed to being zero carbon to ensure minimal impact on climate change;
- **Social impact:** MIND works in partnership with the Italian Department of Justice to provide training and job opportunities to individuals who are imprisoned.

OXFORD

Investing in innovative office developments

As part of a joint venture with Oxford Properties, we invested in The Stack in 2018. The Stack is a 37-storey, 550,000 square foot office development located at 1133 Melville Street in downtown Vancouver, Canada, and is expected to be complete in late 2022. The project is targeting LEED-v4 Platinum certification and it is the first commercial high-rise office building to achieve the Canada Green Building Council's Zero Carbon Building Design certification, making it an industry leader in zero-carbon transformation as Canada moves towards a decarbonized built environment by 2050. The Stack incorporates several design features that enable it to reach its sustainability objectives. These include floor plates with shallow core-to-glass distances to improve natural light; a high-efficiency curtain wall with passive shading and operable windows; water conservation measures including active wastewater management to reduce use of potable water; on-site electricity generation through a rooftop photovoltaic (PV) array; a high-performance HVAC (heating, ventilation and air conditioning) system to minimize energy consumption; and provide occupants with excellent indoor air quality. In addition, The Stack will provide market-leading car- and bicycle-sharing programs as well as dedicated parking for electric vehicles and abundant fitness and collaborative spaces for occupants and guests.



Mobility



Enabling mobility by investing in charging stations and addressing the supply gap in critical minerals for electric vehicles

According to BloombergNEF, in 2021, electric vehicles (EVs) accounted for 9% of all passenger vehicle sales globally, and in Germany and France—two major car markets—the adoption rate of EVs was over 20%. BloombergNEF expects zero-emissions vehicles will need to represent 93% of all global passenger vehicle sales by 2035 in order for the world to be on track to have a net-zero global fleet by 2050. With this increased demand for EVs, we expect to see an increase in demand for associated infrastructure, such as charging stations.



CPP Investments is an investor in ChargePoint, a leading EV charging network, with a growing global presence across North America and Europe. The company offers a diverse portfolio of charging solutions in every category where EV drivers charge— at home, work, around town and on the road — along with a suite of software and cloud services designed to optimize the user experience and make driving electric more seamless. We invested in ChargePoint in 2018, 2019 and 2020. In 2021, it became the world's first publicly traded global EV charging company.



Replacing the global fleet with EVs and fueling them with low or zero-carbon electricity sources is key to all scenarios seeking to keep global warming below 2°C. However, our Automobility Paced Adoption scenario predicts that even with 100% of EVs recycled, there will remain a \$4.4-trillion supply gap in critical minerals for batteries, including lithium, copper, nickel and cobalt. New sources of critical metals are required.

However, the mining industry's ability to make new discoveries has fallen by more than 60% over the past 30 years, even as exploration spending has more than tripled. Finding new deposits requires the ability to peer into Earth's subsurface in innovative ways.

Recognizing this, in early 2022, CPP Investments invested in KoBold Metals, an AI-powered mineral exploration company focused on discovering ore deposits to fill the supply gap in critical materials for electrification, particularly for EVs.

KoBold is partnering with leading mineral resource companies, as well as private mine owners and junior exploration companies, to accelerate the discovery and responsible development of previously unknown battery mineral deposits buried deep below the Earth's surface by combining AI technology with extensive data collection and leading geologic knowledge.

Artificial intelligence (AI) drives where KoBold acquires land to explore – on its own or in partnership with others – what data it collects in the field, and where it drills. If successful, each discovery could contain enough raw materials to put hundreds of millions of new EVs on the road in perpetuity and to reduce CO₂ emissions by hundreds of millions of tonnes per year.

As of July 2022, they have acquired over three million acres in 31 exploration properties and established exploration alliances with companies such as BHP, one of the world's largest base metal mining companies.

Carbon markets



Scaling carbon markets and safeguarding unique forest ecosystems and communities

In 2021, CPP Investments established Accelerate Nature, a unique partnership with Conservation International, a nonprofit, non-governmental organization and globally recognized leader in nature-based climate solutions. This joint venture between private capital and non-profit organizations is a prototype 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 investors can use to pursue attractive returns from climate change-related opportunities.

Nature-based solutions can conserve, restore or improve the use or management of ecosystems while maintaining their capacity to absorb and store carbon from the atmosphere. As an investor pursuing attractive returns through investments in nature-based climate solutions, we sought to partner with Conservation International because of its proven expertise and experience in this space. Through the partnership, CPP Investments and Conservation International will invest in local communities to support the development of high-quality projects that reduce global carbon emissions; enable the private sector to purchase certified carbon credits generated by each project; and provide a return to investors.

Carbon credits are generated from projects around the world that pull greenhouse gases out of the atmosphere or keep emissions from being released, such as by reducing deforestation. Companies looking to reduce emissions that cannot yet be abated can balance out today's emissions by purchasing carbon credits. These credits help meet the urgent need to reduce global carbon emissions, and deliver on voluntary or compliance targets.

Carbon credits generated via the Accelerate Nature partnership will be verified to the highest quality standards such as those developed and managed by Verra, a global non-profit that provides quality assurance in voluntary carbon markets. Demand for high-quality, additional, verifiable, and permanent carbon credits is rising faster than supply, and will continue to expand for decades to come, driven by fast-multiplying regulatory standards and corporate commitments to reach net zero.



Read our report on [Investing in the Potential of Carbon Credits](#) for more details on carbon credits and our partnership with Conservation International.

Investments based on changing consumer preferences



**eat
meati™**

**PERFECT
DAY™**



Tapping into nascent markets that reflect changing consumer behaviour

The Food and Agriculture Organization estimates that almost 15% of human-caused GHG emissions relate to livestock. In their '[Food for Thought: The Protein Transformation](#)' report, the Boston Consulting Group and Blue Horizon Corporation predict that the market for alternative meat, eggs,

dairy and seafood products will reach at least US\$290 billion by 2035. We believe that green consumerism will be one of the drivers of industry growth as consumers look for products that combine climate impact, health benefits and good taste.

As we build our expertise in the alternative protein space, we will be increasingly able to navigate this dynamic landscape that includes:



1) Plant-based meat: Meat substitute products made from vegetable matter which are suitable for vegans/vegetarians. This category includes Beyond Meat processed "meat" products made from pea protein isolates amongst other ingredients.



2) Fermented foods: Cultured foods extract DNA from a conventional protein (not necessarily animal-based, and use a micro-organism like yeast to grow the product via fermentation.



3) Cultivated meat: Cellular meat replicates the sensory and nutritional profile of conventionally produced meat because they are comprised of the same cell types. They are not imitation or synthetic meat: they are actual meat grown from cells outside of an animal, but use fewer resources with less environmental impact.

Today, plant-based proteins are widely commercialized, whereas fermented proteins are at pilot or the early commercialization stage. Cultivated protein is the most nascent category and requires technical advancements to scale and bring down costs. We plan to gain exposure across the different categories as companies in the space have different value propositions, time to market, and risk and reward profiles. A few of our investments include:

1) Perfect Day, a fermented dairy startup; 2) Eat Meati™, a sustainable protein company whose products include whole-cut analogs of chicken and steak made from mushroom root (mycelium) in a natural process similar to beer brewing and cheesemaking; and 3) Danone, a multinational food product company with leading market share in plant-based dairy.





Delivering customer-focused, affordable green energy services

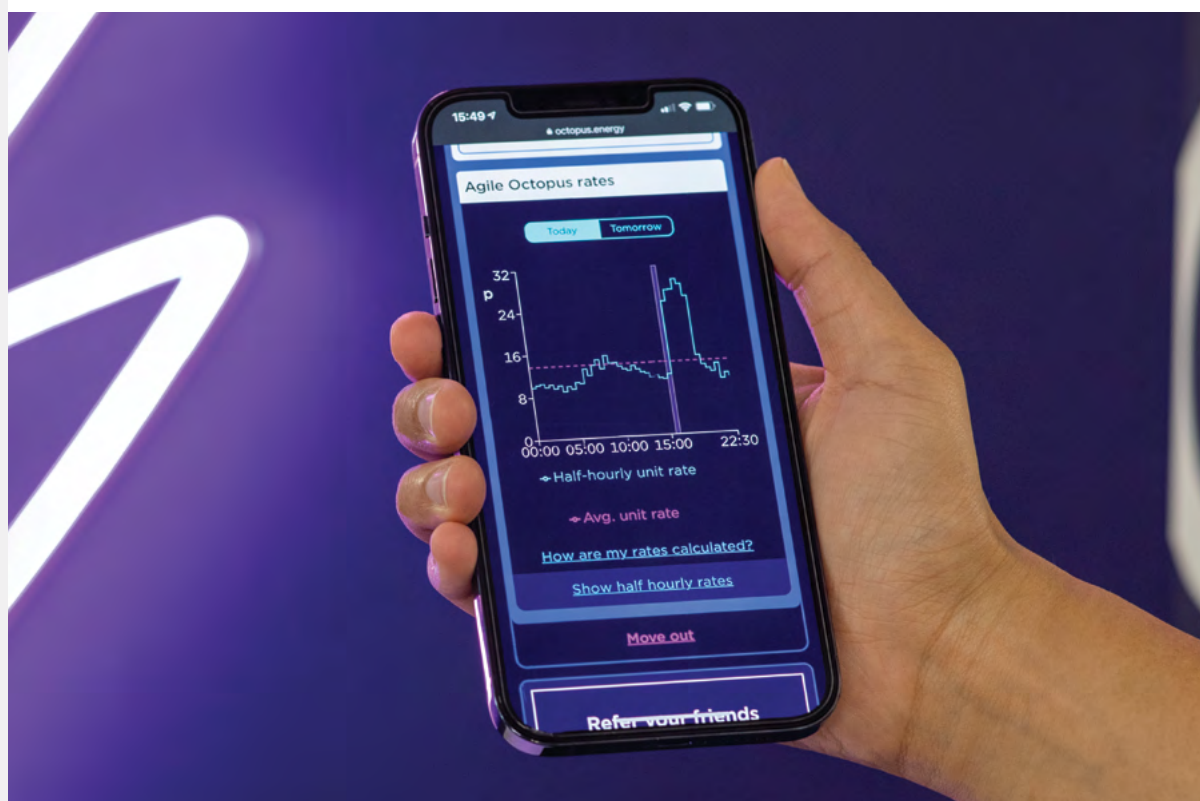
In December 2021, CPP Investments formed a long-term strategic partnership with Octopus Energy. A global clean-energy technology pioneer, Octopus is an integrated energy company primarily operating in the U.K., with operations in 12 other countries.

Kraken, Octopus' proprietary technology platform, is an in-house platform based on advanced data and machine learning capabilities that supports both Octopus's own retail, generation and flexibility businesses, and is licensed to numerous energy companies. These companies include Origin Energy, E.On UK, Good Energy, Hanwha and EDF—collectively Kraken supports 25 million accounts and 3 GW of generation across the world.

Additionally, in the U.K., Octopus delivers customer-focused and affordable green energy services to over 3.4 million customers. Besides the U.K., Octopus Energy is now available in Germany, U.S.A., Spain, Italy, New Zealand, Japan and soon also in France. It is also one of the U.K.'s leading electricity generators, creating enough green energy to power about 2 million homes.

The initial US\$300 million commitment from CPP Investments and the broader partnership, which includes increasing the level of committed capital over time, will help grow Octopus's Kraken platform, and accelerate the transition of energy assets globally. It will also boost Octopus's smart grid capabilities and help expand the company's green energy generation, including — but not limited to — the U.K.'s first energy tariff, to give customers the benefits of local renewable energy production in real time.

In July 2022, we invested an additional US\$150 million to support Octopus Energy's global expansion and renewables strategy. We also committed a further US\$225 million to expand our strategic partnership with Octopus Energy, and directly support the business' efforts to accelerate and enhance the development and integration of renewables in the power system.



Supporting credit investments across the energy value chain

We have a dedicated team focused on actively seeking sustainable credit investment opportunities to support the whole economy transition by focusing on all parts of the energy value chain. These opportunities include renewable energies, conventional power, conventional energy, metals and mining, and emerging technologies that will support the energy evolution. Over the past fiscal year alone, we have invested in multiple wind and solar projects, and explored additional credit opportunities in geothermal power, electric vehicles and associated charging infrastructure, renewable fuels, energy efficiency, and other related sectors that will play a role in the energy evolution. Recognizing that the world continues to rely on traditional hydrocarbon-based sources of energy while it transitions to net zero, we continue to invest responsibly in conventional energy opportunities, provided owners focus on reducing their carbon footprints, as we strive for our collective goal of a net-zero portfolio by 2050.

II.

Decarbonization investment approach



In December 2021, we launched a new **investment approach** to identify, fund and support the decarbonization efforts of select high-emitting companies. High-emitting companies that are part of this approach are committed to lowering their emissions and successfully navigating the economy-wide evolution to a low-carbon future. We believe this investment approach allows CPP Investments to capture attractive risk-adjusted returns while supporting emissions reductions in the real economy.

Many current initiatives to tackle the climate crisis do not address strategic sectors that are both essential and high emitting. These strategic sectors include, but are not limited to, agriculture, buildings, chemicals, cement, conventional power, oil and gas, steel and heavy transportation. The successful decarbonization of these strategic sectors is not only essential to meet wider net-zero ambitions, but also to sustain economic growth, stability and a responsible transition.

The urgent need for these essential sectors to participate in the whole economy transition presents a promising economic opportunity suited to long-term investors that can provide the partnership and strategic capital needed to support low-carbon transitions. Several of these key sectors have only recently begun to mobilize their human and financial capital to develop abatement plans and technologies. Given those long timelines, patient capital has a unique opportunity to help them develop and monetize low-carbon technologies and businesses.

This year, we are continuing to build on our existing capabilities and 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 Framework** to identify and quantify the mosaic of emissions-reducing opportunities for each company.

From this work, and based on our learnings and the outcomes, we plan to establish and implement a roadmap for decarbonization efforts across our portfolio.

TRAFFORD CENTRE MANCHESTER

Piloting our proposed Abatement Capacity Assessment Framework

During 2022, we identified the opportunity to assess the decarbonization potential of one of our portfolio companies, the Trafford Centre, in order to create value and thus increase attractiveness to potential tenants and exit optionality. The Trafford Centre is a top five shopping centre in the U.K., with a footfall of over 30 million shoppers annually. CPP Investments has a 100% ownership interest in Trafford.

Our decarbonization exercise included piloting the application of our proposed **Abatement Capacity Assessment Framework** on the Trafford Centre's operations. Currently, these efforts show that it is possible to decarbonize the business by 2030 by at least 64% for Scopes 1 and 2 using economically viable measures that exist today. Each of these measures, including the replacement of elevators and the installation of more energy-efficiency lights, smart lighting controls and rooftop solar power systems, can separately contribute to the decarbonization of the Trafford Centre. While 100% of Scopes 1 and 2 GHG emissions from the Trafford Centre can be abated based on technological measures that exist today, not all of these measures are currently economically viable. The company will look to accelerate the abatement of the Trafford Centre's emissions by taking a holistic view of revenue opportunities resulting from the decarbonization process and by aligning its renewable energy strategy. The company will utilize this holistic approach to further identify measures that are economically viable over time, as it reflects on its ambition to achieve net zero for Scopes 1 and 2 GHG emissions by 2030.

III. Operational emissions



In February 2022, CPP Investments committed to achieve net zero for the GHG emissions from our internal operations by 2050. As part of this commitment, we expect CPP Investments' operations to be carbon neutral by the end of fiscal 2023. We are conducting an **Abatement Capacity Assessment** on our own operations in order 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.

IV. Green and transition assets



As part of our net-zero commitment, we will expand our investments in green and transition assets from \$66 billion as of March 31, 2022, to at least \$130 billion by 2030.

During fiscal 2022, we developed a methodology to measure our existing green and transition assets. While we referenced a number of international standards for guidance, our methodology does not strictly adhere to any of them as they are mostly still evolving. Additionally, we wanted to develop as holistic a view as possible of the various factors associated with an asset's role in the whole economy transition. In the absence of a widely accepted definition for green or transition assets, we arrived at our definition by considering different frameworks and taxonomies, including the E.U. Taxonomy. 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." 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, such as the Science Based Targets initiative (SBTi) for target setting. In addition, 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 will continue to monitor the various factors, including regulatory developments, associated updates to international taxonomies and data availability, that influence our methodology for measuring our green and transition assets. We will adapt and evolve our methodology based on these factors and ongoing enhancements of our internal assessment processes.

Representative examples of our green and transition assets

Our green assets include **Cordelio Power**, **Pattern Energy** and **1918 8th Avenue** and our transition assets include **Ørsted**.



Cordelio Power is an independent power producer focused on the development and operations of wind, solar, and storage projects across North America. Cordelio is headquartered in Canada and manages an operating portfolio of over 1,200 MW of renewable power assets in Canada and the United States. Cordelio also oversees a growth pipeline of over 13,000 MW of wind, solar, and storage projects across the U.S. In November 2021, Cordelio placed into operations the 185 MW Glacier Sands wind project in Illinois.



Pattern Energy is one of the world's largest privately owned developers and operators of wind, solar, transmission and energy-storage projects with a current global development portfolio of 15 GW. Its operational portfolio includes 35 renewable energy facilities that use proven, best-in-class technology, with an operating capacity of almost 6,000 MW in the United States, Canada, Japan and Mexico. In 2021, Pattern Energy completed construction and began commercial operation of its Western Spirit Wind power project, the largest single-phase wind project in the United States. Additionally, its 150 MW Lanfine Wind Project, which will provide enough clean energy to power approximately 25,000 homes in Alberta annually, is expected to enter full commercial operation by the end of 2022.



1918 8th Avenue is a 668,000-sq.-foot LEED Platinum-certified office tower in Seattle, Washington, that we own through a joint venture with Hudson Pacific Properties. As of March 2022, 1918 8th Avenue's operations are carbon neutral.

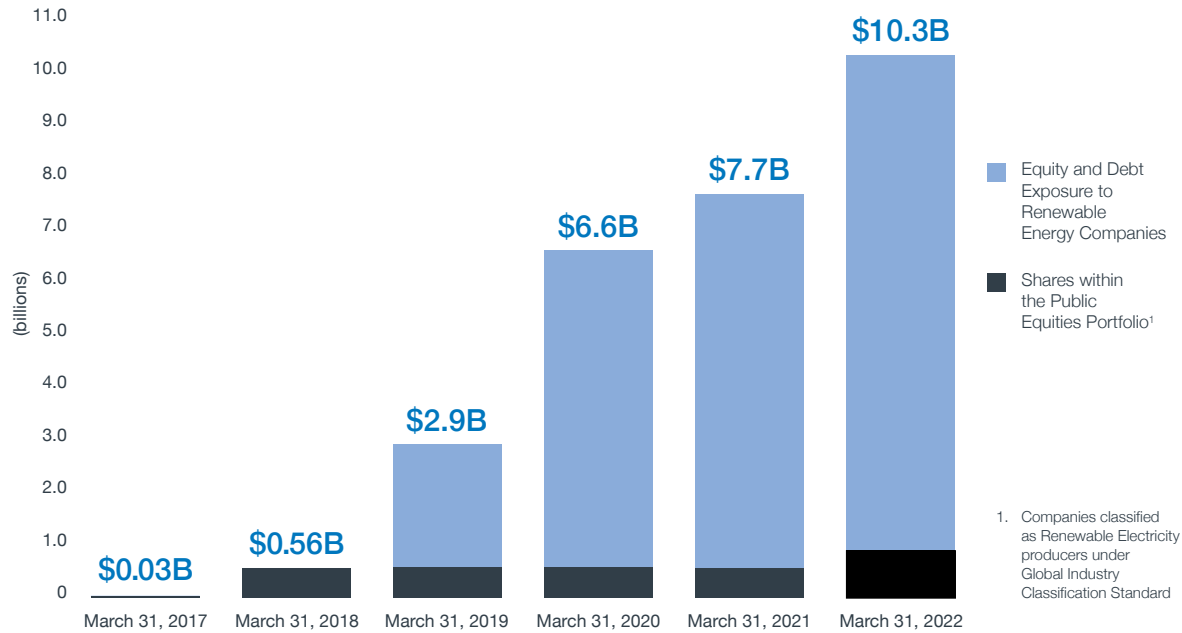


Ørsted is a publicly listed Danish company that develops, constructs and operates offshore and onshore wind farms, solar farms, energy storage facilities, renewable hydrogen and green fuels facilities, and several biomass-fired combined heat and power plants. In 2021, Ørsted became the first energy company in the world with a science-based, net-zero target, and plans to be net zero by 2040.



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.



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

In addition to their current capacities, direct renewable investments in our Sustainable Energies portfolio are developing more than 35 GW of new renewable energy capacity globally, which if operational would power at least an additional 15 million homes with clean energy.



The Importance of Standardized Sustainability-related Data and Disclosure

The performance of the portfolio we manage depends in part on how well it aligns with a climate-resilient economy and our portfolio's ability to adapt to the evolving landscape. Consistent, decision-useful global standards are important for investors to evaluate and assess the potential impacts of these issues on a company's performance and support the whole economy transition to net zero. With this in mind, we actively contribute to the development of global standards that foster real economy-wide GHG emissions reductions and company-specific disclosures on the path to net zero.

For example, CPP Investments is a founding member of the Task Force on Climate-related Financial Disclosures (TCFD), and we are one of only two global pension fund managers represented on it. In addition to being CPP Investments' representative on the TCFD, our Head of Sustainable Investing is also the Chair of the **SASB Standards' Investor Advisory Group**, and is also a member of the Delivery Group for the United Kingdom Transition Plan Taskforce.⁵ Additionally, in Fall 2021, we joined the **ESG Data Convergence Initiative** (EDCI), started by Carlyle and CalPERS to standardize environmental, social and governance (ESG) metrics in private markets and provide a mechanism to enhance quality, availability and comparability of ESG data in those markets. A senior member of CPP Investments' Sustainable Investing group chairs the EDCI Technology Platform working group.

We welcome the momentum towards enhanced and standardized sustainability-related disclosures, including transition reporting, that has continued over the past year, as pre-existing disclosure methods have been consolidated and built upon. In November 2021, the IFRS Foundation announced the formation of the International Sustainability Standards Board (ISSB) to deliver a comprehensive global baseline of sustainability disclosure standards to provide investors and other capital market participants with consistent, comparable, material and decision-useful sustainability-related information. The ISSB has overseen the consolidation of the Climate Disclosure Standards

Board and the Value Reporting Foundation (VRF— which housed the Integrated Reporting Framework and the industry-based SASB Standards) into the IFRS Foundation. The ISSB also has an agreement with the Global Reporting Initiative (GRI) that commits the two organizations to seek to coordinate work programs and standard-setting activities.

The creation of the ISSB is a watershed moment that we expect will support the convergence towards globally recognized, sustainability-related disclosure standards that are industry-specific and rules-based, and could be the foundation of a regulated reporting standard applicable across all markets. This information is critical for investors to determine the effects of sustainability-related matters on companies' enterprise value over the short, medium and long term.

The importance of data and disclosure cannot be overstated. It is precisely with this in mind that we



are advocating the adoption of an **Abatement Capacity Assessment (ACA) Framework** to help boards and investors have a greater degree of confidence in a company's commitment and ability to transition to a low-carbon future.

This ACA Framework, which complements existing climate-related initiatives, identifies five levers that can be applied to a company's business to quantify its Projected Abatement Capacity. We are currently conducting an Abatement Capacity Assessment of our own operations.

We highlight the merits of the ACA Framework in our responses to recent sustainability-related disclosure consultations by the **ISSB** and the **U.S. Securities and Exchange Commission**.

5. 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.

Portfolio Carbon Footprint

	Current Value of Investments (C\$ billion)	Total Carbon Emissions (million tonnes of CO ₂ e)		Carbon Footprint (tonnes of CO ₂ e/\$ million)	
		March 2022	March 2021	March 2022	March 2021
Non-Government holdings	455	21.1	21.8	46	52
Government-issued securities	84	41.6	50.9	494	627

During fiscal 2022, the Fund's Total Carbon Emissions and Carbon Footprint for non-government holdings decreased by 0.7 million tonnes CO₂e and 6 tonnes CO₂e per \$1 million invested, respectively. Across a portfolio of our size, there are many factors impacting the changes in Total Carbon Emissions and Carbon Footprint, and some of the changes may be reversed in the future. Fiscal 2022's reduction in Total Carbon Emissions can be attributed to changes in the portfolio and the impact of COVID-19 on our portfolio companies' activity levels. The reduction in Carbon Footprint has been further impacted by rising commodity prices, increasing sales relative to activity levels and some early signs of improved energy efficiency. We caution that these measures could increase as parts of the global economy recover from COVID-19 and we observe a reversal in recent commodity price strength.

CPP Investments' internally developed carbon footprint tool provides insights on GHG emissions associated with all of the Fund's holdings, as well as relevant benchmarks. In previous years, we disclosed four different portfolio carbon metrics including Total Carbon Emissions, Carbon Footprint, Carbon Intensity and Weighted Average Carbon Intensity (WACI). We estimate these by both the Equity Ownership method and Long-term Capital Ownership method. While we will continue to measure all these metrics, going forward we plan to report Total Carbon Emissions and Carbon Footprint, using the Long-term Capital Ownership method. We believe these two metrics are the best available to measure the progress against our net-zero commitment, and the Long-term Capital Ownership method is the best practice to disclose emissions for a multi-asset fund. Total Carbon Emissions measures the absolute GHG emissions associated with our investments. This figure will continue to rise in the nearer term as our assets under management grow, before the impacts of emissions reductions start to be seen more fully. Carbon Footprint measures the carbon emissions per million

dollars of our investments or the carbon intensity of our portfolio. This figure helps to compare the emissions intensity across portfolios of different sizes.

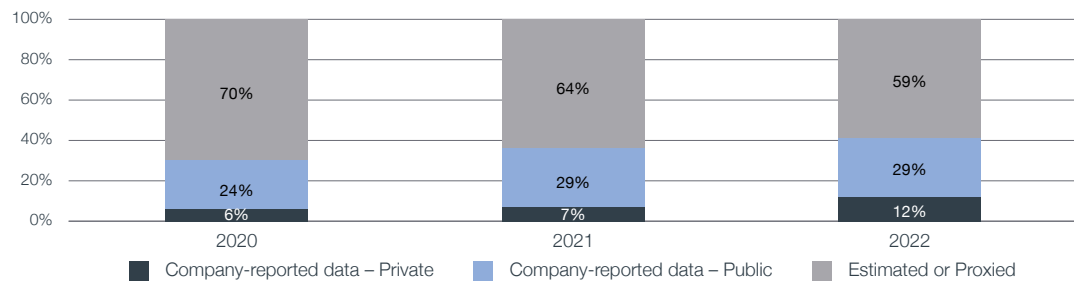
It is important to note that these carbon metrics are not only impacted by the carbon emissions reported by the companies in our portfolio. They are also sensitive to financial metrics such as market value. To date, about 41% of the Fund's total emissions are directly reported by portfolio companies with the rest estimated by external data providers or by proxies based on available comparators (see chart on [page 39](#)). As corporate climate-related disclosure continues to improve, we expect the percentage of directly reported emissions will increase. We also expect that emissions measurement methodologies will become more standardized. Those improvements may impact the comparability of our portfolio carbon footprint for different periods. Fluctuations in financial metrics like market value can also significantly impact actual changes in carbon footprints in any given year. This is further complicated if we identify opportunities to invest in a high-emitting industry, with the aim of supporting its transition and generating superior returns for beneficiaries. In that case, the Fund's carbon metrics may fluctuate in the short term but improve over the long term.

Our metrics include Scope 1 and 2 GHG emissions for non-government holdings, and country-wide emissions for government-issued securities. We currently do not include Scope 3 GHG emissions in our calculations as the quality and coverage of data for Scope 3 emissions is not yet sufficient. Scope 3 emissions are all indirect upstream and downstream emissions not included in Scope 2 that occur in the value chain of the reporting company. We continue to monitor developments in the availability of complete and robust Scope 3 data to assess the viability of disclosing material Scope 3 emissions, in particular for sectors with higher emissions in their value chains.

The Challenges in Measuring, Monitoring and Reporting Portfolio Carbon Emissions

Carbon footprint emissions data availability by source for CPP Investments' portfolio

For fiscal year ending March 31,



The percentages in the chart above are rounded up.

In fiscal 2022, 41% of the data we used to calculate our carbon footprint was provided directly by companies, compared to 30% in fiscal 2020.

While this is an encouraging trend, measuring, monitoring and reporting portfolio carbon emissions remains inherently challenging for asset owners, like CPP Investments. There are several reasons for this:

- Data, whether directly reported by companies or gathered using vendor estimates and proxies can be subject to revisions and restatements. The data provided by companies can be incomplete.
- Companies employ different methodologies which can make a significant difference in the final numbers provided.
- Disclosure requirements continue to change rapidly and interpretations of these requirements can vary.
- Only a fraction of the data reported by companies is third-party assured.
- Carbon emissions data reporting tends to lag the financial reporting period in which they were emitted. For example, we are only just seeing the full impact of COVID in some companies' emissions data now.

- Changes in financial metrics for a single security such as revenue and enterprise value can also significantly impact actual changes in an asset owner's carbon intensity in any given year. For example, a high-emitting company could double its sales and significantly increase its enterprise value, halving its carbon footprint while total emissions remain the same, simply because underlying commodity prices were higher during the reporting period.
- Movement of assets into or out of our portfolio can impact our reported carbon emissions.

We expect these challenges will be addressed over the course of this decade with converging global reporting standards, broader adoption of the TCFD recommendations, and assurance of company emissions. As we make clear in our climate change principles, we will report on our actions, their impacts, and our portfolio emissions in alignment with evolving best practices.

Investing in technology that tracks real-time emissions

PROJECT
CANARY

We understand the need for reliable emissions data. As such, in 2022, we invested in Project Canary, a data analytics company that creates emissions profiles and provides real-time methane emissions monitoring and quantification alongside independent ESG certification for oil and gas well sites. Project Canary's offering consists of two products: (i) high-fidelity continuous monitoring, which provides real-time emissions data through a proprietary analytics dashboard based on bottom-up data collected by Canary sensors or other validated monitoring devices; and (ii) TrustWell, a dynamic rating system that evaluates an operator's

engineering and systems approach to four primary categories: (a) reducing GHG emissions in the air; (b) ensuring responsible water stewardship; (c) mitigating operational risk impacts; and (d) ensuring consideration of community needs and interests. Going forward, Project Canary intends to leverage the configurability of its sensors to detect other greenhouse gases beyond methane. Project Canary can capitalize on increasing secular and regulatory tailwinds as investors look to invest in sustainability leaders while regulators increasingly mandate continuous emissions monitoring and accurate facility-level data.

Green Bonds

In 2018, CPP Investments became the first pension fund manager to issue a green bond.

Green bonds provide CPP Investments with additional funding as we pursue acquisitions of attractive long-term investments that will support the transition to a lower-carbon economy. More information on our Green Bond Program can be found on our [website](#).

The need to transition towards a lower-carbon economy presents opportunities in emerging technologies, renewable energy and carbon reduction in conventional industries. CPP Investments is a significant equity investor in many of these technologies and industries. Investing in our Green Bond Program aids in the financing of these assets.

CPP Investments has issued green bonds in Australian dollars, Canadian dollars, euros and U.S. dollars. Six outstanding issuances, totalling in excess of \$5 billion, provide our global investor base an opportunity to participate in the transition to a low-carbon economy.

Our Sustainable Investing Committee (SIC) determines which projects would be eligible for green bond proceeds in accordance with the Green Bond Framework. As of March 31, 2022, the framework, includes:

Renewable Energy (Wind and Solar)

- Acquisition, development, generation, transmission and distribution of renewable energy including wind and solar power

Green Buildings (LEED Platinum-certified)

- Direct investments in buildings certified as LEED Platinum or equivalent levels in other certification programs

Low Carbon/Clean Transportation

- Development, deployment and operation of clean transportation assets including in public and private transport

Energy Efficiency

- Development, deployment and operation of technologies, products, or systems that provide significant improvements in energy efficiency such as renewable energy battery storage

As of June 2022, the Green Bond Framework has been updated and is available on our [website](#). Since this Report covers the period from April 1, 2021 – March 31, 2022, this reporting is based on our [2021 Framework](#) published in October 2021.



Green Bond Impact Report

Green Bond Register

The Green Bond Register documents the value of green bond issuance and to which assets proceeds have been allocated. Below is the register as of March 31, 2022 (for further details on our renewable energy assets, see [page 36](#)). All figures are in Canadian dollars unless otherwise noted. As of June 2022, the Green Bond Framework has been updated and is available on our [website](#). Since this Report covers the period from April 1, 2021 – March 31, 2022, this reporting is based on our [2021 Framework](#) published in October 2021.

Register for 2022 Green Bond Issuance:¹

As of March 31, 2022

Bonds	
Total Bonds	\$0
Exchange Rates – March 31, 2022	
USD/CAD	1.24905
Investment Currency	
Renewable Energy	
Pattern Energy ²	USD
Total Assets	\$377,015,567

Register for 2021 Green Bond Issuance:¹

As of June 30, 2021

Bonds		
AUD	A\$150,000,000	\$139,448,059
AUD	A\$120,000,000	\$111,558,447
AUD	A\$750,000,000	\$697,240,294
Total Bonds		\$948,246,800
Exchange Rates – June 30, 2022		
USD/CAD		1.2383
EUR/CAD		1.4685
AUD/CAD		0.9297
Investment Currency		
Renewable Energy		
Pattern Energy ²		USD
Maple Power – Éolien Maritime France		EUR
Total Assets		\$1,222,335,001

Register for 2020 Green Bond Issuance:¹

As of June 30, 2020

Bonds		
USD	US\$500,000,000	\$681,000,000
EUR	€ 1,000,000,000	\$1,529,750,000
Total Bonds		\$2,210,750,000
Exchange Rates – June 30, 2020		
USD/CAD		1.362
EUR/CAD		1.52975
Investment Currency		
Renewable Energy		
Pattern Energy ²		USD
Total Assets		\$2,315,400,000

1. The CAD values of bonds and assets reported in the 2020 and 2021 Registers are based on FX rates on the last business day in June of each respective reporting year. The Registers for 2020 and 2021 cover the period from July 1, 2019 – June 30, 2020 and July 1, 2020 – June 30, 2021, respectively.
2. Pattern Energy has been allocated to bonds issued in our Register from 2020 to 2022 and accounts for any change in our investment amounts during this period. The CAD value of this asset reported across all reporting years is based on FX rates on June 30, 2020.

Impact of Operational Renewable Energy Projects¹

Investment	Location	Date of Initial Investment	Description	Technology	CPP Investments' Ownership	Gross Capacity (GW)	CPP Investments' Net Capacity (GW) ²
Pattern Energy	Canada/ United States/ Japan	March 2020	A company with a portfolio of 28 renewable energy projects in the United States, Canada and Japan	Solar	69%	3.80	2.63
				Wind			
Cordelio Power	Canada	April 2018	Portfolio of six Canadian operating wind and solar power projects	Solar	51%	0.40	0.20
				Wind			
Enbridge	Canada/ United States	May 2018	North American onshore renewable power assets	Solar	44%	1.89	0.83
Maple Power – Hohe See/ Albatros	Germany	May 2018	Two German offshore wind projects	Wind	25%	0.61	0.15
Votorantim Energia	Brazil	December 2017	Two operational wind parks located in Northeastern Brazil	Wind	32%	0.57	0.18
Maple Power – Éolien Maritime France	France	March 2021	Three offshore wind farms under construction in France	Wind	49%	Under construction	Under construction
Total						7.27	3.99

1. Figures are rounded up.

2. Net capacity represents the total capacity of the sites wholly or partially owned by CPP Investments.



Estimated Green Building Impact

Qualitative Summary

Investment	Location	Description	CPPIB Ownership	Certification
Richmond Adelaide Centre¹	Canada	255,313 sq. ft. (111 Richmond) and 996,181 sq. ft. (100 Adelaide) Multipurpose Commercial Space	50%	LEED EB Platinum
Eau Claire Tower	Canada	659,839 sq. ft. Multipurpose Commercial Space	50%	LEED CS Platinum
Centennial Place	Canada	1,458,600 sq. ft. Multipurpose Commercial Space	50%	LEED EB Platinum

Quantitative Summary – Energy Use Intensity (EUI) and Carbon Emission Intensity (CEI)

Investment	EUI (MJ/sq. ft.)	Industry Standard EUI ²	EUI Variation ³	CEI (kg CO ₂ e/sq. ft.)	Industry Standard CEI ²	CEI Variation ³
		(MJ/sq. ft.)			(kg CO ₂ e/sq. ft.)	(kg CO ₂ e/sq. ft.)
Richmond Adelaide Centre – 111 Richmond	153.93	143.99	7%	11.35	5.23	117%
Richmond Adelaide Centre – 100 Adelaide	67.44	143.99	-53%	1.95	4.38	-56%
Eau Claire Tower	96.67	143.99	-33%	8.96	16.16	-45%
Centennial Place	64.17	143.99	-55%	6.91	16.16	-57%

1. Richmond Adelaide Centre includes 111 Richmond and 100 Adelaide.
2. Industry standard EUI and CEI values are calculated from data provided in the 'EnergyStar Portfolio Manager's Canadian Energy Use Intensity by Property Type - Technical Reference (April, 2021)'.
3. EUI and CEI variation metrics are for the entire asset and not the pro rata percentage of CPP Investments.

Active Ownership

INSIDE THIS SECTION

How We Vote	45
2022 Proxy Voting Overview	46
2022 Collaboration Partners and Highlights	55



We believe that good corporate governance enhances long-term shareholder value. 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. We oppose resolutions that are likely to diminish long-term shareholder value, even though they may produce short-term gains.

How We Vote

Voting Process

All of our proxy voting decisions are guided by our [Proxy Voting Principles and Guidelines](#). We engage an outside advisor to make customized vote recommendations based on these Proxy Voting Principles and Guidelines. Where appropriate, our in-house Sustainable Investing (SI) group considers these recommendations, conducts internal research, consults with our investment teams, and engages with companies and stakeholders, if necessary, to arrive at our voting decisions. We post how we intend to vote on our [website](#) prior to each shareholders' meeting.

CPP Investments conducts an annual review of our Proxy Voting Principles and Guidelines to ensure they reflect evolving global governance best practices and our expectations of portfolio companies. The process takes input from sources including our SI group and Sustainable Investing Committee. The updated Proxy Voting Principles and Guidelines are reviewed and approved annually by CPP Investments' Board of Directors.

Vote Decisions

Our Proxy Voting Principles and Guidelines have two purposes: (i) to give the directors and officers of companies in which we own shares guidance on how CPP Investments is likely to vote on matters put to the shareholders; and (ii) to communicate our views on other important matters that boards will deal with in the normal course of business. We normally support resolutions empowering boards of directors to act in the best interests of the corporation, affirm management accountability and support shareholder democracy. We do not support resolutions that seek for shareholders to provide direct oversight of management. We do not support shareholder proposals if they are overly prescriptive or duplicative of initiatives already in place or underway, or if they are likely to detract from long-term company performance.

Our Proxy Voting Principles and Guidelines contain guidelines, not rigid rules, and we will respond to specific matters on a company-by-company basis. Recognizing that governance matters may involve compromise between potential benefits and adverse effects on a company, we consider our proxy voting decisions in the context of the company's governance practices as a whole, rather than evaluating items in isolation. While we will take into account local laws and prevailing governance practices when exercising our votes, our Proxy Voting Principles and Guidelines are intended to be applied globally.

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

Meetings voted in:

North America

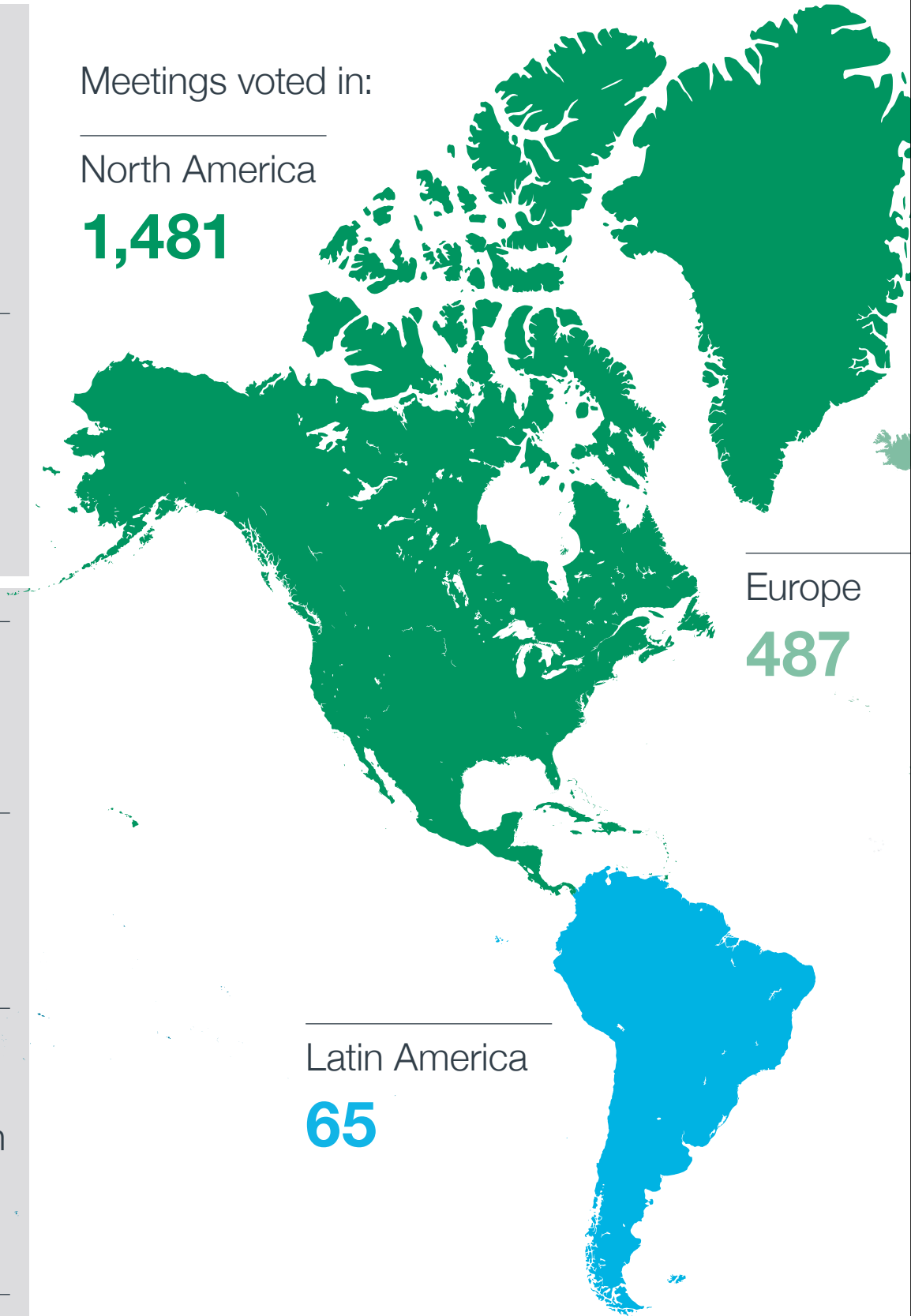
1,481

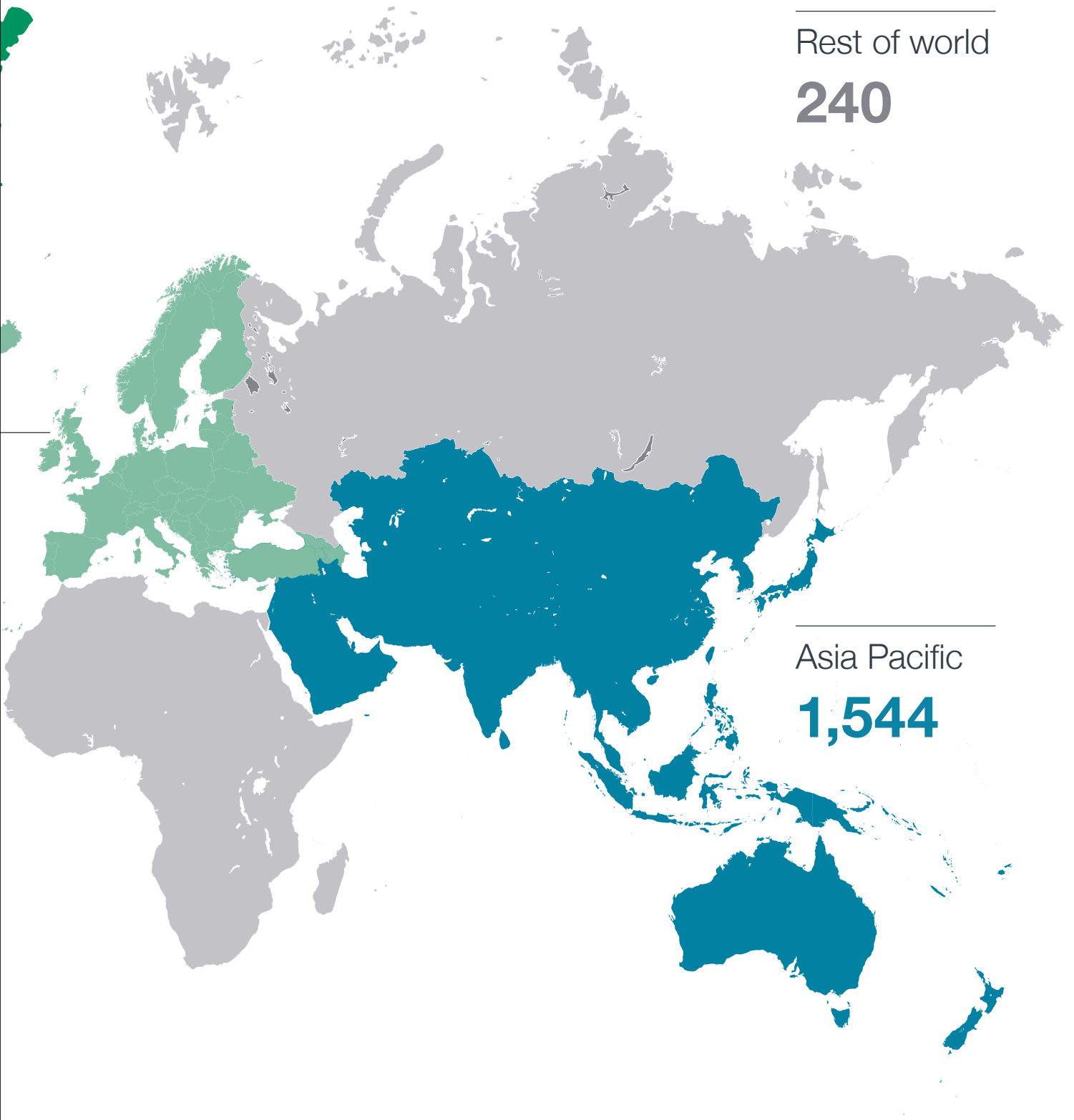
Europe

487

Latin America

65





Rest of world

240

Asia Pacific

1,544

Active Ownership

In 2022, we 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.

Below are some of the key themes from the 2022 proxy season and our approach to addressing them.

Climate Change

Climate change remains one of the most significant and challenging investment considerations of our time, and specifically addressing climate change in our investment activities better positions us to make more informed long-term decisions.

In our role as a shareholder, we respect that companies we invest in determine their own specific climate-related transition strategies. However, we expect boards and executives to have integrated climate risks and opportunities into their strategy, operations and — where material — disclosure consistent with long-term value creation for the company.

Where a company has clear, intrinsic climate-related risk, but no publicly disclosed strategy to navigate that risk, we must reasonably conclude that directors are failing in their duty to act in the best long-term interests of the

company. While we do not seek to prescribe what this strategy should look like, we expect the board to ensure it is in place.

In respect of the listed companies within our portfolio, our Proxy Voting Principles and Guidelines set out that a board can only be deemed to be acting in the best interests of the company if climate risks and opportunities have been identified, quantified and integrated into strategy, operations and reporting. We introduced our climate change voting policy in March 2021 where, if engagement was unsuccessful, we voted against the reappointment of the chair 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.

For the year ended June 30, 2022, we voted against the reappointment of the chair of the risk committee (or an appropriate equivalent committee) at 35 companies, which resulted in 65 votes against directors. We also continued to engage with our portfolio companies to understand their practices and plans for enhanced climate change assessments and reporting in alignment with the Task Force on Climate-related Financial Disclosures (TCFD). Our engagements led to material commitments and improvements to practices and disclosures at 35 companies. In addition to our climate change voting policy, we supported 20 shareholder resolutions that sought deeper disclosure on 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 (or an 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

Diversity

New Policies Related to Our Diversity Expectations

- 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. We will now vote against the nominating committee chair if the board has less than rounded 30% female directors in Canada, the U.S., developed Europe, Australia, New Zealand and South Africa, provided there are no extenuating circumstances. In all other markets, our threshold expectation continues to be one (1) female director. We expect these thresholds to increase over time.
- We extended accountability to all incumbent directors. We will consider voting against the entire committee responsible for director nominations, or, where appropriate, all incumbent directors, if sufficient progress on board gender diversity has not been made in subsequent years following our initial vote.
- We highlighted the importance of inclusion in boardroom dynamics. The appointment and inclusion of directors with diverse experiences, views and backgrounds ensures the board as a whole applies diverse perspectives to evaluate management and company performance meaningfully and effectively. We strongly encourage boards to disclose the diverse attributes of their directors where appropriate, and where directors have granted permission to do so, to allow shareholders to fully and accurately evaluate board diversity holistically.

CPP Investments is committed to advancing diverse representation on boards and throughout all levels of organizations. We have long believed companies with diverse boards are more likely to achieve superior financial performance. This is why we increasingly use our voting power to encourage companies to appoint more women to their boards. Our goal is to improve the diversity balance and, hence, the overall effectiveness of public company boards worldwide.

We first introduced our board gender diversity voting practice in Canada in 2017 and have continued to evolve our practices each year, including introducing our global gender diversity voting practice in the 2019 voting season.

In 2020, in Canada, we expected companies in the S&P/TSX composite index to have a minimum two women on their boards, consistent with our 30% target for women on the boards and executive teams of these companies by 2022 as set out in the [30% Club Canadian Investor Group's Statement of Intent](#). We held all other public companies globally to a minimum expectation of one female director. In 2022, we signed the follow-up [30% Club Canadian Investor Group Updated Statement of Intent](#), reflecting our continued commitment to this important initiative.

We were encouraged by the progress we saw with the increase in the percentage of women on boards in developed markets, but recognized more work needed to be done. With this in mind, in 2021, we further expanded our expectations for gender representation to encompass more markets and higher thresholds for existing markets. For companies in Canada, the U.S., developed Europe and Australia, we began to vote against the nominating committee chair if the board had less than rounded 30% female directors, provided there were no extenuating circumstances. In all other markets, we continued to vote against the nominating committee chair if the board did not have at least one female director, provided there were no extenuating circumstances.

In 2022, our gender diversity voting practice was further expanded to apply our rounded 30% expectation to companies in New Zealand and South Africa. We also escalated accountability as we will now consider voting against the entire committee responsible for director nominations 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. This includes applying an increasing threshold in emerging markets where board diversity can be as low as one woman on the board. We recognize that companies need time to diversify their board membership and want to flag our intentions ahead of future changes to our Proxy Voting Principles and Guidelines.

Evolution of Our Board Gender Diversity Voting Practices

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*



As of year ending June 30,

STATISTICS

Voted at shareholder meetings for 45 Canadian public companies with no (0) female directors

21 of the 45 companies we voted against in 2017 added a female director to their boards over the subsequent year

Voted at shareholder meetings for **22** Canadian public companies with no (0) female directors

Voted against the nominating committee chair at **6** companies

Voted against entire nominating committee at **7** companies

Voted against directors at **13** Canadian public companies for having no (0) female directors

Voted against directors at **26** Canadian public companies on the S&P/TSX composite for having only one (1) woman on the board



Voted against the election of **626** directors globally at companies with no (0) female directors



* Provided there are no extenuating circumstances warranting an exception.

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



Voted against directors at only **10** Canadian public companies due to gender diversity concerns; **9** of these were S&P/TSX composite companies with only one (1) woman on the board, while one (1) was a non-S&P/TSX composite company with no (0) women on the board



Voted against **323** of our public portfolio companies globally (excluding Canada) for failing to have any women on their boards

Voted against **481** companies globally

Canada: 18	Asia Pacific: 168
USA: 257	Latin America: 4
Europe: 33	Rest of World: 1

Of the **481** total companies we voted against, we voted against **290** of those companies under our newly adopted **30%** threshold for North America, developed Europe and Australia

Canada: 13
US: 251
Developed Europe: 26
Australia: 0

Voted against **357** companies globally

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

Classified Boards

New Policy Related to Classified Boards

In 2022, we escalated our concern with classified boards at public portfolio companies as 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.

In 2022, 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. While this structure can provide enhanced continuity and stability, for example in the immediate years following an initial public offering, classified boards actively inhibit the rights of shareholders to hold specific directors to account annually. For this reason, for public companies with classified boards, 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

Shareholder meetings where we applied our classified boards voting policy:

200

Votes against directors under the classified boards voting policy:

555

We supported

100% (29 of 29)

of management proposals to declassify boards

We supported

100% (5 of 5)

of shareholder proposals requesting boards to declassify

Newly Public Companies

The transition from a private to a public company generally involves undertaking significant corporate governance changes to meet listing standards and new shareholder expectations.

In some cases, companies adopt anti-takeover measures at the time of an initial public offering (IPO) that would not be considered best practice for a public company, such as dual-class share structures with unequal voting rights, classified boards, supermajority vote requirements and other measures that limit shareholder rights. We oppose these measures and maintain the same governance expectations for all public companies.

Where newly public companies have adopted restrictive governance measures with no sunset mechanism or there is otherwise no clear path to the company aligning its governance with public market expectations, we will generally vote against relevant directors. For the year ended June 30, 2022, we voted against 387 directors at 136 companies under this newly public companies voting policy.

Executive Compensation

Long-term shareholder value is more likely to be created when management and shareholder interests are aligned. Clear and appropriate links between executive pay and company performance help align those interests.

As such, we expect a clear link between executive pay and company performance that appropriately aligns management and shareholders. Executive compensation programs should be appropriately structured to emphasize long-term and sustainable growth of shareholder value. Similarly, companies should provide full disclosure in corporate reporting of compensation information and clear rationales for compensation decisions. In addition, we expect an annual “say on pay,” which refers to a yearly advisory vote by shareholders on executive compensation.

Executive Compensation Voting Statistics

For the year ended June 30, 2022

Approve Executive Compensation:

18% AGAINST

(277 votes against/1,549 total votes)

Rationale: voted against where the company was deficient in linking executive pay with long-term company performance

Say on Pay Frequency:

99% FOR

(81 votes for/82 total votes)

Rationale: annual say on pay votes promote effective oversight of executive compensation and allow shareholders to provide timely feedback to the company

Approve Share Plan Grants:

44% AGAINST

(82 votes against/185 total votes)

Rationale: voted against where the plan cost was excessive and did not contain challenging performance criteria

Compensation-Related Shareholder Proposals:

21% FOR

(10 votes for/48 total votes)

Rationale: supported shareholder proposals that strengthen pay and performance alignment and help mitigate compensation-related risk



2022 Collaboration Partners and Highlights

We believe that by leveraging partnerships and collaborations, we can improve CPP Investments' impact on matters that effect sustainability-related practices. Our collaborative sustainability-related efforts include but are not limited to: seeking to improve transparency and standards, conducting research, participating in regulatory consultations, promoting governance practices, and advocating for long-term thinking in the investment and corporate worlds.



Founding Member



Member



Signatory



Member



Member



Investor Signatory



Associate Member



Founding Member/
Steering Committee Member



Co-Founder



Member



Supporting Partner



Research Advisory Council Member



Member



Member



Member



Founding Signatory



Chair of Investor Advisory Group⁶



Member



Member



Forum Member



Member of Delivery Group



Industry Partner

6. 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.

Highlights of Our Collaboration Efforts



**ESG Data
Convergence
Initiative**

In Fall 2021, CPP Investments joined forces with leading Limited Partner (LP) and General Partner (GP) private equity investors on the ESG Data Convergence Initiative (EDCI) to create a standardized set of metrics for tracking portfolio companies' ESG progress. Started by CalPERS and Carlyle, as of July 2022, the collaboration includes over 200 leading GPs and LPs representing more than US\$22 trillion in AUM. The Initiative's objective is to streamline the private investment industry's historically fragmented approach to collecting and reporting ESG data in order to create a critical mass of meaningful, performance-based, comparable ESG data from private companies. Early insights show that, by tracking ESG data, private equity firms can significantly increase disclosure rates and accountability among their portfolio companies to improve their performance in important areas, such as reducing carbon, board gender diversity, worker safety and many more. CPP Investments is a founding member of the EDCI. Additionally, CPP Investments is represented on the EDCI's steering committee and chairs its Technology Platform working group.



FCLTGLOBAL

In 2016, CPP Investments co-founded FCLTGlobal, a non-profit organization, that develops actionable research and tools to drive long-term value creation for savers and communities. FCLTGlobal's mission is to focus capital on the long term to support a sustainable and prosperous economy. Its members include over 75 leading asset owners, asset managers and corporations that make up the global investment value chain. FCLTGlobal seeks to drive change through a focus on the following key areas: governance, metrics, incentives, public policy and engagement. Key issues on FCLTGlobal's research agenda include funding the transition to a sustainable future, putting multi-stakeholder capitalism into practice and mobilizing capital markets to reward long-term behaviours. John Graham, our President & CEO, serves on FCLTGlobal's Board and its Governance and External Relations committees. Colleagues from across the organizations participate in and contribute to various working groups as relevant. FCLTGlobal, CPP Investments' Insights Institute and the University of Pennsylvania's Wharton ESG Analytics Lab are partnering on upcoming research on stakeholder capitalism.





The Investor Leadership Network (ILN) was created in 2018 during Canada's G7 presidency to promote collaboration between large investors on sustainability and long-term growth. CPP Investments co-leads the ILN's Climate Change Advisory Committee, which is focused on speeding up the implementation of uniform and comparable climate-related disclosure under the Task Force on Climate-related Financial Disclosures (TCFD) Framework. We are active supporters of the ILN's Climate Change and Diversity in Investment initiatives.

The ILN shares our belief that stronger climate change-related disclosures help investors make more informed investment decisions.

In March 2022, the ILN released its [Inclusive Finance Playbook](#). The Playbook provides investors with the business case for inclusion, inclusion metrics, and case studies on how ILN members are beginning to put the metrics into practice. In September 2022, the ILN published its [Net Zero Investor Playbook](#). This report is aimed at helping investors navigate the challenge of transition financing to both meet their decarbonization goals, and seize the opportunities presented by the transition to net zero.

"I am delighted to lead the SASB Standards Investor Advisory Group at this critical moment in time, as the IFRS Foundation establishes the International Sustainability Standards Board (ISSB) and prepares to transition the SASB Standards into the ISSB Standards through a rigorous due process. The ISSB's work will inform capital allocation decisions for decades to come, so it's critical to ensure the voice of returns-oriented investors continues to be heard, and a focus is maintained on industry-specific, decision-relevant reporting."⁷



Richard Manley
Managing Director,
Head of Sustainable Investing,
Global Leadership Team
and Chair of SASB Standards
Investor Advisory Group*

7. 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.



The mission for the Institute for Sustainable Finance (ISF) is to align mainstream financial markets with Canada's transition to a prosperous sustainable economy, including long-term environmental sustainability. Housed at Smith School of Business at Queen's University, the ISF is the first-ever multi-disciplinary and collaborative hub in Canada that brings together academia, the private sector and government with the singular focus of increasing Canada's sustainable finance capacity. A senior member of our Sustainable Investing group sits on the ISF's Research Advisory Council, which includes leading practitioners and academics in sustainable finance research and innovation. The council shares expertise and provides input on the ISF's research.



Now part of IFRS Foundation

SASB Standards help guide disclosure to investors of sustainability information necessary to assess enterprise value. SASB Standards were developed by the Sustainability Accounting Standards Board (SASB) which merged with the International Integrated Reporting Council (IIRC) in 2021, forming of the Value Reporting Foundation (VRF). The VRF was a global nonprofit organization offering a comprehensive suite of resources designed to help businesses and investors develop a shared understanding of enterprise value — how it is created, preserved or eroded over time. The resources — including Integrated Thinking Principles, the Integrated Reporting Framework and SASB Standards — can be used alone or in combination, depending on business needs. These tools, already adopted in over 70 countries, are a critical element of market infrastructure needed to develop, manage and communicate strategy that creates long-term value and drives improved performance. These resources are now maintained by the IFRS Foundation (IFRS), following the merger of the VRF with IFRS in August of 2022.

To support our ability to act in the best interests of CPP contributors and beneficiaries, we strive to obtain consistent, comparable and accurate information on business risks and opportunities related to sustainability, and to act as a leading voice in the evolution of these disclosures. In March 2022, Richard Manley, Head of Sustainable Investing at CPP Investments, was appointed Chair of the SASB Standards Investor Advisory Group (IAG). The IAG is a group of leading asset owners and managers that are committed to improving sustainability-related disclosures to investors. Since its inception in 2016, they have grown to more than 60 members from 12 markets, including nine of the world's ten largest asset managers, and represent over US\$53 trillion in assets.



The Financial Stability Board (FSB) is an international body created after the 2008 financial crisis to monitor financial system stability. The FSB established the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 to develop recommendations for more efficient and effective climate-related voluntary financial disclosures to promote more informed investment, credit and insurance underwriting decisions.

The TCFD includes capital providers, insurers, large global companies from a range of financial and non-financial sectors, accounting and consulting firms, and credit rating agencies. CPP Investments is a founding member of the TCFD and one of only two global pension fund managers represented on it.

The TCFD recommendations provide a framework intended to help investors and others in the financial community better understand and assess climate-related risks and opportunities. The Framework is structured around four pillars: governance, strategy, risk management, and metrics and targets. CPP Investments has been a strong supporter of the TCFD, and fully adopted these recommendations by the end of fiscal 2021. Our reporting in accordance with the TCFD recommendations is available [here](#).

We believe our support of the TCFD recommendations will contribute to improved global disclosure of climate change-related risks and opportunities. This in turn will help asset owners, including CPP Investments, make sounder investment decisions.



The Transition Plan Taskforce (TPT) has been mandated by the Government of the United Kingdom to develop a gold standard for transition plans. At COP26, the Chancellor of the Exchequer announced that the U.K. will require large companies and certain financial sector firms to publish a transition plan from 2023. The TPT is working with international frameworks that are preparing guidance on transition plan disclosures, including the International Sustainability Standards Board (ISSB). The Taskforce will build on the foundational work by these bodies to develop granular recommendations on transition plan disclosures, which the U.K. Financial Conduct Authority will draw on to strengthen disclosure rules. Our Head of Sustainable Investing is a member of the TPT's Delivery Group.



Employee Engagement and Well-Being at CPP Investments



Employee Engagement and Well-Being at CPP Investments

Our global team of more than 2,000 employees is highly motivated to do their best work to invest in the best interests of CPP contributors and beneficiaries through our singular objective of maximizing returns without undue risk of loss. This public purpose drives high performance, attracts and retains top talent from diverse communities and connects employees across our global offices. 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. By doing so, we ensure everyone has an opportunity to reach their potential. Our Employee Resource Groups are motivated to effect change in our culture and communities through a range of programs and activities.

Our Employee Resource Groups

Promotes the development and interconnectivity of colleagues that identify with, or are allied with, the Asian diaspora across the organization.



Raises employee awareness to improve collective environmental efficiency and reduce CPP Investments' internal environmental footprint.



Raising awareness and reducing the stigma of mental-health challenges in the workplace.



Celebrates and builds awareness of the rich cultural diversity at CPP Investments.



Contributes to a strong and inclusive culture through awareness of and engagement with the LGBTQ+ community.



Supports the recruitment, development and retention of talented Black students and professionals by building awareness, allyship and community.



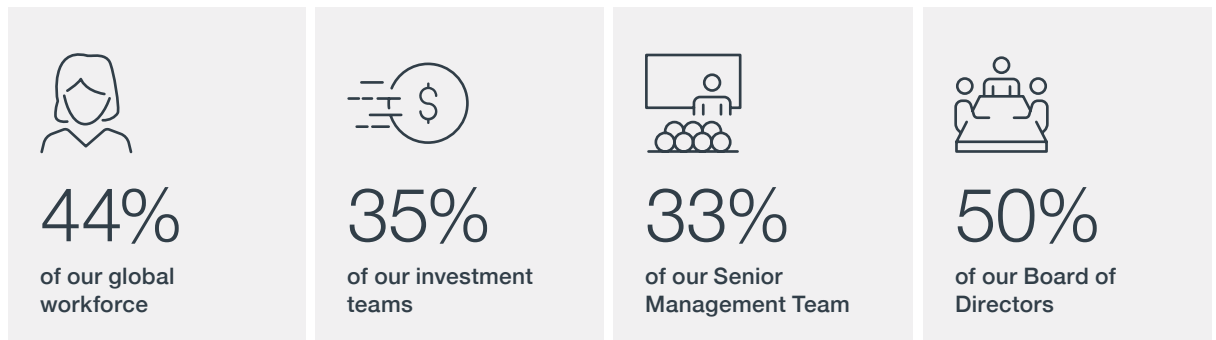
Aims to improve organizational culture by attracting, developing and retaining high-performing female professionals.



Continuing our focus on Equity, Diversity & Inclusion

Statistics as at March 31, 2022

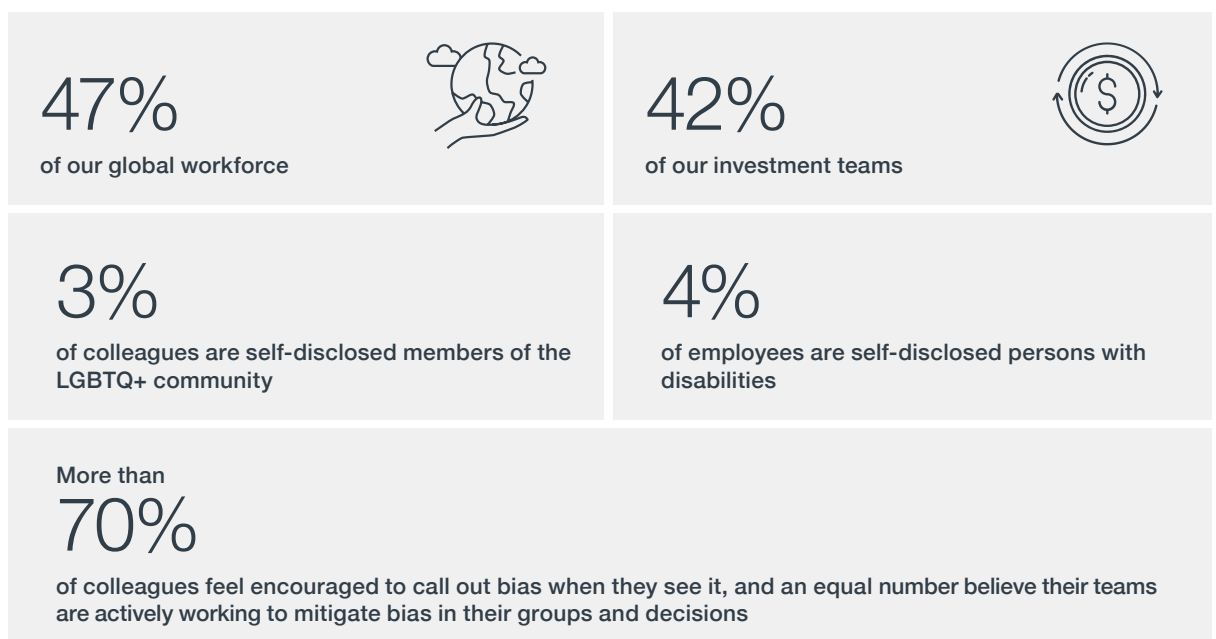
Representation of Women:



Inclusivity:



Minority representation:



Employee Engagement and Well-Being at CPP Investments

Employee well-being has always been a priority at CPP Investments, and during the pandemic this remained top of mind for us all. According to an internal survey, 92% of our employees believe we handled the pandemic well. Employee well-being continued to be among our top priorities as we developed our return-to-office plans. Our hybrid-flexible work policy enables employees to split their time between working in the office and working remotely from home, in a way that is optimal for them and the business. We believe in the benefits of working together, and the best way to do so is by embracing an inclusive, engaging, sustainable, hybrid-flexible work environment.

Recently, Mary Sullivan, Senior Managing Director and Chief Talent Officer at CPP Investments, was recognized with the *Globe & Mail's 2022 Report on Business Best Executive Awards* for leadership in Human Resources. Mary championed the enhancement of our mental-health and ergonomics programs, and introduced new wellness initiatives that ensured we remained focused on our mental and physical well-being during the past two years of living through the global pandemic. Mary and her team helped keep our 2,000 colleagues healthier, safer and more connected.

“One enduring legacy of the pandemic is a maturing of the dynamic between employer and employee. More than ever, prospective candidates interview employers. They’re more interested in flexible working arrangements, progressive childcare policies, parental leave, attitudes about working from home and mental-health support programs, among others. Employees also want to know about an organization’s contribution to the communities in which it operates and whether its environmental, social and governance practices align with their own values.”



Mary Sullivan

Senior Managing Director and Chief Talent Officer, as shared in opinion piece “*Sounding Board: A look at the future of workplace wellness*” in *Benefits Canada*

Equity, Diversity and Inclusion Initiatives

- **Ongoing Learning Opportunities** for interns, new hires, people managers and all colleagues to build awareness of our EDI priorities and embed inclusive behaviour throughout the organization
- **Promotion of dialogue** internally through targeted events, opportunities and spaces to highlight the importance of representation, empathy, humility and authentic curiosity
- **Engagement with other organizations**, including through our involvement with the BlackNorth Initiative and 100 Women in Finance, to continue to expand our outreach into equity deserving communities
- **Measurement of representation** through self-identification surveys to better track the experience of members of historically underrepresented groups
- **Actively execute change management best practices** to ensure equitable access to opportunities and advancement



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