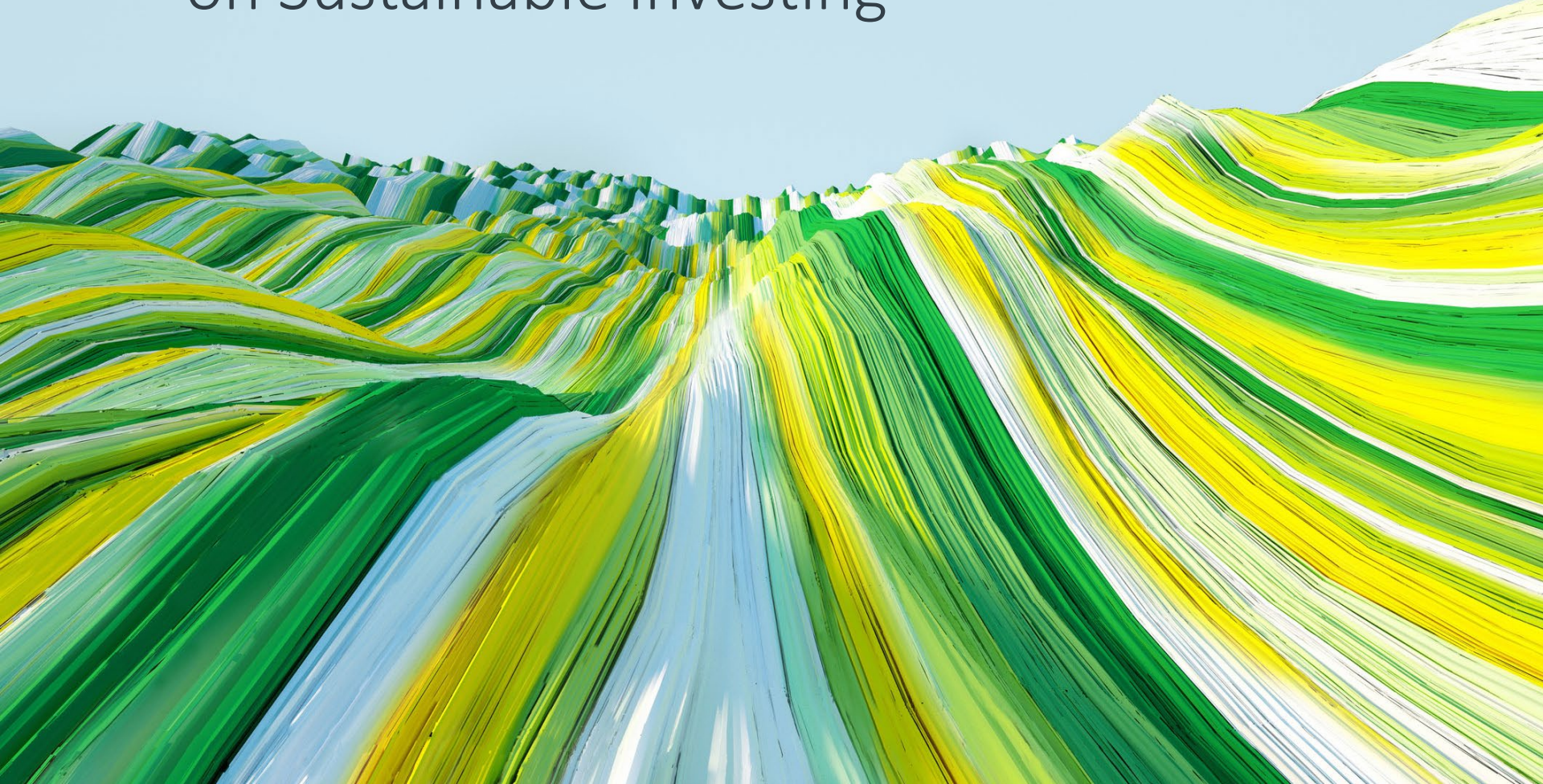




2023 Report on Sustainable Investing



SUMMARY PRESENTATION

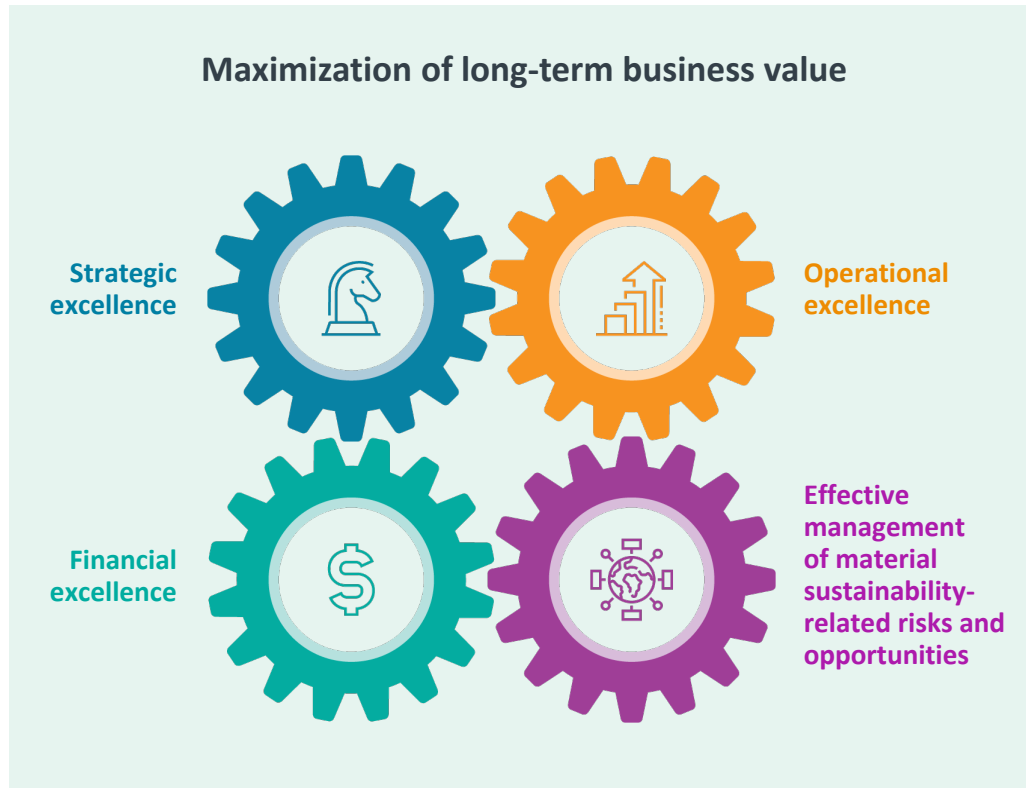
OCTOBER 2023

CPP  **Investments**

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At CPP Investments, we believe that maximizing the long-term value of a business is no longer about strategic, operational and financial excellence alone. It is also about managing material sustainability-related risks and opportunities effectively. We believe that proactively addressing and investing in these factors can result in added long-term value creation and preservation for a company.

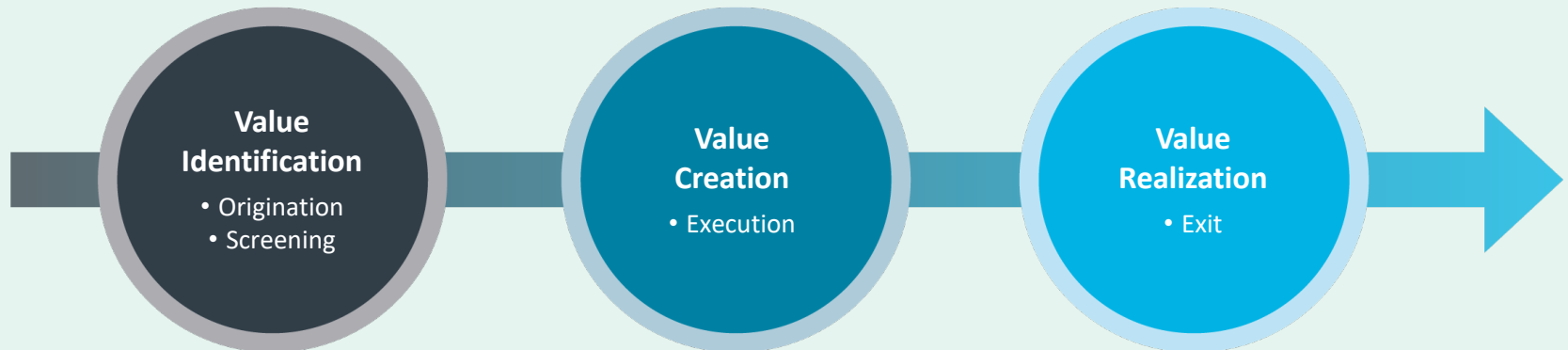


“Successful investing is challenging. It requires skillful risk management and a scalable approach to uncovering opportunities. There are more factors to consider when deploying capital than there were just a decade ago. Among those factors is sustainability.”

John Graham
President & CEO

CPP Investments' approach to sustainable investing contributes to our ability to compete as a world-class global investment management organization, create value and deliver on our mandate.

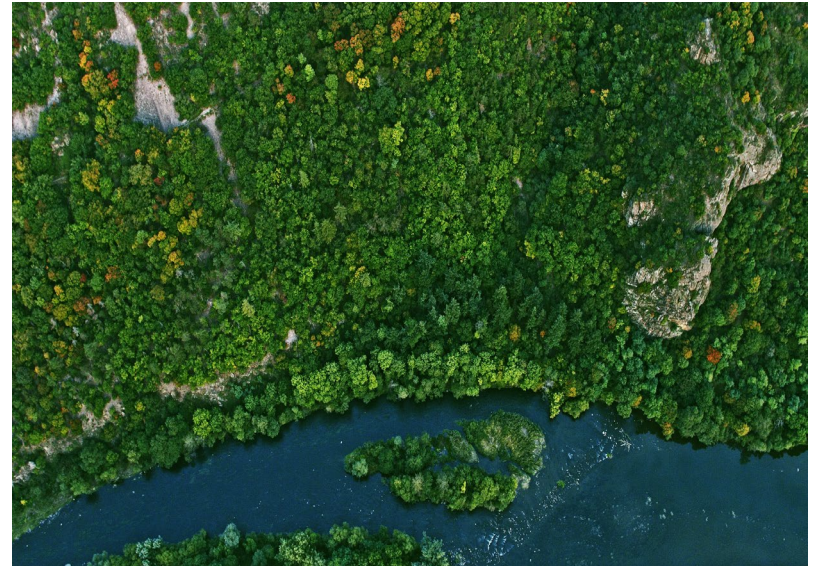
Embedding sustainable investing across the investment life cycle



Sustainability-related risks and opportunities can impact our investments, or assets, differently. We apply a tailored approach to assess and manage these factors in our investments. The approach we use is based on the investment strategy, asset class and/or nature of each individual investment as well as the materiality of sustainability-related factors on the investment and our ability to influence outcomes.

Select highlights from FY2023

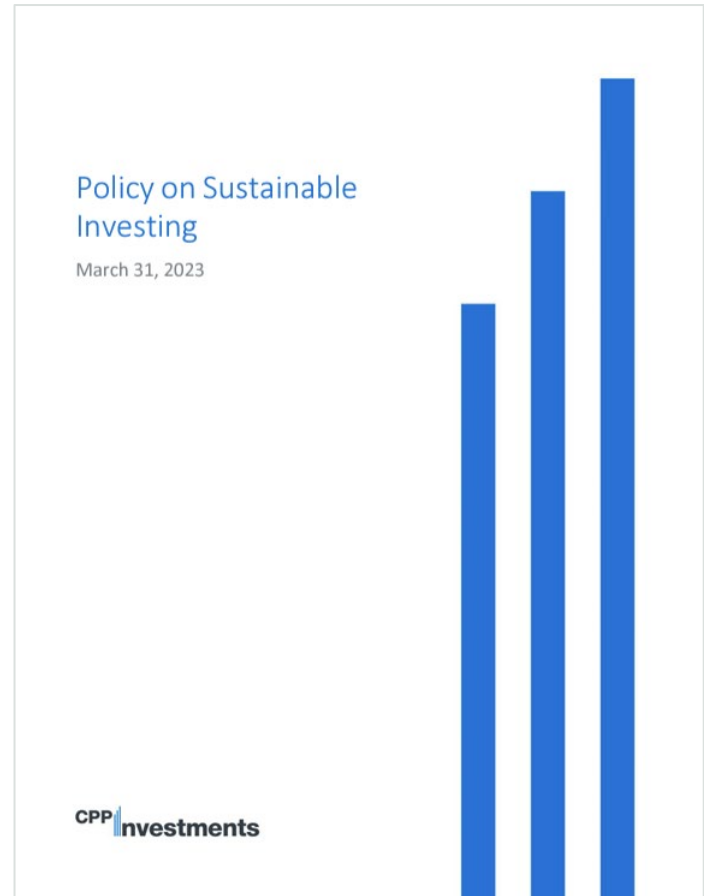
- Proprietary net-zero scenario considerations incorporated in our investment selection processes.
- New framework to assess physical and transition impacts in real estate.
- Sustainability benchmarking of external managers.
- New strategic partnership to advance our ongoing climate change efforts.
- Proxy Voting Principles and Guidelines updated to include consideration of nature impacts.
- Updated our Policy on Sustainable Investing to introduce our definition of sustainability-related factors.



We introduced our definition of sustainability-related factors.

In March 2023, we updated our Policy on Sustainable Investing to introduce our definition of sustainability-related factors as those including, but not limited to, effective board governance, climate change, environment, human rights, equity, diversity and inclusion, health and safety, community engagement, responsible sourcing, responsible usage of artificial intelligence, data and cyber security, and *other dynamic and emerging factors where they are material to the long-term success of companies.*

We review our Policy on Sustainable Investing annually and, when appropriate, we update the sustainability-related factors we monitor.



https://www.cppinvestments.com/wp-content/uploads/2023/04/cpp-investments-policy-on-sustainable-investing-mar-2023-en_vF.pdf

We recognize and respect the discrete roles, responsibilities and rights accruing to shareholders, board directors and management teams. We believe each play a role in helping ensure long-term value creation.

The roles and responsibilities of shareholders, boards and management teams of companies

The shareholders, boards and management teams of companies each play critical roles in creating sustained long-term value. Their relationships hinge on clear communication and understanding of their respective roles, responsibilities and rights. We view their responsibilities as follows:



Shareholders:

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

Boards:

- 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



Being aware of, and understanding, the views of relevant stakeholders can help boards and management teams be more effective in discharging their duties.

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

What we expect from portfolio companies

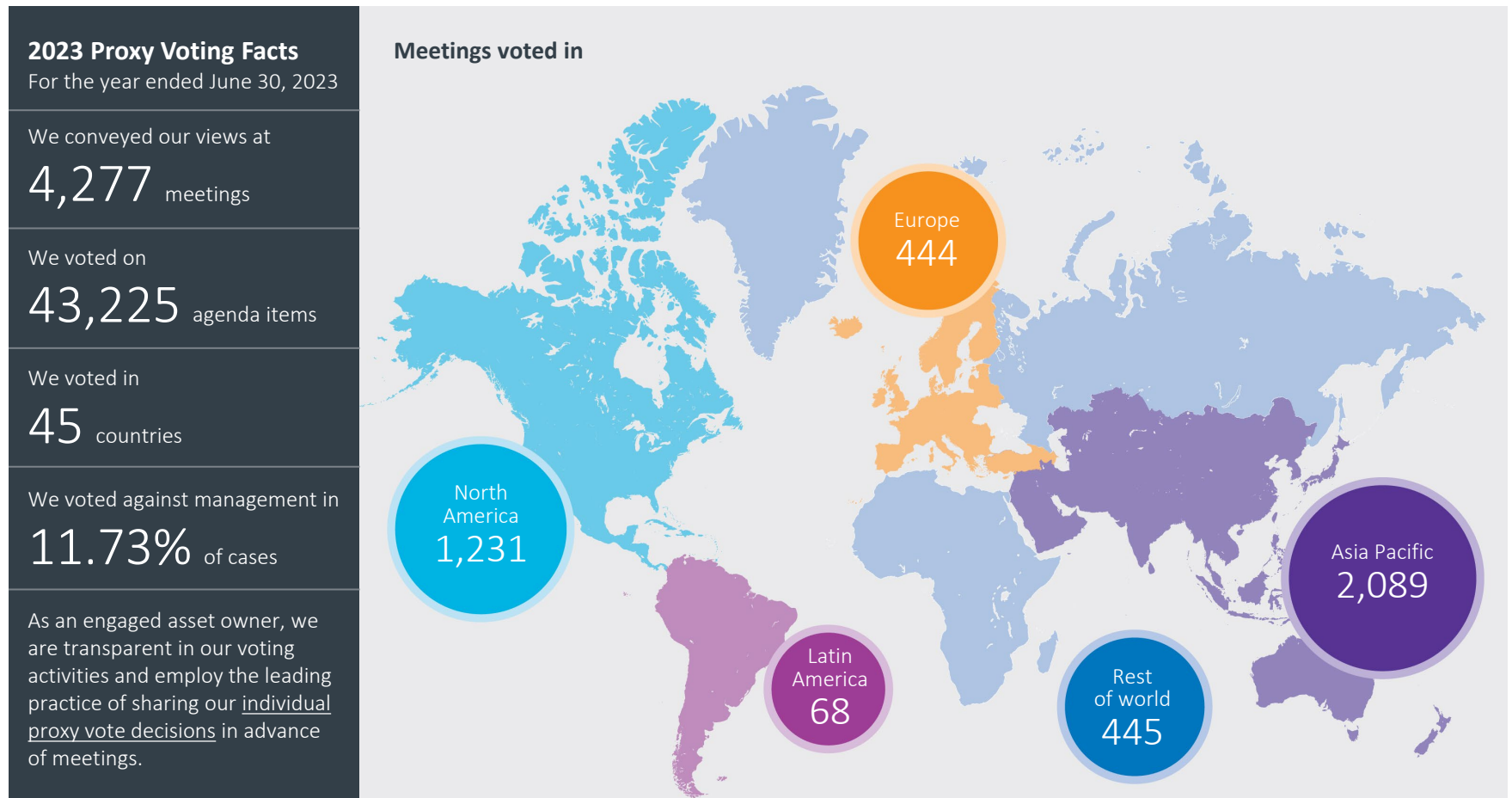
- Effective boards;
- Disclosure of material sustainability-related risks and opportunities, including material climate change impacts;
- Integration of sustainability-related factors has informed strategy and enhanced returns or reduced risks in the business;
- A culture that proactively identifies dynamic and emerging material business risks and opportunities and seeks solutions to reduce or capture their potential; and
- Alignment of incentives.

Additionally, we expect our **public portfolio companies** to adhere to our [Proxy Voting Principles and Guidelines](#)

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



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.





Climate change voting policy

In March 2021, we introduced our climate change voting policy:

- 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.

As active investors, we will continue to evolve our climate change voting policy in accordance with our [Climate Change Principles](#) and the factors underpinning our net-zero commitment

Climate Change Voting Statistics

For the year ended June 30, 2023

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

This resulted in **70** votes against directors

22 companies where our engagement contributed to material commitments and improvements on climate-related disclosures and practices. These include dedicating a board committee or director responsible for climate oversight, enhancing details of a company's decarbonization plan, or quantifying the financial impacts from climate-related risks and opportunities

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

8 of the **26** climate-related shareholder proposals sought greater disclosure of a company's climate transition plan if commitments have been made

Key highlights from our evolving our gender diversity voting practices

Policies | For the year ended June 30

2017	<p>Introduced gender diversity voting practice in Canada: Voting against the election of the chair of the nominating committee if a public company board had no (0) female directors*</p>
2019	<p>Escalated approach in Canada: Voting against nominating committee chairs of S&P/TSX composite boards with only one (1) female director*</p> <p>Introduced global gender diversity voting practice: Voting against the election of nominating committee chair if the board had no (0) female directors*</p>
2021	<p>Escalated global gender diversity voting practice for companies in the United States, Canada, developed Europe and Australia: Voting against the nominating committee chair if the board has less than rounded 30% female directors</p>
2023	<p>Enhanced our practices in all other markets:</p> <ul style="list-style-type: none"> • Voting against the nominating committee chair if the board does not have at least two (2) female directors* • 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 <p>Under our escalated global gender diversity policy, during the year ended June 30, 2023, we voted against 433 companies globally</p> <p>Canada: 4; USA: 144; Europe: 13; Asia Pacific: 244; Latin America: 5; Rest of world: 23</p> 

* Provided there are no extenuating circumstances warranting an exception.

Legend: ■ Canada ■ Global

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

Climate Change Principles

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



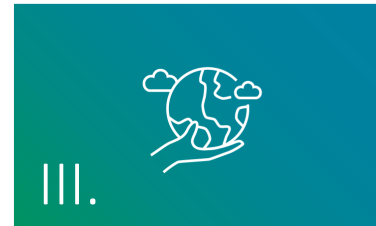
Our Actions:



I. Continuing to invest in and exert our influence on the whole economy transition as active investors, rather than through blanket divestment.



II. Maintaining carbon neutrality for our internal operations (Scope 1, 2 and 3 business travel), from fiscal 2023 onward.



III. Continuing to increase our green and transition asset portfolio from \$66 billion at end of fiscal 2022 to at least \$130 billion by 2030.



IV. Scaling our decarbonization investment approach, which seeks attractive returns from enabling emissions reduction and business transformation in high-emitting sectors.

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

Key external drivers to reach net zero

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



Consumer and industrial behavioural changes



Advancement of technological solutions



Development of reporting standards and carbon markets



Corporations achieve their stated targets



Delivery and acceleration of commitments made by governments

We recognize that managing climate change is an iterative process; the path to net zero will not be linear, but we will continue to take action and report on our progress.



I. Enabling a whole economy transition and financing emissions reduction.

We believe that the only way to comprehensively decarbonize the real economy is to empower capital market participants to finance emissions reductions. While we may choose not to invest in particular companies, on a case-by-case basis, we will not engage in blanket divestment that excludes investment in entire sectors of the economy.

We focus on reducing emissions in the operations of companies in which we invest rather than simply divesting high-emitting companies and leaving their emissions for someone else to abate or reduce. This also includes investing in companies that are enabling the whole-economy transition through the advancement of technological innovations in reducing GHG emissions.

Examples of investments in the whole economy transition over the reporting period, include:

DOGGER BANK
WIND FARM



REDWOOD
MATERIALS

REDAPTIVE®





II. Maintaining carbon neutrality for our internal operations (Scope 1, 2 and 3 business travel) from fiscal 2023 onward.



Measured our Scope 1, 2 and 3 (business travel) emissions for fiscal years 2020 to 2023.



Applied our **Abatement Capacity Assessment** Framework to inform our plans to decarbonize our operations.



Acquired 13,526 **carbon credits** from the Canadian Darkwoods Forest Carbon Project at a fair market price. These credits compensate for the unabated emissions from our Scope 1, 2 and 3 (business travel) activities in fiscal 2023.



Continued to monitor the breadth, quality and reliability of emissions data as this space continues to rapidly evolve.

End of Fiscal 2023

Achieved carbon neutrality for our internal operations





III. Our ‘Decarbonization Investment Approach’ seeks attractive returns from enabling an economy-wide evolution to a low-carbon future.

In 2023, we applied our decarbonization investment approach on more than 10 existing and new assets spanning the real estate, infrastructure, agriculture, energy and tourism sectors. These initiatives helped develop transition plans that increase value, along with key learnings to scale the approach across the portfolio.

We are able to use these learnings to identify potential programs and investible themes across similar assets.



Selected as one of the first trials for our decarbonization investment approach because of the potential applicability of learnings from it to CPP Investments’ broader toll road portfolio.



Strong collaboration between CPP Investments and Merlin’s management team was supported by a shared belief that decarbonization can drive value creation by offering an important competitive advantage in attracting customers and by investing in cost-effective solutions that better position the company on absolute basis and relative to peers.



The decarbonization investment approach is being used to support PAG’s senior leadership to define its climate ambition and the best decarbonization pathways to achieve it.



Read more about our Decarbonization Investment Approach in our CPP Investments’ Insights Institute publication: “Road to Zero: Decarbonization Investment Approach Progress Report”.

<https://www.cppinvestments.com/insights-institute/>





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

\$66B

as at March 31, 2022

\$79B

as at March 31, 2023

≥\$130B

In 2030



The increase in the value of these holdings since the last fiscal year is due to a combination of:

- New investments in green and transition assets
- Existing assets becoming green and transition eligible by taking actions such as SBTi certification
- Increased market valuation of eligible assets

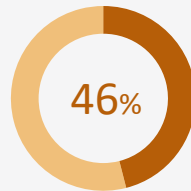
We anticipate our year-over-year progress to be non-linear.

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

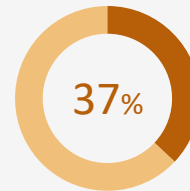
Our global team of more than 2,000 are motivated to meet our mandate and help support the stability and financial sustainability of the CPP. This public purpose drives high performance, attracts top talent, and connects employees across all global offices.



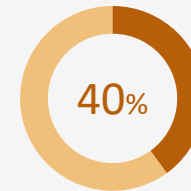
Representation of women (as at March 31, 2023)



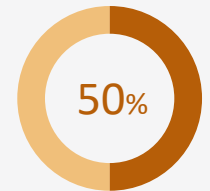
Global Workforce



Investment Professionals



Senior Management Team



Board of Directors

Strategic Talent Objectives	Fiscal 2022	Fiscal 2023	Fiscal 2025 Target
Female new hires	38%	52%	50%
Female senior investment professionals	22%	23%	30%
LGBTQ+ colleagues	3.4%	4.1%	5%
Minorities in senior roles	27%	27%	28%

Questions?

