Policy on Sustainable Investing

March 31, 2023

CPP Investments

Policy on Sustainable Investing

MARCH/2023

Table of Contents

1.0 About CPP Investments....2

2.0 Purpose and Scope of Policy....2

3.0 Our Sustainable Investing Principles....2

4.0 Integrating Sustainability-related Considerations into Our Investment and Asset Management Activities....3

5.0 Our Approach to Climate Change....4

6.0 Engagement....5

6.1 Proxy Voting....5

7.0 Exclusions and Exit....6

8.0 Reporting....6

9.0 Governance....7

1.0 About CPP Investments

The Canada Pension Plan Investment Board (CPP Investments) is a professional investment management organization. Its long-term goal is to contribute to the financial strength of the Canada Pension Plan (CPP) and help sustain the pensions of CPP participants. Our Policy on Sustainable Investing is consistent with the fulfilment of our clear legislative objectives of maximizing long-term investment returns without undue risk of loss, taking into account the factors that may affect the funding of the CPP and its ability to meet its financial obligations.

CPP Investments operates at arm's length from federal and provincial governments with the oversight of an independent, highly qualified professional Board of Directors. CPP Investments' management reports not to governments, but to the CPP Investments' Board of Directors. CPP Investments' Board approves investment policies, determines with management the organization's strategic direction and makes or oversees critical operational decisions. CPP Investments is accountable to Parliament and to the federal and provincial finance ministers who serve as the joint stewards of the CPP.

2.0 Purpose and Scope of Policy

This Policy sets out how CPP Investments approaches sustainable investing within the context of our clear legislative obligations of maximizing long-term investment returns without undue risk of loss, and how CPP Investments considers sustainability-related risks and opportunities in our investment analysis throughout the investment life cycle and across asset classes, where such considerations are material to the investment. We define sustainability-related factors as those including, but not limited to, effective board governance, climate change, environment, EDI, health and safety, community engagement, human rights, responsible sourcing and usage of AI, data and cyber security, and other dynamic and emerging factors where they are material to the long-term success of companies.

This Policy is approved by the CPP Investments' Board of Directors. The Policy may be updated periodically to reflect changes to our approach to sustainable investing.

3.0 Our Sustainable Investing Principles

CPP Investments believes that 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. The principles underlying our approach to sustainable investing include, but are not limited to, the following:

- We consider sustainability-related factors in order to make more informed decisions to deliver superior long-term investment outcomes, in alignment with our legislative mandate of maximizing returns without undue risk of loss.
- We consider and integrate both sustainability-related risks and opportunities into our investment analysis and asset management activities, rather than eliminating investments based on sustainability-related factors alone;
- We consider the financial impacts from sustainability-related risks and opportunities not

only throughout the asset lifecycle, but across asset classes;

- Our analysis is commensurate with the materiality of the potential financial impacts of these sustainability-related factors on the applicable investment;
- As an active owner, we monitor sustainability-related factors and engage with companies consistent with this policy to promote improved management of sustainability-related factors to enhance long-term outcomes in the companies and assets in which we invest (See Section 6.0 for how we determine where to engage);
- We support the division of authority and responsibilities among the triad of interests that is the core of good corporate governance – shareholders, directors, and managers - and we view directors as responsible to the company on whose board they serve, but accountable to owners; and
- We expect the boards of directors of our portfolio companies to demonstrate how it is overseeing management of these sustainability-related risks and opportunities via disclosure of financially relevant, potentially material sustainability-related factors and to allow investors to better understand, evaluate and assess these risks and opportunities, including their potential impact on a company's performance; for private companies, this includes reporting to their shareholders and boards of directors. We support alignment of reporting with the standards being developed by the International Sustainability Standards Board (ISSB) and their building blocks, including the SASB standards and the Task Force on Climate-related Financial Disclosures (TCFD). For private companies, we also expect consideration of emerging initiatives like the ESG Data Convergence Initiative (EDCI);
- 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 landscape and requirements and other factors necessary to put specific issues into context.

4.0 Integrating Sustainability-related Considerations into Our Investment and Asset Management Activities

We integrate sustainability-related factors into our investment analysis and asset management activities where such considerations are financially-material to the investment because we believe it contributes to generating better returns across our portfolio. Where such considerations are material, they can affect our assessment of an investment's risk profile and value. We believe that fully considering sustainability-related risks and opportunities in due diligence and asset management activities makes us better investors, able to both enhance returns and reduce risk for the Fund.

Through our Fund-wide approach to sustainable investing, we integrate the assessment of sustainability-related issues at all stages of the investment lifecycle from pre-investment due diligence to post-investment monitoring through exit, using differentiated investment analysis commensurate to the potential financial materiality of sustainability-related factors to the investment.

Diligence is done prior to investment. Monitoring is part of the process by which we manage our assets post-investment. Engagement with directors and executives to ensure appropriate 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 are financially-material 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.

For direct holdings in publicly traded equities that provide us voting rights, the Sustainable Investing group also supports our role as an active, engaged owner by carrying out all proxy voting activities.

5.0 Our Approach to Climate Change

Climate change represents a significant risk and investment opportunity for the Fund as the whole economy transitions in line with sovereign climate commitments (i.e., Nationally Determined Contributions, or NDCs). Active investment programs across CPP Investments consider both climate change opportunities and risks in material investment decisions and asset management activities. Wherever climate change-related transition and physical risks are material to the company, we expect portfolio companies to have a strategy to navigate the challenges and capture opportunities presented by climate change. We expect company boards, in turn, to ensure climate change-related opportunities and challenges are considered and integrated into the company's strategy. Where these expectations are not met, we take action through our shareholder voting practices and our board representation on companies to ensure this is addressed.

We also seek attractive risk-adjusted returns by investing in this whole-of-economy transformation, including investments in renewables, clean technology and services, green buildings and companies seeking to decarbonize or transform their businesses. We pursue these opportunities through multiple investment programs across public and private markets, both directly and through investment funds.

We are guided by the following Climate Change Principles to inform our decision-making:

- 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, where accelerating the global energy transition requires a sophisticated, long-term approach rather than a blanket divestment.

- Principle 5: Report on our actions, their impacts and our portfolio emissions.

6.0 Engagement

We conduct ourselves as active, principled and thoughtful owners managing our investments in the best interests of the Canada Pension Plan's contributors and beneficiaries. We expect proactive identification and management of sustainability-related factors, including climate change, by portfolio companies and communicate and action this through engagement[1]. We believe that engagement with companies is an effective means through which shareholders can influence productive change, reduce investment risks, realize opportunities, and enhance and sustain long-term competitiveness and financial performance.

Our active ownership involves engagement with our portfolio companies where we believe it will create better long-term outcomes on sustainability-related matters and, in turn, generate more value for CPP Investments. We engage with our portfolio companies through our board representation and shareholder voting rights. We focus our engagement efforts on sustainability-related issues that are most material to a company's preservation and creation of long-term value.

We determine where to focus by:

- Analyzing sustainability-related risks and opportunities in our portfolio companies using internal and third- party research.
- Identifying engagement objectives considering materiality, time horizon, resource implications and likelihood of success.
- Selecting the best method of engagement and escalation strategy.

CPP Investments participates in domestic and international discussions about evolving regulation, market convention, standard setting and best practices in sustainable investing.

Please refer to our Report on Sustainable Investing for a list of industry organizations in which CPP Investments participates.

6.1 Proxy Voting

We believe that appropriate corporate governance practices enhance long-term shareholder value. Proxy voting is one component of the corporate governance process and an effective form of engagement with public companies, enabling shareholders to express their views on a variety of issues. Our Proxy Voting Principles and Guidelines are reviewed and approved annually by our Board of Directors. They set out how CPP Investments is likely to vote on a range of topics. We also provide timely disclosure of our voting decisions relating to public companies.

We generally support proposals that are likely to enhance long-term company performance,

[1] Boards should 1) ensure that company reporting reflects all material sustainability-related risks and opportunities and 2) provide shareholders with quantitative sustainability information on a regular basis. We encourage companies to report in line with the industry specific SASB Standards, the Task Force on Climate-related Financial Disclosures (TCFD) and the ESG Data Convergence Initiative (EDCI).

reduce risk to long-term company performance or improve disclosure, including climate change-related, reasonably necessary to enable shareholders to assess their investment risk and opportunity. We generally oppose proposals if they are overly prescriptive, seek to direct corporate strategy, designed to diminish the power of the board of directors, and/or duplicative of initiatives already in place or underway, or if they are likely to diminish long-term shareholder value even though they may produce short-term gains.

We view directors as responsible to the company, but accountable to owners. Where we conclude individual directors, board committees or the board in its entirety is failing to demonstrate that it is acting in the company's best interests we will withhold support for their reappointments.

7.0 Exclusions and Exit

As a long-term investor, we prefer to actively engage with and attempt to influence companies when we disagree with a position taken by management or a board of directors of our active holdings. We have the ability to be a patient provider of capital and to work with companies to bring about change. However, we may conclude not to pursue or maintain investments in companies for reasons including the following:

- We conclude that management's strategy or lack of engagement with sustainability-related issues undermine the long-term competitiveness of the business;
- Where brand and reputation considerations from sustainability-related factors may generate risk impacts beyond expected risk-adjusted returns; and
- Legal considerations.

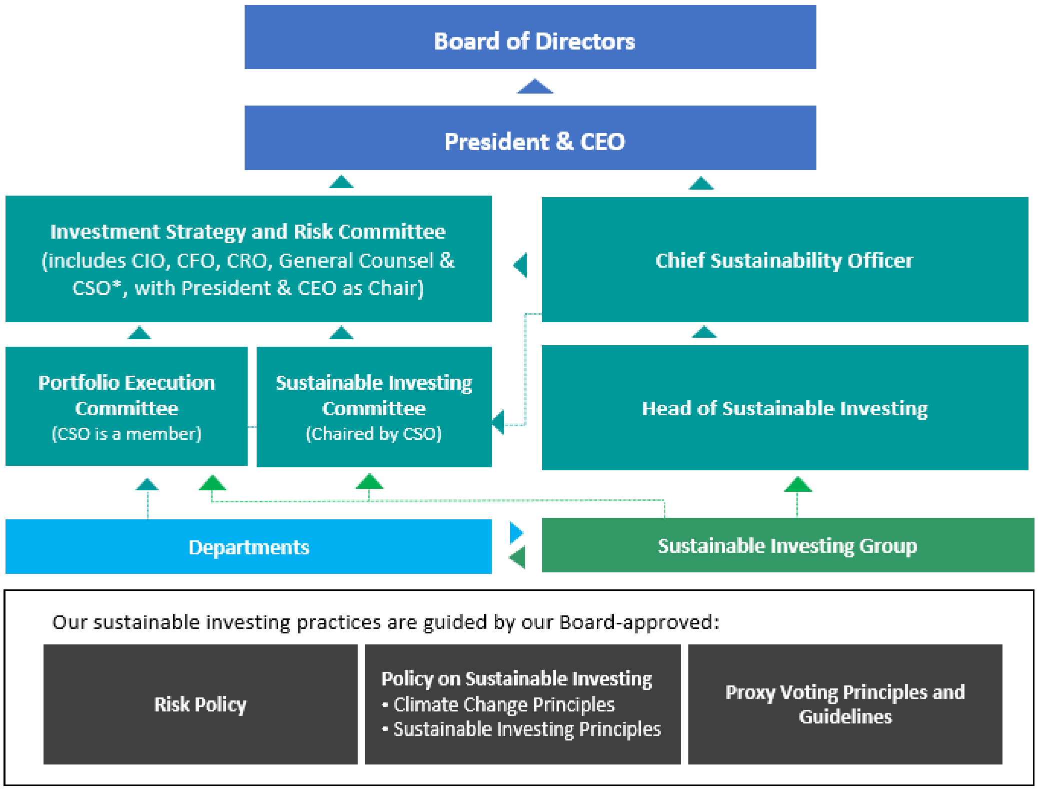
These are not applied to our exposure to companies through broad-based indices. Such exposures are indirect, resulting from CPP Investments' use of market traded index future contracts. No actual securities are held by the organization in those companies. Further, composition of these indices is beyond the control of CPP Investments. Our exposures do not assist or effect the capital formation of these companies.

8.0 Reporting

CPP Investments is committed to public transparency of our sustainable investing activities. We produce an annual Report on Sustainable Investing which provides a detailed review of our activities. The Sustainable Investing section of our website provides additional information on our work. We also publish our climate change-related disclosures, in alignment with the recommendations of the TCFD in our Annual Report.

9.0 Governance

Sustainable Investing at CPP Investments



*The CSO joins the ISRC for all sustainability-related matters of discussion

The Board of Directors of CPP Investments delegates authority to the CEO and Management to oversee the implementation of the Policy on Sustainable Investing through the Portfolio Management Authorities.