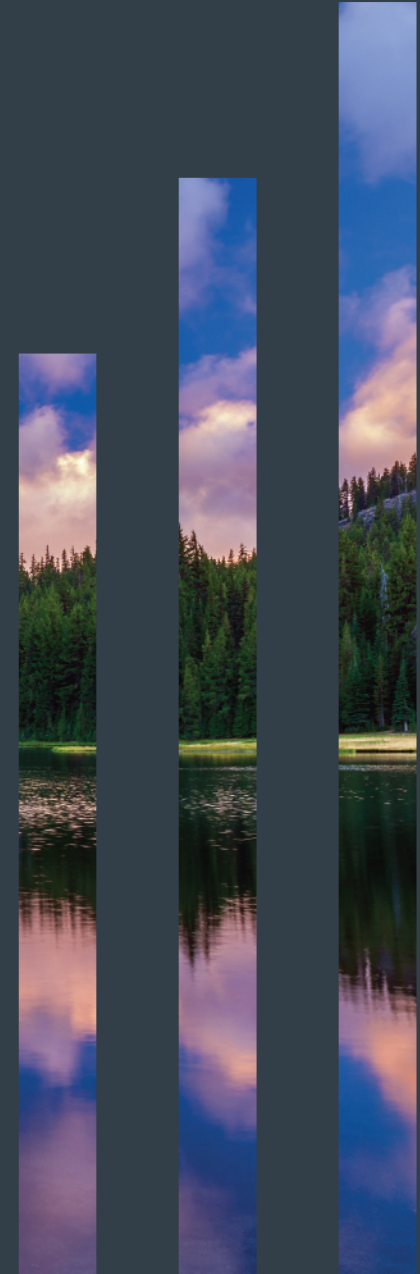


Sustainable Investing for Long-Term Value

Report on Sustainable Investing

SEPTEMBER 29, 2020

CPP || **investments**



Our Mandate and the Consideration of ESG Factors

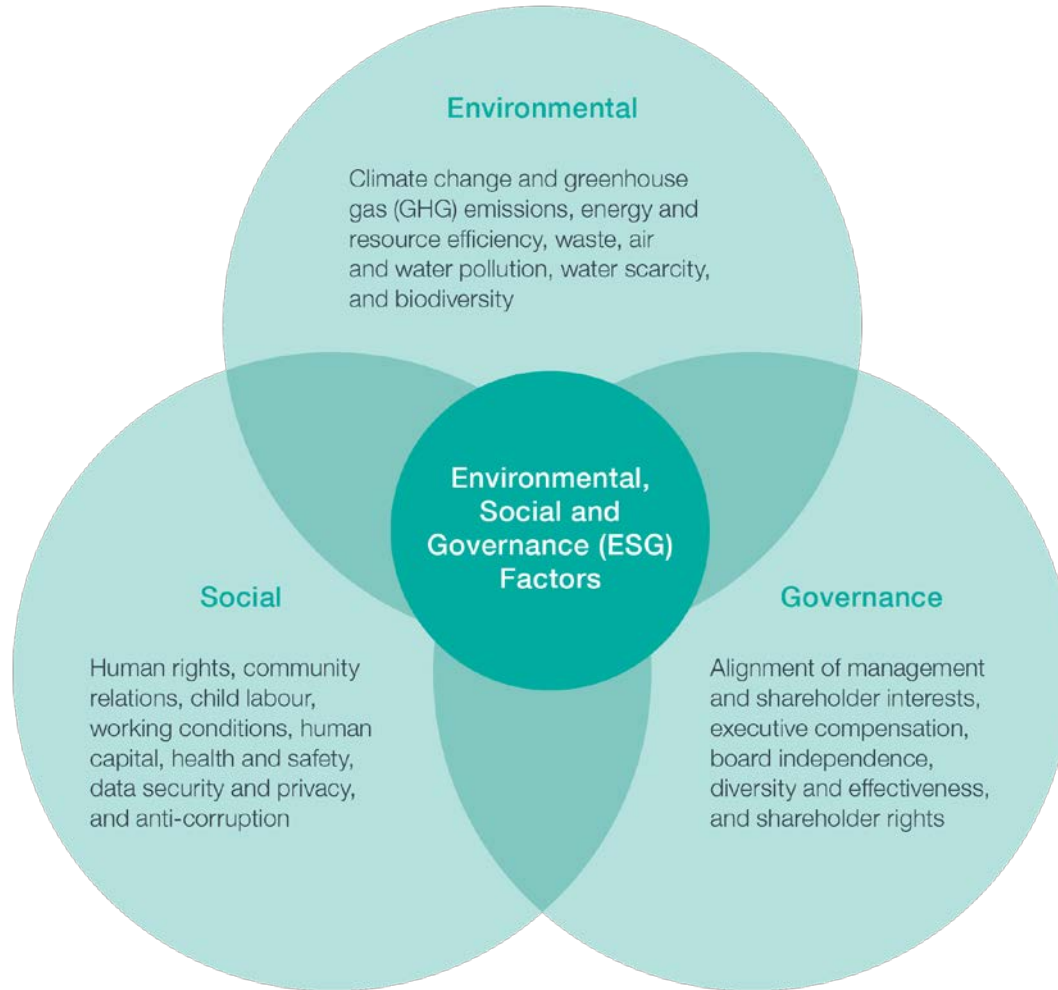
- The legislation that created CPP Investments gave us clear investment objectives: to maximize returns without undue risk of loss, considering factors that may affect the financial obligations of the CPP.
- This legislation requires we manage the Fund in the best interests of contributors and beneficiaries. This guides us as we face the critical challenge of generating the investment returns needed to sustain the Fund for generations.
- We believe companies that effectively manage environmental, social and governance (ESG) factors are more likely to create financial value over the long term, improving investment performance by the Fund.

“This new century has fundamentally changed the nature of business, with the heightened expectations of stakeholders helping to bring ESG issues to the fore. We believe that, by fully considering ESG risks and opportunities, we become better investors, able to both enhance returns and reduce risk for our more than 20 million contributors and beneficiaries.”

MARK MACHIN, PRESIDENT & CEO, CPP INVESTMENTS

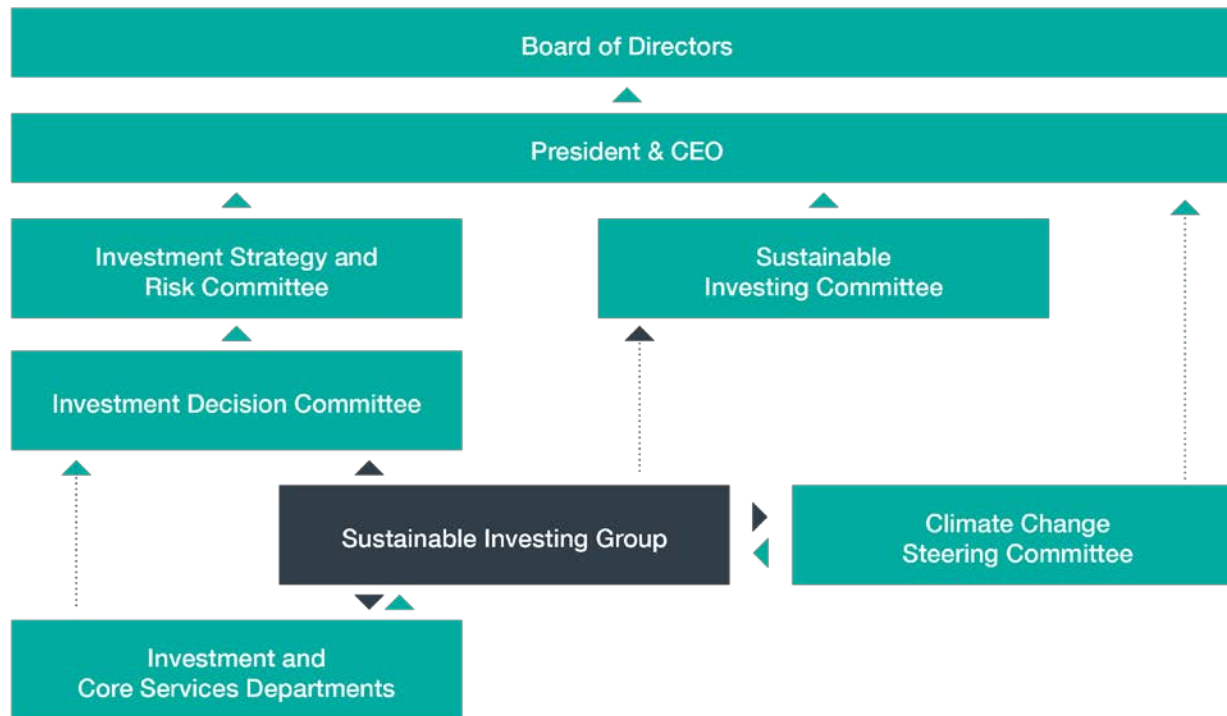


Defining Environmental, Social and Governance Factors



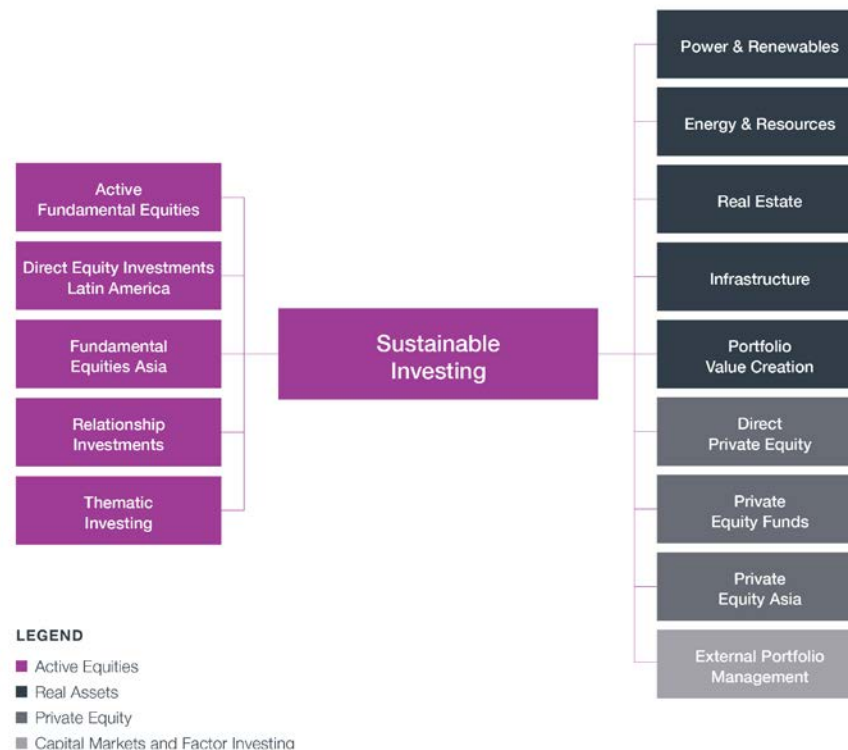
Integrated Sustainable Investing Framework

- We have a robust sustainable investing strategy supported by a formal governance structure and a dedicated Sustainable Investing team.



Select Relationships between our Sustainable Investing and Investment and Asset Management Teams

While specific integration and asset management strategies vary by company, industry and geography, we consider relevant ESG factors across asset classes. Members of our Sustainable Investing team – positioned within our Active Equities department – work with colleagues organization-wide. ESG considerations are integrated into investment decision-making and incorporated into employee objectives and compensation structures where relevant.



How We Integrate ESG Considerations Into Our Portfolio and Manage Our Assets

PUBLIC ASSETS DILIGENCE AND MONITORING

- ESG research reports
- ESG materiality framework
- ESG database
- Proxy voting

PRIVATE ASSETS DILIGENCE AND MONITORING

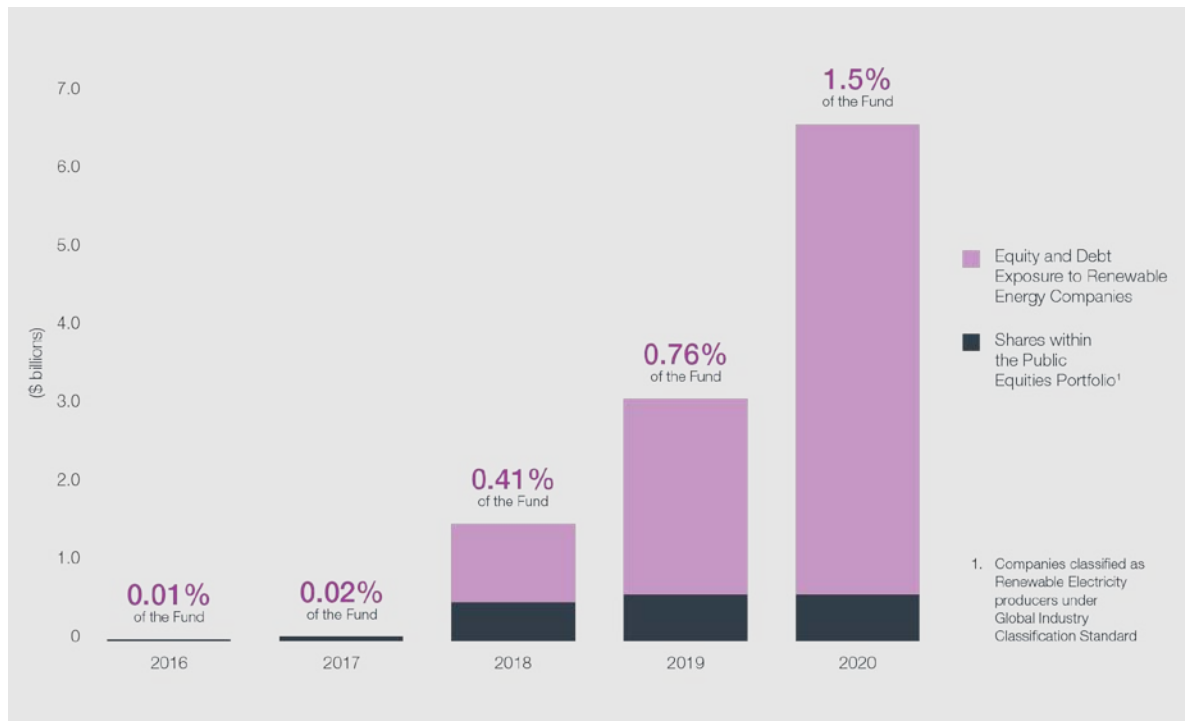
- ESG evaluations
- Monitoring questions for real estate assets

GENERAL PARTNER AND EXTERNAL MANAGER DILIGENCE AND MONITORING

- ESG due diligence questionnaire
- Monitoring questions
- Reporting

Renewable Energy

- CPP Investments' exposure to renewables is aligned with our belief that the energy evolution provides opportunities for attractive long-term, risk-adjusted returns.
- As of June 30, 2020, the combined value of our renewable energy assets was \$6.6 billion.



Green Bond Impact Report

HIGHLIGHTS FOR FY2020

2

GREEN BONDS
(USD & EUR) ISSUED

\$2.2

BILLION RAISED

1

NEW RENEWABLE
ENERGY PROJECT

TOTAL IMPACT OF ALL OUR GREEN BOND ISSUANCES, AS AT JUNE 30, 2020

9.29

MILLION METRIC TONS OF CO₂
AVOIDED GHG EMISSIONS PER YEAR



GHG EMISSIONS FROM

2,007,545

PASSENGER CARS DRIVEN IN ONE YEAR

14.04

MILLION MEGAWATT HOURS
(MWh)

OF RENEWABLE ENERGY GENERATION CONTRIBUTED ANNUALLY



CO₂ EMISSIONS FROM ELECTRICITY
USED BY

1,573,245

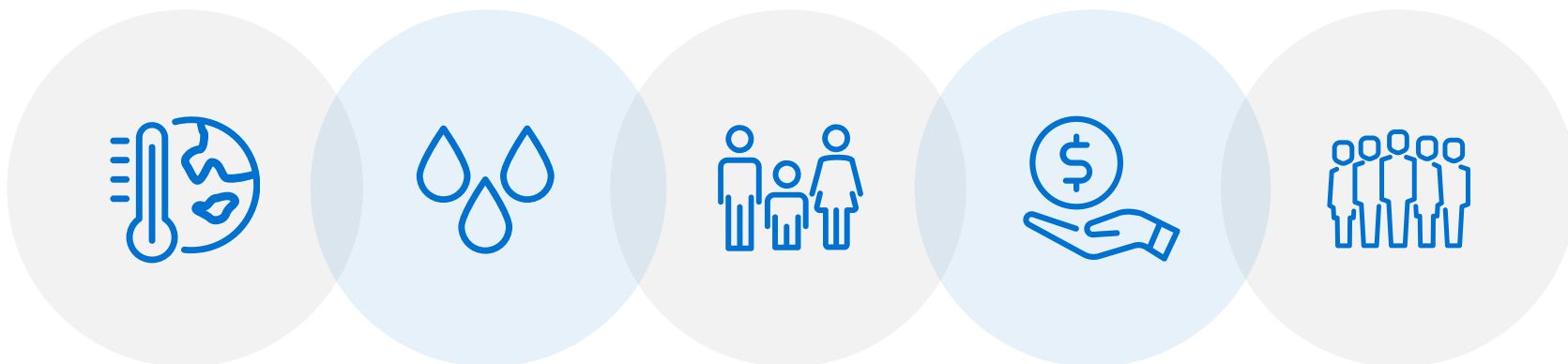
HOMES
FOR ONE YEAR

What Does CPP Investments Expect of Portfolio Companies?

- Have effective boards
- Align incentives
- Adhere to our clearly articulated Proxy Voting Principles and Guidelines
- Disclose material climate change impacts
- Clearly articulate how integration of ESG factors has informed strategy and enhanced returns or reduced risk in the business
- Have a culture that proactively identifies emerging risks and opportunities, and seeks solutions to reduce or capture their potential

Our Engagement Focus

Our five key engagement focus areas – **climate change, water, human rights, executive compensation and board effectiveness** – have significant and meaningful impacts on the long-term financial sustainability of our public equities portfolio. Because the topics we engage on are often interconnected, engagements may cover more than one focus area. While we choose to focus our efforts on these five areas, we also discuss other relevant topics.



Our Engagement Focus

Why We Engage



CLIMATE CHANGE

Climate change can present material financial risks and opportunities for companies and impact long-term investment values. The global transition to lower-carbon energy sources has far-reaching implications for investors and companies across sectors and geographies. We believe companies should have a transparent and robust approach to assessing challenges and opportunities posed by climate change, so investors can make informed decisions.



WATER

Effective management of water supply, use and quality is fundamental to the long-term sustainability of companies in multiple industries. Not acting on these potentially material factors can impact companies' performance now and over the long term.



HUMAN RIGHTS

CPP Investments believes no company that fails to respect human rights can endure. As an investor, we carefully consider a company's historical and current performance in terms of its respect for the fundamental dignity of each person in its workforce. Firms that do not respect human rights face above-average operational turmoil, higher legal risk, lack of community support and impaired brand value resulting from reputational damage. We believe strong human rights practices contribute to sustaining long-term value. Companies with strong human rights policies and practices are less likely to face protests, workforce action and other damaging activities.

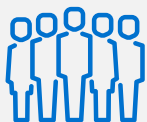
Our Engagement Focus

Why We Engage



EXECUTIVE COMPENSATION

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



BOARD EFFECTIVENESS

Board effectiveness is one of the most important topics in corporate governance. Having the right board in place to guide strategy and oversee the management of risk is critical to long-term value at our investee companies.

Our Engagement Focus

What We Expect



CLIMATE CHANGE

- Enhanced practices related to governance, strategy, risk management, performance metrics, and targets and opportunities
- Improved disclosure on potential exposure to near-term and long-term climate change-related risks and subsequent impact on company strategy and profitability



WATER

- Increased oversight and management of material water risks and opportunities
- Better reporting of investment-decision information on water-related strategies and performance
- Accurate and more consistent industry-specific disclosure of water-related data
- Increased oversight and management of material water risks and opportunities



HUMAN RIGHTS

- Enhanced reporting on identifying, managing and mitigating human rights-related risks
- Improved human rights practices, including those specific to company supply chains, such as in the information technology sector. These practices include those related to working conditions and labour issues (such as child labour)

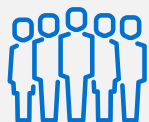
Our Engagement Focus

What We Expect



EXECUTIVE COMPENSATION

- A clear link between executive pay and company performance that appropriately aligns management and investors
- Appropriately structured executive compensation programs emphasizing long-term and sustainable growth of shareholder value
- Full disclosure in corporate reporting of compensation information and clear rationales for compensation decisions
- An annual “say on pay,” which refers to a yearly advisory vote by shareholders on executive compensation

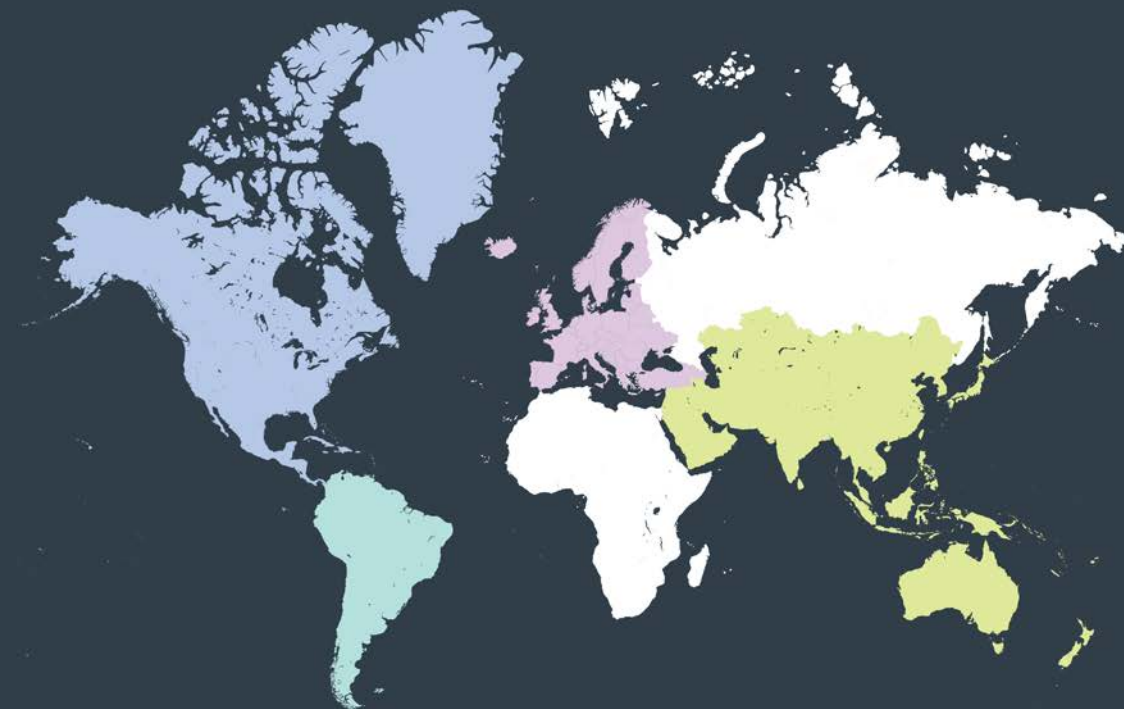


BOARD EFFECTIVENESS

- Boards with the independence, skills, expertise, experience and diversity to ensure effective oversight of management and the business
- Robust and transparent processes for evaluating and improving effectiveness of the board, its committees and each director individually
- Transparent and formal director nomination processes that seek a diverse pool of qualified candidates

Proxy Voting Overview

2020 proxy voting season facts



We conveyed
our views at
4,238
meetings

Meetings voted in
1,548
North America

33
Latin America

529
Europe

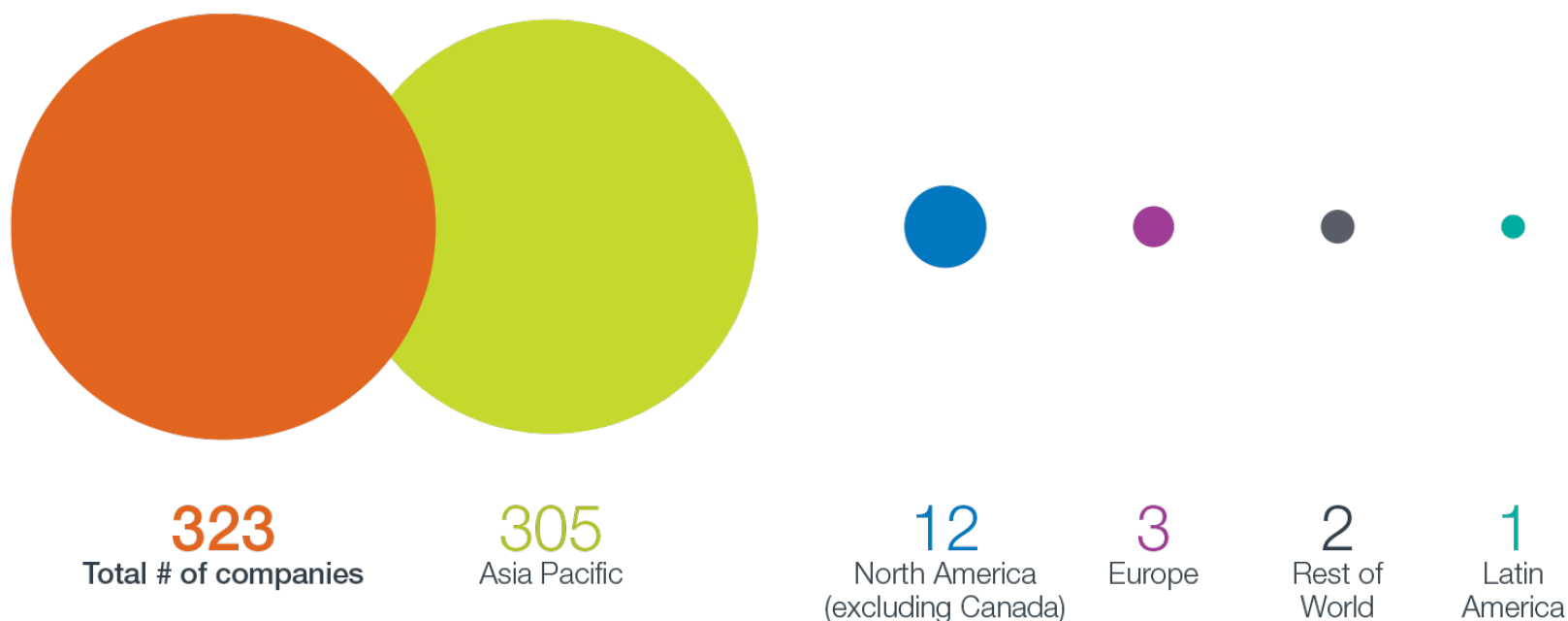
1,988
Asia Pacific

140
Rest of world

Gender Diversity Voting Practices

CPP Investments is committed to advancing gender representation on boards. Our goal is to improve the gender balance and, hence, the overall effectiveness of public company boards worldwide.

Number of companies, by region, that we voted against for failing to have any women on their boards

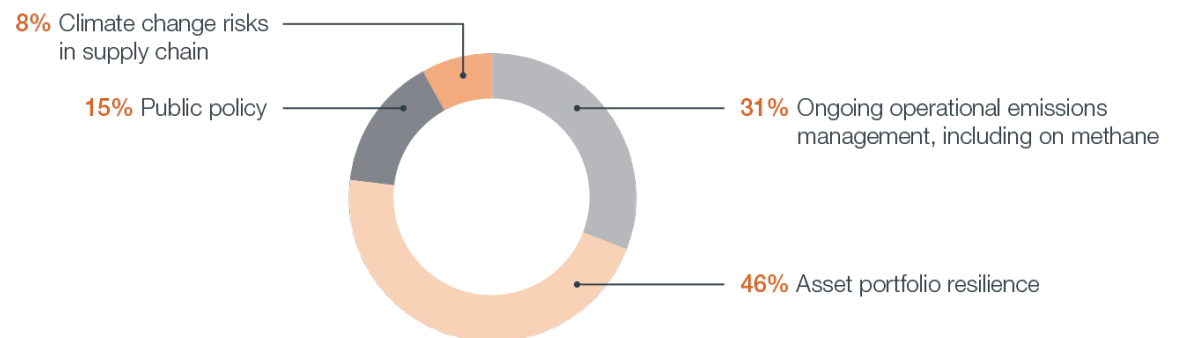


Voting on Climate Change–Related Shareholder Resolutions

CPP Investments supports proposals that enable stakeholders to better understand a company's exposure to and management of climate change-related risks and opportunities.

In 2020, CPP Investments supported 26 climate change-related shareholder resolutions. Several of these sought deeper disclosure on four areas related to climate change risk and opportunity management:

Climate Change-Related Shareholder Proposals that CPP Investments Supported in 2020
Shareholder proposals by type

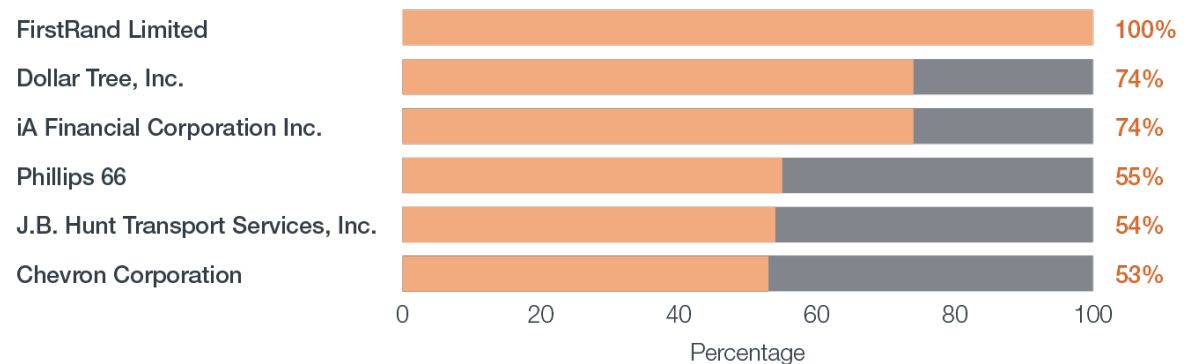


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Select Climate Change-Related Shareholder Proposals that CPP Investments Supported in 2020



2020 Collaboration Partners

Leveraging partnerships and collaborations significantly increases CPP Investments' impact on matters that improve ESG-related practices. Our collaborative efforts include but are not limited to: seeking to improve transparency and standards on ESG, conducting research, participating in ESG-related regulation consultations, promoting governance practices and advocating for long-term thinking in the investment and corporate worlds.



Reporting in Accordance with the Task Force on Climate-related Financial Disclosures (TCFD)

- The Task Force on Climate-related Financial Disclosures (TCFD) recommendations provide a framework intended to help investors and others in the financial community better understand and assess climate-related risks and opportunities.
- CPP Investments has been a strong supporter of the TCFD and is committed to full adoption of these recommendations by the end of fiscal 2021.
- The recommendations are structured around four pillars:

