Annual Report 2022

CPP Investments

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How to read this report

This annual report describes the strategy, performance and governance of Canada Pension Plan Investment Board (CPP Investments™) for the fiscal year ended March 31, 2022.

The Strategy section includes a description of our purpose, how we invest and govern the Fund as well as how we pay for performance. The report then describes our performance in the Management's Discussion and Analysis section, attributing our results to various investment activities and operations during the fiscal year and over the past five years. This is followed by additional information on our fiscal 2022 compensation disclosures, our governance and detailed Consolidated Financial Statements. An overview of this report and supplementary information including previous annual reports is available at www.cppinvestments.com.

Our Report on Sustainable Investing can be found at www.cppinvestments.com/sustainable-investing. The next report will be released in fall 2022.

Forward-looking statements

This annual report contains forward-looking information and statements. Forward-looking information and statements include all information and statements regarding CPP Investments' intentions, plans, expectations, beliefs, objectives, future performance, and strategy, as well as any other information or statements that relate to future events or circumstances and which do not directly and exclusively relate to historical facts. Forward-looking information and statements often but not always use words such as "trend," "potential," "opportunity," "believe," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" and similar expressions. The forward-looking information and statements are not historical facts but reflect CPP Investments' current expectations regarding future results or events. The forward-looking information and statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including available investment income, intended acquisitions, regulatory and other approvals and general investment conditions. Although CPP Investments believes that the assumptions inherent in the forward-looking information and statements are reasonable, such statements are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such statements due to the inherent uncertainty therein. CPP Investments does not undertake to publicly update such statements to reflect new information, future events, and changes in circumstances or for any other reason.

People. Purpose. Performance.

CPP Investments is a global investment management organization.

We were established as an independent Crown Corporation with a clear focus: to help ensure the Canada Pension Plan (CPP) is strong and sustainable for the long term, safeguarding the best interests of CPP beneficiaries for generations.

Our experienced and knowledgeable teams invest around the world in public and private assets.

Investments are diversified by asset class and geography so that the Fund remains resilient as it achieves growth in global markets over time.

Our Performance For fiscal year ended March 31, 2022

Net assets

$539B

Net income

$34B

Net return

6.8%

Dollar value-added above Reference Portfolios

$10B 1-year

Dollar value-added above Reference Portfolios

$41B compounded since inception of active management from April 1, 2006

Percentage value-added above Reference Portfolios

0.8% 5-year annualized

Dear fellow Canada Pension Plan contributors and beneficiaries,

Dr. Heather Munroe-Blum
Chairperson

As this fiscal 2022 annual report is published, the harshest impacts of the pandemic have stabilized in some parts of the world while others continue to grapple with new waves of the COVID-19 virus. Amidst this ongoing challenge, we now face a grave new obstacle to global health, peace and security. The invasion of Ukraine by Russia has upended decades of relative détente among the world's superpowers and created new global risks – the world now faces a crossroads in international relations, and uncertainty in the nature and timing of the path forward and the ultimate journey.

Nonetheless, I hope this report finds you and your loved ones managing well.

It is precisely during such unprecedented disruption that the long-term strategy guiding CPP Investments continues to prove itself. The CPP Fund is performing well, delivering strong returns to benefit present and future generations of retirees. Our 10-year annualized net return of 10.8% is a noteworthy achievement given the challenges of these past several years.

Oversight of the long-term investment strategy

Climate change is a major risk and mitigating it is a responsibility shared by all. The steady convergence of evidence, opinion, commitments and action among governments, corporations and civil society concerning the need to transition the global economy to a low-carbon future, identified broadly as "net zero by 2050," has added impetus to our collective responsibility to act.

For over a decade, CPP Investments has led in incorporating climate change into its investment decisions. When the time came this past year to determine the organization's position on net zero, the Board engaged closely with Management, guiding, challenging and collaborating as appropriate. In February 2022, with full Board support, CPP Investments released its comprehensive investment approach to reach net zero.

During the year, the Board also monitored progress towards the organization's 2025 Strategy approved by the Board in 2018. A hallmark of CPP Investments' forward thinking, the strategy was designed to help ensure that the organization is both well-positioned to manage for today, but also to manage a Fund expected to grow to a trillion dollars over the near term. We conclude that the execution of this strategy remains firmly on track.

A Special Examination, as required for CPP Investments every six years in accordance with the CPPIB Act, was conducted over the past year to assess our systems and practices. Deloitte LLP acted as the independent examiner and I am pleased to report that the examiners provided a clean opinion, with no significant deficiencies noted.

Succession planning

A key element of Board oversight is ensuring that we have the right leaders at the right time. For close to a quarter century, the CEOs appointed by our successive Boards have driven leading management and evolved enterprise strategy fit for each era. At the same time they have spearheaded the execution of that strategy with a focus on strong performance. Their cumulative efforts have transformed CPP Investments into a powerhouse among global institutional investors and pension funds, managing $539 billion in assets today.

During the height of the pandemic in February 2021, the Board finalized its choice of John Graham as President and CEO. He was well-prepared to hit the ground running. John was selected for his important experience and strengths: dedication to our public purpose, deep investment experience, strong strategic sensibilities, a highly collaborative work style, a talent for building teams, and a clear approach to achieving operational excellence now and in the coming era. John's "One Fund" approach optimizes the organization's critical pool of skills and the knowledge acquired by our talented employees in local markets and globally, and across investment disciplines. This gives proof to the maxim that the whole is greater than the sum of its parts. With strong accountability built in, this strategy provides an important edge as we compete in an intensely competitive context, for prized assets that maximize our returns over the long term.

Engagement with business activities

The Risk Committee of the Board oversaw the implementation of the new Risk Policy which came into effect in fiscal 2022 and incorporated pandemic-related risks. The Investment Strategy Committee of the Board (formerly the Investment Committee) made good progress on its updated mandate during the year, working closely with our CEO and our Chief Investment Officer on the Fund's investment strategy and portfolio construction, including ongoing investment performance reviews of both.

In October, CPP Investments appointed its first-ever Chief Sustainability Officer, Deborah Orida, who took on this role in addition to her role as Senior Managing Director & Global Head of Real Assets. With sustainability at the core of our investing, it follows that our Chief Sustainability Officer must be deeply involved in our investing activities. This appointment is critical as the organization navigates the ongoing challenges and opportunities brought by climate change.

Every year, the Board meets with employees in our global offices, as well as with local investment partners. These meetings are integral to carrying out our governance responsibilities. Each of CPP Investments' nine offices on five continents operates within a highly diverse ecosystem. It is essential that the Board experience first-hand the regional issues, business environments and key relationships within these markets. Owing to continued pandemic restrictions in fiscal 2022, we again conducted these sessions virtually, this time with our newest office in San Francisco.

The Board's oversight activities also include the annual review of the operating budget. In fiscal 2022, the operating expense ratio of 27.1 basis points declined from 29.3 the previous year and below our five-year average of 29.1.

Board of Directors renewal

In August 2021, two new Directors were welcomed to the Board: Barry Perry, formerly President and CEO at Fortis Inc., and a widely respected executive with deep experience in the utilities sector; and Dean Connor, who served a decade as President and CEO of Sun Life Financial and has been recognized in Canada and internationally as an outstanding business leader. Barry and Dean are already making a positive mark as they replace Karen Sheriff and Jo Mark Zurel, who each contributed with great distinction throughout their three terms on the Board.

Sylvia Chrominska and Chuck Magro were reappointed for a second term on the Board. However, Mr. Magro subsequently assumed a new executive role out of the country and resigned from the Board as of March 31, 2022. The Board has recommended a candidate to replace Mr. Magro. We have also recommended Mark Evans for reappointment to a second three-year term.

The Board continues to work closely with the federal-provincial Nominating Committee and the stewards, to ensure there is a prudent rhythm of Director appointments and reappointments.

In closing

Our people delivered solid results this past fiscal year as they have throughout the pandemic. Like employees everywhere, they had to suddenly transition to working from home, with many juggling childcare, eldercare and other responsibilities in addition to the isolation, health concerns and anxieties we have all faced since COVID-19 first appeared some 2½ years ago. Many are still facing these challenges. Now add to that the war in Europe that emerged with stunning speed, creating new global risks and uncertainty. There is no moment for complacency, however, we as a Board hold high confidence in our organization's experienced, dedicated leadership; our fine employees across the firm; and our strategy and culture.

In this light, the performance of employees and Management deserves high commendation in advancing the reputation and success of CPP Investments. Their dedication and skill continue to serve the best interests of 21 million CPP contributors and beneficiaries.

I take this opportunity also, to thank our dedicated, talented Board of Directors for their steadfast commitment to CPP Investments.

As a global investor managing a $539 billion fund, CPP Investments has an intensely forward-looking perspective given our mission to create enduring value for generations of Canadians. While maximizing returns, we are ever mindful of managing current risks, and we remain firmly fixed on addressing long-term challenges arising from climate change, technology disruption, the evolution of stakeholder capitalism, war and other tectonic shifts in the global economy.

For almost 25 years, CPP Investments has successfully balanced present-day realities with our multi-generational obligations. The knowledge and experience we have acquired in the process are amongst our most valuable assets as we continue to fulfil our promise to Canadians.

Heather Munroe-Blum, OC, OQ, PhD, FRSC
Chairperson

Dear fellow contributors and beneficiaries,

John Graham, President & CEO

The last 12 months have continued to be a period of stress and anxiety for many Canadians. The ongoing impact of the pandemic combined with the impact of geopolitical unrest has touched us all. I am deeply troubled by the tragedy that is unfolding in Ukraine, and the violence strikes especially close to home for many Canadians who have family and friends suffering in the region.

During periods of uncertainty we know that having a reliable income during retirement is especially important. We take our responsibility to our contributors and beneficiaries very seriously. Your CPP Fund is strong and resilient, and the future value of your benefits remains solid.

Capital markets are naturally subject to volatility in the short term, which is why our focus is, and always will be, on long-term performance. Since our establishment, Canadians have trusted us to manage their retirement fund with prudence and foresight. We are confident that we have built an organization worthy of this trust, and that the growth and profitability of the CPP Fund is evidence we are on the right track. A decade ago, the Fund managed assets of $162 billion. Today, that number is $539 billion. At the same time, we know that trust is never a given; it must be earned every day by our actions, investment choices and conduct as a corporate citizen.

Earning and maintaining trust is a key priority for me. At CPP Investments, we are driven by our purpose: to help sustain your retirement benefits as well as those of future generations.

To fulfil our mandate, we have developed many strengths: a global ecosystem of employees, partners and technology that allows us to identify, pursue and secure investment opportunities seamlessly; a universally admired and respected business reputation that helps us recruit top talent; our size and market presence, which gains access to attractive global opportunities of any magnitude; and a long-term outlook that affords us the patience to manage through times of market uncertainty and volatility.

How we think, act, invest and compete will drive our degree of competitiveness in the global investment market.

Our performance

Fiscal 2022 continued to present some of the market challenges experienced in the previous year, including global supply chain disruptions and thickening borders as countries sought to bolster their local economies through protectionist trade measures. In the autumn of 2021, inflation rates jumped in Canada and the United States, our country's largest trading partner, and in many other countries, ending three decades of low and stable inflation. This has raised prices across the board for consumers and unsettled capital markets and businesses with the prospect of rising interest rates and higher borrowing costs.

The outbreak of war in Europe at the end of February triggered a massive round of sanctions against Russia by Western allies. This decisive action had spillover effects on the global economy and its supply chains, with energy costs in particular spiralling upwards. Despite these challenges, the CPP Fund continued its solid performance. Our annual net income (after all costs) was $34 billion, and the CPP Fund grew to $539 billion, well on track to reaching the trillion-dollar mark by fiscal 2033. Our 10-year annualized net return was 10.8%.

This year, we advanced our long-term strategy to deliver a well-balanced portfolio through our active management approach. Our investments in Private Equity continued to drive growth in the Fund with additional contributions from our investments in Real Assets and Credit Investments, despite volatility in public markets which impacted our equity investments.

Our strategy

The financial markets in which we operate remain highly competitive. We expect boundaries between our asset classes and functions will blur. To continually enhance our ability to compete, we are focused on leveraging our global enterprise in such a way that the whole of our organization can be more than the sum of its parts. Let me highlight three notable achievements that demonstrate how we are doing so.

Building a modern investment organization

First, we believe that we must evolve with financial markets and be vigilant about maintaining our competitiveness. To do so, we aim to compete in the marketplace as one Fund. We bring our unique combination of advantages, capabilities and departments together to help generate value over the long term. How we think, act, invest and compete will drive our degree of competitiveness in the global investment market. Two appointments to our Senior Management Team made last December reflect our emphasis on integrating local insights and expertise into our global knowledge base: Maximilian Biagosch is now Senior Managing Director, Head of Europe & Direct Private Equity; and Agus Tandiono is Senior Managing Director, Head of Asia Pacific & Active Equities Asia.

We also reorganized internally to align our investment departments more closely, and to foster collaboration. This helps us showcase our best expertise as we compete for investment opportunities. One example being the creation of our Sustainable Energies Group (SEG), a new investment group that combines the organization's expertise in renewables, conventional energy, and new technology and service solutions. SEG generates compelling investment opportunities for the Fund, positioning CPP Investments as a leading global energy investor.

This year, Poul Winslow, one of our long-serving colleagues on the Senior Management Team, announced his decision to retire in May 2022. Poul played an important role in building out our investment strategies as part of our active management strategy, growth and success, and we thank him for his valuable contribution to CPP Investments. In April 2022, I was very pleased to appoint Priti Singh to succeed Poul as the new Senior Managing Director and Global Head of Capital Markets & Factor Investing. Priti's deep investment expertise and success in building our External Portfolio Management investment strategy, as well as commitment to important cultural initiatives, ideally positions her to add value to the Senior Management Team.

Tackling the global challenge of climate change

Second, we announced our commitment to net zero by 2050 for both our portfolio and operations emissions. CPP Investments has been at the forefront of embedding environmental, social and governance (ESG) factors into our investments for more than a decade. We recognize that the risks and opportunities brought about by climate change are a leading factor influencing the long-term financial sustainability of the world's leading retirement security plans.

Our guiding principles of integrity, partnership and high performance drive our culture.

One of the organization's beliefs is that accounting for ESG factors and earning healthy profits are mutually reinforcing objectives. Companies and investors alike are under pressure to move faster to a net-zero global economy; in other words, to reduce human-related greenhouse gas (GHG) emissions to as close to zero as possible by 2050.

We have a track record of using our considerable influence as an asset owner and voting shareholder to encourage the companies we invest in to adopt tangible and measurable strategies to address climate change. As mentioned in the Chairperson's Report, our net-zero commitment is a result of rigorous analysis, contemplation, and a deep pragmatism toward the data and information available today. We worked closely with our Board, taking time to develop an approach to net zero suited to our unique organization, informed by our decade-plus experience of incorporating climate change into our investing strategy.

This fiscal year, I was delighted to appoint Deborah Orida as CPP Investments' first Chief Sustainability Officer, leading us as we continue to place ESG factors 'front and centre' in our investment decisions. In an inaugural message published last November, Deborah wrote, "Leadership in sustainability is an investment imperative." Her new role is just one step among many that we are taking to deliver on our net-zero commitment. Another step – and a nod towards leadership by example – is our commitment to achieve carbon neutrality for our internal operations by the end of fiscal 2023.

This annual report and our website provide in-depth information on how we've augmented our Policy on Sustainable Investing, launched a new set of Climate Change Principles, and taken further measures on climate change. 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'll be working closely with our Chief Sustainability Officer, Chief Investment Officer (Edwin Cass) and our Board, to ensure our entire organization stays on track to deliver on our net-zero commitment.

Enhancing our culture to drive performance

Third, at CPP Investments our 2,052 employees are inspired by our public purpose. This was never more clearly demonstrated than over the past two years, when we made a rapid transition to remote work while maintaining the Fund's vital systems and infrastructure. Our guiding principles of integrity, partnership and high performance drive our culture. Our focus is on building a diverse, equitable and inclusive workforce. It is diverse representation that leads to better decisions and business outcomes, helping to drive our performance. As such, we aim to continue increasing our organization's diversity – a key part of our strategy to be a successful high-performing global organization.

In closing

I join our Chairperson, Heather Munroe-Blum, in commending our employees for their tireless efforts through difficult times, all the while taking care of their own families and communities. Thanks to their unwavering commitment, millions of Canadians have more reason to look confidently towards the future.

I also want to thank Heather, her Board colleagues and my Senior Management Team for the tremendous support and wise counsel they have given me since I became CEO. It is a privilege to work with them, and every one of our employees, on your behalf.

I know that all of us remain concerned about recent world events, from geopolitical upheaval to climate change. We expect the next few years will continue with volatility, uncertainty and change. Even as we remain confident in our capabilities, the Fund will not be immune, potentially affecting growth rates. I can assure you that I will work diligently to continue to grow the Fund to help provide retirement benefits for you, your children and your grandchildren.

Sincerely,

John Graham
President & CEO

We are one Fund with six investment departments that invest and manage our assets.

Our teams identify investment opportunities around the world. Working together, they help maximize returns for the total Fund in a cost-effective way, taking various risks into account.

Total Fund Management

Responsible for the Fund's strategic and tactical portfolio design, capital allocations to investment strategies, and management of exposures, leverage and liquidity of the Fund. As part of these activities, Total Fund Management invests the Balancing Portfolio in global public securities.

Capital Markets and Factor Investing

Responsible for externally managed hedge funds as well as internally managed active strategies that invest globally in public equities, fixed income, currencies and commodities.

Active Equities

Leverages its structural comparative advantages and developed sources of edge to exploit opportunities through proprietary company-specific fundamental research in the global public equity markets. Its fundamental insights yield a collection of high-conviction, single-company investments that are assembled into a highly concentrated long/short, market-neutral portfolio.

Credit Investments

Invests in both public and private credit and credit-like products globally. This includes investments across corporate, consumer and real assets credit along the credit rating spectrum, with the exception of sovereign bonds.

Private Equity

Invests in a wide range of private equity assets globally, both directly and with partners. Seeks return premiums by investing in less liquid assets and focusing on long-term value creation through commitments to funds, secondary markets, and direct investments in private companies.

Real Assets

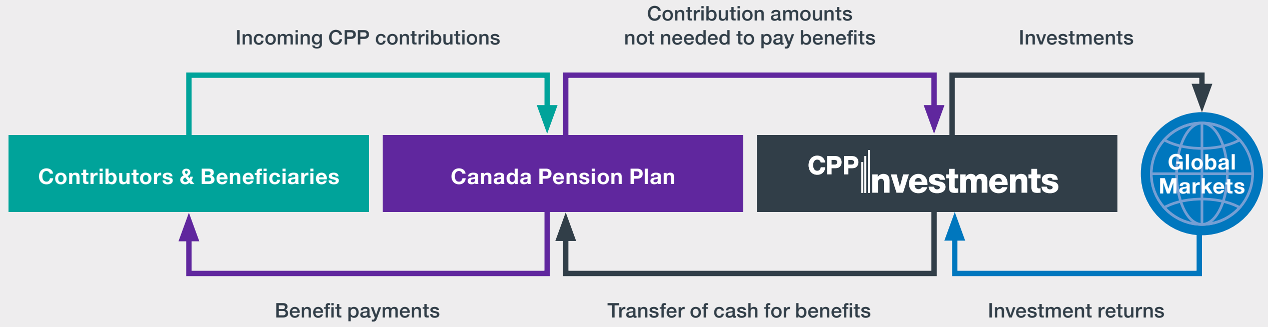
Invests in real estate, infrastructure, as well as both conventional and renewable energy assets globally. The portfolio delivers a combination of income, inflation protection and capital growth to the Fund, while also providing cash flows that increase with inflation over time.

CPP Investments has a critical mission: to help support a strong foundation for Canadians' financial security in retirement.

Our defining purpose is to manage Canada Pension Plan (CPP) funds in the best interests of contributors and beneficiaries. Our experienced professionals invest globally to maximize returns without undue risk of loss, with consideration of the factors that may affect funding of the CPP. We take a disciplined, long-term approach to managing the Fund.

How we support the Canada Pension Plan:

- Workers in Canada and their employers jointly contribute to the Canada Pension Plan.
- Contributions are first used to pay CPP benefits.
- We invest the contributions not needed to pay benefits and create global, diversified investment portfolios.
- Assets are managed to maximize returns, without taking undue risk, to help sustain the CPP for future generations.
- We transfer cash back to CPP, which then makes payments to beneficiaries.



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.

Investing for the long term

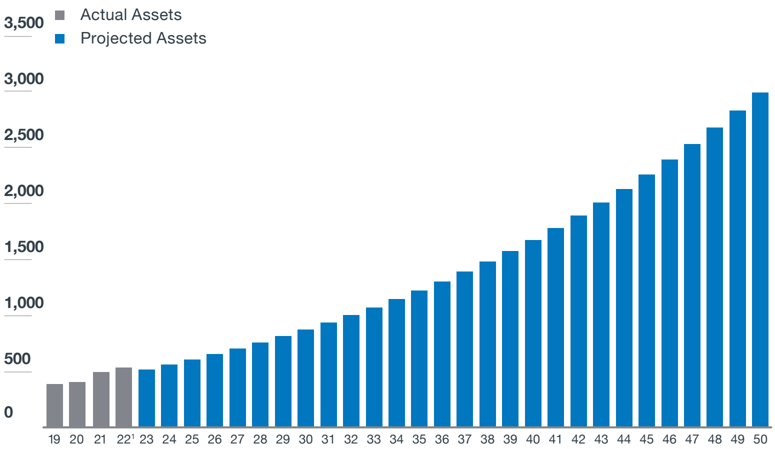
10-year net income
$329B

10-year return (nominal / real)
10.8%/8.6%

CPP Sustainability
75+ years

Contributors and beneficiaries
21M

Projection of Fund Assets As at December 31 ($ Billions)



1. Represents actual total assets as at March 31, 2022

The chart above 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.

By 2050, the total Fund is projected to reach $3 trillion ($1.6 trillion when value is adjusted for expected inflation).

The Journey to Net Zero

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 the 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 emissions across all scopes by 2050.

Taking action to achieve our net-zero objectives

CPP Investments has been incorporating climate change considerations into our investment decisions for more than a decade.

As an active investor and capital partner, we seek to ensure that we and our portfolio companies capture the opportunities and manage the risks that arise from the whole economy transition spurred by climate change.

We seek to invest in companies across all industries that are driving carbon reduction that will lead to maximized returns, from renewable energy and increased efficiency to carbon capture and storage, innovative technologies, sustainable food, real estate and transportation.

Our net-zero commitment is made on the basis that the global community will continue these advances; they are necessary to help enable us to meet our net-zero commitment.

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

- Invest and exert our influence in the whole economy transition as active investors, not through blanket divestment
- Achieve carbon neutrality for our internal operations by fiscal 2023
- Expect to increase our $67 billion in green and transition assets to at least $130 billion by 2030
- Build our new decarbonization investment approach to help transform high-emitting sectors

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 greenhouse gas (GHG) emissions from the whole economy.

Conservation International

- CPP Investments committed US$20 million to Conservation International to invest in nature-based climate solutions. It is a first-of-its-kind partnership between a global asset owner and a well-established environmental NGO.
- As global companies seek to achieve carbon neutrality, demand for nature-based climate solutions and carbon credits is growing.
- The initial focus will be on projects in Brazil, Chile, Peru and Colombia.

“This new partnership with Conservation International adds to our investments in important and growing industries that help enable the energy evolution through our Innovation, Technologies and Services strategy, in support of our Sustainable Energies program and overall investment mandate.”

Bruce Hogg, Managing Director,
Head of Sustainable Energies

Renewable Power Capital Limited

- In fiscal 2022, we committed a further €260 million to Renewable Power Capital Limited (RPC), in support of its onshore renewables platform.
- Projects include a Swedish onshore wind farm and Spanish solar projects.
- RPC is partnering with OX2, a leading developer and constructor of onshore wind power in Europe, to build the Klevberget onshore wind farm that will provide clean energy equivalent to approximately 46,000 households.

We search globally for the best possible investment opportunities.

Our Fund is designed to capture global growth while also demonstrating resilience during periods of market uncertainty. Our team of professionals collaborate across nine global offices to apply their deep expertise and local knowledge to source investment opportunities, engage with world-class partners and build value in our existing assets.

Investment highlights

Countries where we hold investments

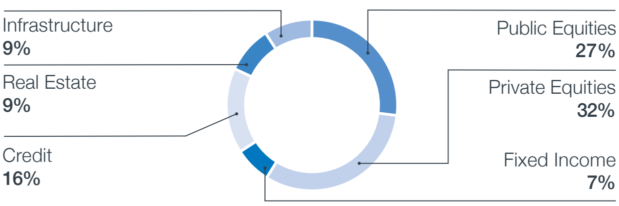
64

Global investment partners

318

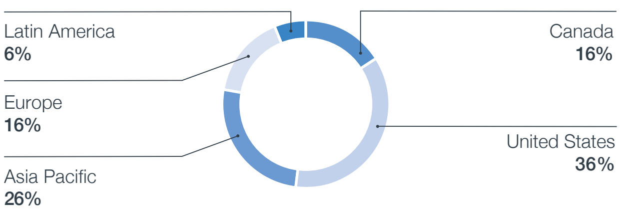
Asset Class Composition[1,2]

March 31, 2022



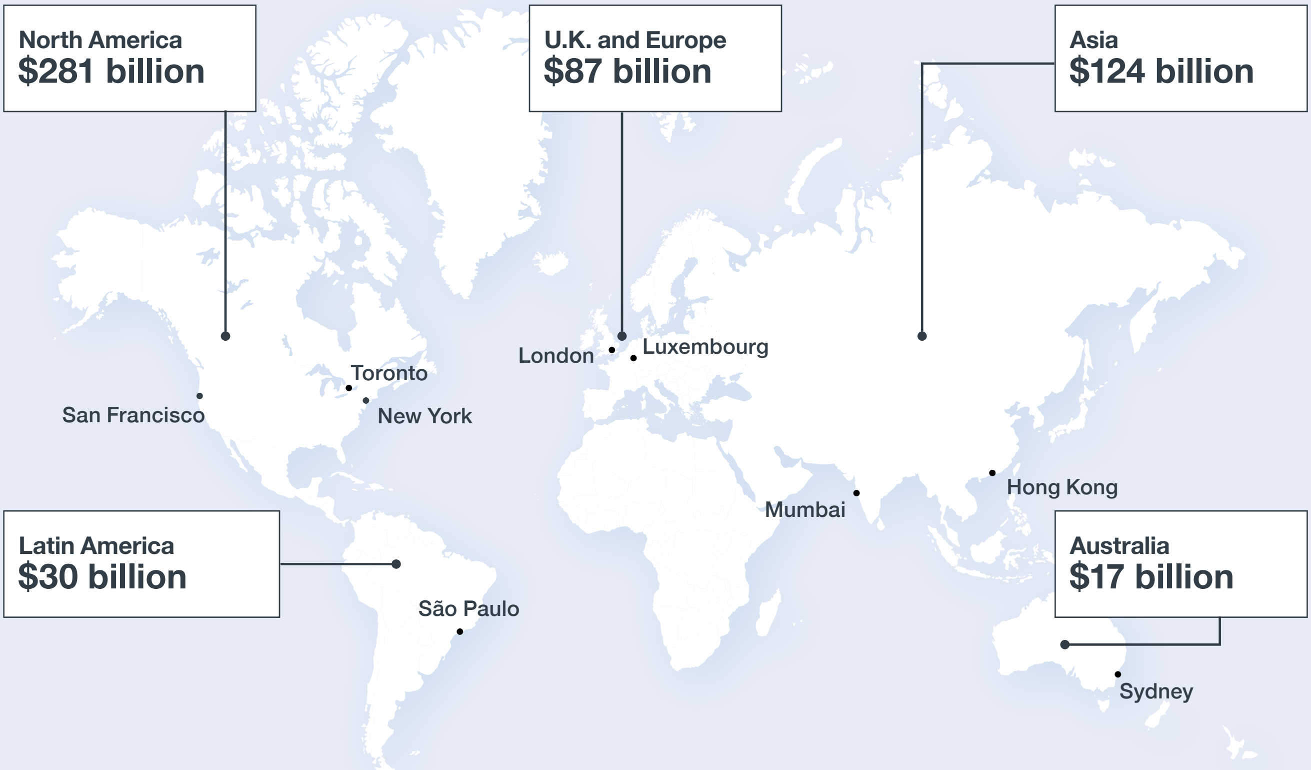
Geographic Composition

March 31, 2022



1. Fixed income consists of cash and cash equivalents, money market securities and government bonds, net of debt financing liabilities. Public Equities include absolute return strategies and related investment liabilities.
2. As at March 31, 2022, $49 billion of real estate, $48 billion of infrastructure and $26 billion of our private equity investments associated with sustainable energies, which collectively represented 23% of net assets, are managed by the Real Assets investment department.

Global Investments



Untether AI
Canada | US$35 million

Invested in Untether, a developer of high-performance AI chips optimized for edge and cloud AI inference.

Bridge Industrial
U.S. | US$1.05 billion

Formed a joint venture to develop industrial properties in several core markets across the United States.

Laronde
U.S. | US$35 million

Investment will advance the development of the company's eRNA platform and a broad range of programs across a number of therapeutic categories.

Auren Energia S.A.
Brazil | $340 million

Consolidated several Brazilian energy assets to create a new entity in which we hold a 32% ownership share.

Round Hill Capital
Europe I €475 million

Made an initial equity allocation to a €1 billion joint venture with the U.K.-based global investor for investment in purpose-built student accommodation across continental Europe.

BGH Capital
Australia | $303 million

Invested in an Australia- and New Zealand-focused private equity manager active in the mid-to-large cap buyout space.

Octopus Energy Group
U.K. | US$300 million

Formed a long-term strategic partnership to drive the green energy company's technology development and help it expand more rapidly internationally.

Morrisons
Europe I £1.2 billion

Committed to provide subordinated notes to support Clayton Dubilier & Rice's acquisition of the U.K. supermarket group, Morrisons.

CeramTec
Germany | €800 million

Acquired an ~50% co-control stake in CeramTec, the high-performance ceramics specialist and global MedTech business.

National Highways Infra Trust
India | $257 million

Acquired 25% of the units in an infrastructure investment trust sponsored by the National Highways Authority of India.

Flipkart Group
India | US$800 million

Invested in one of India's leading digital commerce companies.

Mitsui & Co., Ltd.
Japan | $400 million

Established a data centre joint venture with one of Japan's largest general trading and investment companies.

We source diverse investments and partnerships around the world.

Active Equities

Advanced Drainage Systems

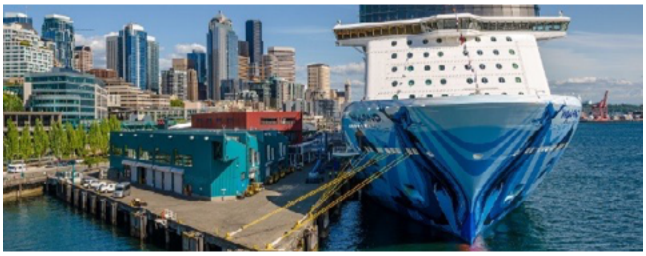
Invested US$350 million in Advanced Drainage Systems, a leading provider of water management solutions in the U.S. for use in the construction and agriculture marketplace, increasing our ownership stake in the company to 4.6%.

Private Equity: Direct Private Equity

FNZ

Invested US$1.1 billion in FNZ, a global platform service provider that works with over 650 financial institutions to empower over 20 million people from all wealth segments, including savings and retirement, affluent and high-net worth, to create wealth through long-term investment.

Real Assets: Infrastructure



Ports America

Invested more than US$3 billion to become the 100% owner of North America's largest independent marine terminal operator. CPP Investments has been an existing minority investor in Ports America since 2014 and will continue to support the business with long-term capital and continuity of ownership as the company deepens its focus on providing safe, secure and efficient service for all of its shipping line and beneficial cargo owner customers.

Credit Investments

AMCK Aviation

Committed additional capital to an investment vehicle managed by Carlyle Aviation Partners to acquire a portfolio of commercial aircraft from AMCK Aviation. The vehicle now owns 123 primarily narrowbody aircraft on lease to geographically diversified lessees, and an order book of 21 A320/321 neo aircraft. The total appraised value of the existing fleet is in excess of US$4 billion, not including the order book.

Investing in Our People and Purpose-Driven Culture

Our global team of more than 2,000 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.

Continuing our focus on Equity, Diversity & Inclusion

Representation of Women:
44% of our global workforce
35% of our investment teams
33% of our Senior Management Team
50% of our Board of Directors

95% participation in inclusivity training this year

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

Minority representation:
47% of our global workforce
42% of our investment teams

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

Championing important causes

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. In 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.

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

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

Mind Matters — Promotes mental health and a psychologically healthy workplace for each of us.

MOSAIC — Builds awareness of the rich cultural diversity at CPP Investments.

OUT — Contributes to a diverse and inclusive culture through building awareness of and engagement with the LGBTQ+ community.

RISE The Black Affinity Network — Supports the recruitment, development and retention of talented Black students and professionals by building awareness, allyship and community.

WIN WOMEN'S INITIATIVE — Aims to improve organizational culture by attracting, developing and retaining high-performing female professionals.

Global Leadership

Our Senior Management Team brings a broad range of experience to the organization.

John Graham
President &
Chief Executive Officer

Neil Beaumont
Senior Managing Director
& Chief Financial and Risk
Officer

Maximilian Biagosch
Senior Managing Director,
Head of Europe & Direct
Private Equity

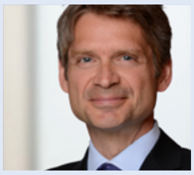
Edwin Cass
Senior Managing Director &
Chief Investment Officer

Andrew Edgell
Senior Managing Director
& Global Head of Credit
Investments

Frank Ieraci
Senior Managing Director
& Global Head of Active
Equities

Suyi Kim
Senior Managing Director &
Global Head of Private Equity

Michel Leduc
Senior Managing Director &
Global Head of Public Affairs
and Communications



Deborah Orida
Senior Managing Director,
Global Head of Real Assets &
Chief Sustainability Officer

Geoffrey Rubin
Senior Managing Director &
Chief Investment Strategist

Priti Singh
Senior Managing Director
& Global Head of Capital
Markets and Factor Investing
(effective May 2, 2022)

Mary Sullivan
Senior Managing Director &
Chief Talent Officer

Agus Tandiono
Senior Managing Director,
Head of Asia Pacific & Active
Equities Asia

Patrice Walch-Watson
Senior Managing Director,
General Counsel & Corporate
Secretary

Learn more about the CPP Investments Senior Management Team at cppinvestments.com/about-us

Our Purpose

Canada Pension Plan Investment Board, which operates as CPP Investments, is a global investment management organization. We were established to help the Canada Pension Plan (CPP) remain sustainable for the long term. We prudently invest the amounts transferred to us by the CPP, helping to provide a foundation on which Canadians can build financial security in retirement.

CPP Investments is governed by an Act of Parliament, the *Canada Pension Plan Investment Board Act* (CPPIB Act). Under the CPPIB Act, CPP Investments has the objective to "invest its assets with a view to achieving a maximum rate of return, without undue risk of loss, having regard to the factors that may affect the funding of the Canada Pension Plan." All amounts transferred to CPP Investments by the CPP are invested in the best interests of CPP contributors and beneficiaries for current and future generations.

The total assets we manage, net of liabilities, is referred to as "the Fund." It is critical that we manage the Fund in a way that has regard to the risks and societal factors that the CPP itself faces. These factors include an aging population in Canada, future birth rates, employment and immigration, and the real rate of growth in employment earnings on which CPP contributions are based. To mitigate exposure of the Fund to risks related to future Canadian economic and demographic conditions, we diversify our investments across the world.

Independence with accountability

All Fund assets are owned by CPP Investments and are entirely separate from the assets of any government. Contributions made to the CPP by individuals and employers that are not needed to pay current CPP benefits are transferred to CPP Investments. These contributions should be thought of as savings invested to generate future retirement benefits at the benefit levels set by the CPP's government stewards.

Unlike Old Age Security, CPP benefits do not come from general tax revenues. The money required to pay CPP benefits comes from only two sources:

- Contributions from individual contributors and their employers based on employment earnings up to the maximum amount covered by the CPP; and
- Investment returns.

Most importantly, unlike taxes that go into the federal government's consolidated revenue fund, CPP contributions and net assets of the Fund may only be applied to meet the obligations of the CPP. CPP Investments is accountable to Parliament and to the federal and provincial finance ministers who serve as the joint stewards of the CPP. A key aspect of our overall governance framework is our experienced, diverse and professional Board of Directors (Board). The Governor in Council appoints our Board on the recommendation of the federal Minister of Finance, following consultation with the CPP's participating provinces.

The CPPIB Act sets no investment directions related to economic development, social objectives or political directives. While the federal and provincial governments have oversight of CPP Investments, we are governed by our independent Board. Our independence from government is enshrined in carefully written legislation, ensuring that we can, and do, operate at arm's length, free from political interference.

Amendments to the legislation that governs CPP Investments require agreement by the federal government plus two-thirds of the provinces representing two-thirds of the population. This is a higher requirement than the requirement for making changes to the Canadian Constitution. These checks and balances protect the best interests of CPP contributors and beneficiaries, as well as the independence of CPP Investments.

We report to Parliament through the federal Minister of Finance, who tables our annual report in Parliament. We share quarterly financial statements with the federal and provincial finance ministers and publish them on our website in both official languages.

As required under the CPPIB Act, every six years, we undergo a special examination of our systems and practices, completed by an independent examiner. The most recent special examination was completed by Deloitte LLP in February 2022. The special examiner provided a clean opinion, concluding there is reasonable assurance that there were no significant deficiencies in the systems and practices examined. A copy of the report is available on our website. The next special examination is anticipated to be in fiscal 2028.

Our annual financial statements are subject to external audit and subsequent review by the Audit Committee of our Board of Directors, which then recommends their approval to the full Board.

Transparency

To maintain public trust in our independence and activities, CPP Investments operates in a transparent and open way, consistently demonstrating our commitment to accountability in our practices and actions. We seek to provide a level of information that will help to inform CPP contributors and beneficiaries about how we make investments and manage the Fund in their best interests. By operating in this way, we hope to foster a better understanding of what drives performance, stability and sustainability of the Fund over time. The ways we provide this information include:

- Using our website and digital social channels to explain who we are, what we do and how we invest;
- Issuing annual reports that explain our strategy, Fund performance, investment activities, governance, costs, key risks and compensation;
- Providing quarterly reports of performance and timely disclosure of material new investments, assets sold and corporate developments;
- Holding public meetings every two years in participating provinces. The next series of public meetings will take place in fiscal 2023;
- Delivering speeches and making presentations on a wide range of subjects related to key insights, risks, challenges, opportunities and events affecting our strategy and investments; and
- Engaging with stakeholders, pensions experts, news media and other interested parties.

Code of Conduct

We seek to uphold high standards of conduct and business practice, including our commitment to ethical conduct and disclosure practices. Our Code of Conduct for the Board of Directors and employees sets out our expectations for ethical conduct and guides our actions. This includes rules for our personal and professional conduct. More details on our Code of Conduct can be found in the Governance Practices of the Board of Directors section and our website.

Base and additional Canada Pension Plan

In December 2016, following federal and provincial agreement, Royal Assent was given to Bill C-26, *An Act to Amend the Canada Pension Plan, the Canada Pension Plan Investment Board Act* and the *Income Tax Act*. This Act increased the amount of retirement pensions and other benefits that will be paid for contributions made after 2018. It also increased both the rate of contributions required on earnings covered by the CPP, and the upper limit on covered earnings. These increases began in January 2019 and are being phased in over seven years.

As part of this amendment, the CPP was expanded into two parts:

- The "base" CPP refers to the portion of benefits and contributions continuing at the rates used before January 2019; and
- The "additional" CPP refers to the additional benefits and the additional contributions that started in January 2019.

Contributions to the additional CPP are set at levels so that, together with investment income, they are expected to be sufficient to fully fund the additional benefits as they accrue. Contributors will gradually earn additional benefits as they make additional contributions. Contributions to the base CPP are set at levels which are expected to remain stable over the long term while preserving the ratio of Fund assets to CPP expenditures.

The contributions, benefits and resulting assets for the additional CPP are accounted for jointly and separately from those for the base CPP. We invest the Fund's assets fairly between the two accounts while recognizing the different funding characteristics for each account.

Current and future status of the CPP and the Fund

Every three years, the Office of the Chief Actuary (OCA) conducts an independent review of the sustainability of the CPP over the next 75 years. In addition to expectations for net returns of the Fund, this review takes into account many prospective factors, including:

- The base of contributors and employment earnings;
- The ratio of those receiving pension benefits relative to those contributing; and
- Anticipated changes in life expectancy.

The most recent actuarial review of the CPP – the 30th Actuarial Report – was conducted as at December 31, 2018 and tabled in the House of Commons in December 2019. It covered both parts of the CPP – the base CPP and the additional CPP. The report concluded that the CPP is sustainable for at least the next 75 years at the legislated contribution rates.

The next actuarial review will be performed in calendar year 2022 and will cover the status of both the base and the additional CPP as at December 31, 2021.

More information about the CPP Fund can be found on our website, and more information about funding of the base and additional CPP accounts can be found here.

How We Generate Value

Our comparative advantages

We have the scale and reach to invest in almost every asset class and capital market across the globe. The enduring nature of the Fund, our governance and our culture differentiate us from many other large institutional investors. Together, these support our ability to generate value in the best interests of CPP's contributors and beneficiaries for generations to come.

Our inherent advantages

To succeed in highly competitive global financial markets over the long term, an investor must first have – and make good use of – comparative advantages. The nature of the Fund itself carries three distinct investing advantages:

Long horizon – The CPP must serve Canadians for many generations to come. As a result, the Fund has a much longer investment horizon than most investors. We can assess the prospects of our strategies and opportunities over decades, not just over quarters or years. We can withstand short-term downturns to create value over the long run. Most investors take a shorter-term approach, whether by choice or because business pressures force them to do so. As a result, they are more limited than CPP Investments in their ability to access or retain investments where the benefits are only expected to be fully realized over a longer-term horizon.

Certainty of assets to invest – The Fund's future asset base is largely predictable and its pattern of cash flows into the future is generally stable. As a result, we are not forced to sell assets to pay benefits and we can build investment strategies with confidence. This certainty of assets and cash flows underpins our ability to act as a trusted financial partner in major transactions and ongoing relationships.

Scale – As the CPP is one of the largest retirement funds in the world, we can access opportunities globally for which only the largest institutional investors can compete. In addition, our size enables us to maintain dedicated in-house teams and gain access to global external partners. Scale also allows us to develop the investment, operational and technological capabilities required to run a cost-effective global investing platform.

Our developed advantages

In addition to our inherent advantages, the strategic choices we make as an organization afford us three further key advantages:

Internal expertise and brand – Our expertise, local knowledge and reputation allow us to access attractive opportunities across the globe, in both private and public markets. Our team, located across nine global offices, seeks to create value by combining best practices, depth, skill and experience to manage assets both internally and with external partners. Our brand allows us to attract, motivate and retain skilled employees from around the world.

Expert partners and relationships – Through our scale and other advantages, we are able to engage the specialized resources and expertise of many external partners globally. Our internal expertise allows us to work alongside these long-term partners to maximize value for the Fund. Our external partners also provide research and on-the-ground knowledge of the local environment, as well as ongoing asset management services.

Total Portfolio Approach – We believe broad asset class labels such as "equities" or "real estate" do not sufficiently capture the underlying factors that influence the risks and returns of investments. Accordingly, we analyze the fundamental and more independent return-risk factors that underlie each asset class and strategy. Armed with this understanding, we can more accurately achieve our preferred mix of global exposures designed to maximize returns at our targeted market risk level.

Our comparative advantages enable us to make decisions with a long-term focus, as described in the following sections.

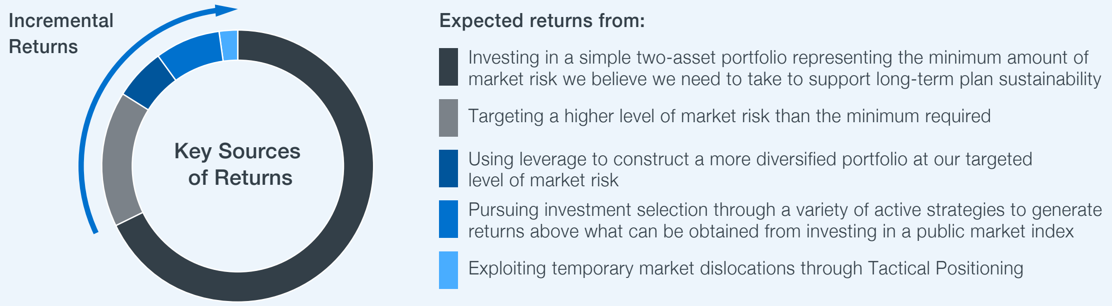
Our key sources of returns

As an investment organization, CPP Investments must take risks to generate returns. At a minimum, the Fund must take a level of market risk that would be sufficient to generate the returns to help support the long-term sustainability of the CPP under the current legislated contribution rates, as forecast by the OCA. Internally, we represent this minimum required level of market risk as a simple two-asset portfolio of global public equities and Canadian government bonds for both the base CPP and additional CPP.

Minimum level of market risk for the base and additional CPP, as represented by a simple two-asset passive portfolio

We believe that passively investing in these portfolios would allow the Fund to generate the minimum investment returns required to help sustain the base and additional CPP under the current legislated contribution rates. While this may allow us to do our part in helping to maintain long-term CPP sustainability, simply generating minimum returns would not be sufficient to deliver on our mandate to maximize returns without undue risk of loss. Hence, it is our responsibility to actively manage the Fund to pursue additional sources of returns. We outline our expectations from each of our key sources of returns below.

Key sources of returns



At CPP Investments, we see active management as a spectrum of potential choices we can make to pursue incremental returns. This includes our decisions to determine how much risk we should target, how much leverage we should use, how to diversify the Fund, as well as what kinds of investment strategies and tactical positions we should adopt. We refer to these decisions as our "key sources of returns" because their outcomes are expected to have the most material impact on the investment performance of the Fund. Please refer to page 23 for additional details on how we consider each of these key decisions in our Investment Approach.

Generating incremental value through active management

Using the base CPP as an example, the simplified visual below helps illustrate the successive impact of our decisions as we seek to pursue additional sources of returns:

	STARTING POINT	PURSUING *INCREMENTAL RETURNS* THROUGH ACTIVE MANAGEMENT		
KEY SOURCES OF RETURNS	Minimum Level of Market Risk	Targeted Level of Market Risk[2]	Diversification and Leverage	Investment Selection & Tactical Positioning
Level of Market Risk[1]	50/50	85/15	85/15	85/15
Risk Profile	Market Risk	+Higher Market Risk	+Leverage Risk	+Liquidity and Operational Risks
Cost Profile	Nominal	Nominal	+Leverage Expenses	+All Other Expenses
Expected Returns	Lower	→	→	Higher
Plan Adjustment Risk	Higher	→	→	Lower

1. **Level of Market Risk** is expressed in Global Public Equity/Canadian Government Bond equivalency terms.
2. **Targeted Level of Market Risk** as represented by the base CPP Reference Portfolio.

We recognize that while many active investors seek above-market risk-adjusted returns, few consistently achieve them. Seeking additional sources of return increases our cost and risk profile, including the leverage, liquidity, operational, legal and regulatory risks we face. Hence, we do not make these decisions lightly. They are grounded in our belief that our comparative advantages support our ability to generate incremental returns in the best interests of the CPP's contributors and beneficiaries.

While not every key source of return may produce positive results in every period, we are focused on maximizing returns from all sources holistically over the long term. To do so, we systematically evaluate the underlying drivers of our returns along with the risks and costs incurred to generate those returns on an integrated basis. We believe this can help us more objectively analyze how value was generated from our past decisions and inform how we can make better decisions in the future. In turn, we expect that every additional step we take in pursuing incremental returns will help lower our Plan Adjustment Risk – that is, the probability of a material increase to the Minimum Contribution Rates (MCRs) applicable to CPP contributors, caused solely by our investment performance. This is consistent with our belief that pursuing additional sources of returns allows us to do our part in furthering the long-term sustainability of the CPP by delivering on our mandate to maximize returns without undue risk of loss.

Preserving and creating value over the long term by integrating ESG considerations into our investment and asset management activities

The nature of business is fundamentally changing. 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 that have brought environmental, social and governance (ESG) considerations to the fore. ESG considerations, including for climate change, are increasingly and more directly impacting the profitability of companies around the world. As such, we believe companies and investors that embed and proactively manage ESG risks and opportunities will be best positioned to both preserve and create value over the long term.

Our consideration of ESG factors, including climate change, is fundamental to how we invest and how we manage the Fund. We believe sustainable investing practices will allow us to generate superior investment performance over the long term, directly aligned with our mandate to maximize returns without undue risk of loss. Through our active ownership model, we can directly engage with our portfolio companies on a wide range of material ESG-related considerations to enhance their long-term value to the Fund. We align these efforts to the value drivers of our portfolio companies, tailoring our approach to connect on the issues that are most material to companies' long-term value creation and preservation.

One of the most effective ways to convey our views to the boards of directors and management of our portfolio companies and fulfil our stewardship responsibilities as an active owner is to publicly 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. Nonetheless, we also recognize and respect the different roles that owners, boards and executives each play in 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. Where boards support actions that appear inconsistent with long-term value creation and preservation, we expect them to communicate the rationale supporting their recommendation.

Furthermore, we are also committed to advancing diverse representation on boards and through all levels of organizations. We have long believed companies with diverse boards are more likely to achieve superior financial performance and create value for the Fund. 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. This includes introducing our global gender diversity voting practice in 2019. In March 2022, we further expanded our expectations for gender representation to encompass more markets and have signalled our future intention to apply higher thresholds to existing markets, including emerging markets.

Factoring climate change into our investment strategy

We anticipate that the whole economy transition to net-zero emissions will create both investment opportunities and risks. We believe that incorporating factors such as climate change and the transition to net zero into our decision-making will help create enduring value in the best interests of CPP's contributors and beneficiaries.

As an asset owner, we evaluate our portfolio companies' climate change strategies and integrate our assessments into our valuations and ongoing asset-management strategies. We communicate the clear expectation that it is the responsibility of company boards to identify and oversee climate risk and move their companies along an appropriate transition pathway. When we conclude a company is at risk of permanently impairing its value, we will reflect this in our investment decision. This is foundational to our active management strategy.

We do not believe in blanket divestments from companies in high-emitting sectors. That would mean losing our ability to enable energy evolution and apply constructive influence through impactful engagement. We use our influence to encourage companies to develop viable transition strategies. This also includes promoting the disclosure of financially relevant, potentially material sustainability-related risks and opportunities, which allows us to better understand, evaluate and assess the potential impact of these factors on a company's long-term performance. This is why we work with companies to improve the quantity, quality and comparability of ESG disclosures. We advocate for broad alignment of reporting with the standards formalized by the Sustainability Accounting Standards Board (SASB) and recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). We believe these efforts will help asset owners, including CPP Investments, make more sound investment decisions in the future.

Adopting Recommendations from the Task Force on Climate-related Financial Disclosures

In 2017, the TCFD released a number of climate-related financial disclosure recommendations designed to help investors and others in the financial community better understand and assess climate change-related risks and opportunities. These disclosure recommendations are structured around four thematic areas that cover core elements of how organizations operate, including: governance, strategy, risk management, and metrics and targets. These thematic areas are intended to interlink and inform each other.

CPP Investments was a founding member of the TCFD and achieved full adoption of its recommendations in fiscal 2021. We believe our support of the TCFD recommendations will contribute to improved global disclosure of climate change-related risks and opportunities. Please refer to pages 26-28, 30 and 63-65 for additional details on how we have embedded TCFD recommendations into our investment strategy, how we manage risk and govern the Fund, and the targets/metrics associated with our net-zero strategy, respectively.

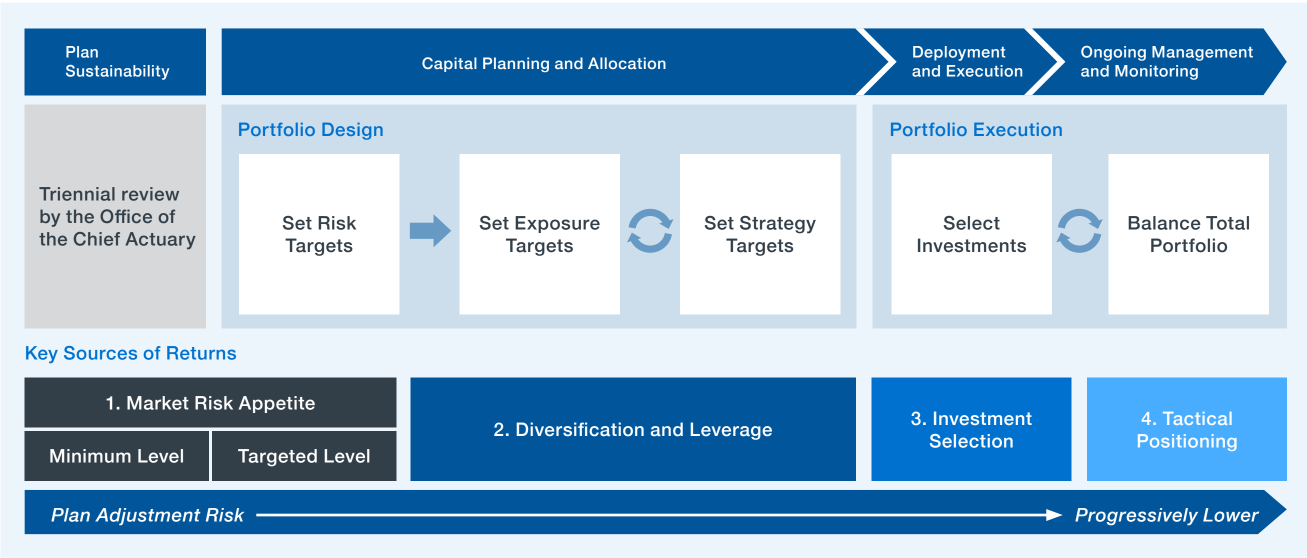
How We Design and Execute Our Investment Approach

Our investment approach is designed to maximize returns without undue risk of loss. It is enabled by our Total Portfolio Investment Framework, which allows the Fund to:

1. Earn long-term returns from a wide range of asset classes and geographies; and
2. Generate incremental returns through active management above what could be achieved through a passive investment strategy.

Our Total Portfolio Investment Framework provides a decision-making process that spans how we allocate, deploy and manage capital on an ongoing basis, as illustrated below:

Our Total Portfolio Investment Framework



Our approach is also grounded in our Investment Beliefs, which provide guidance for key decisions and help us stay the course as a long-term investor. Details on our Investment Beliefs can be found on our website.

We outline in the following sections how we design and manage each of our key sources of returns.

1. Market risk appetite

The foundation of investment strategy for any portfolio is to determine a prudent and appropriate market risk appetite. As discussed on page 20, we start our process by estimating the minimum level of market risk we must take in order to generate sufficient investment returns to help maintain the long-term sustainability of the base and additional CPP under the current legislated contribution rates.

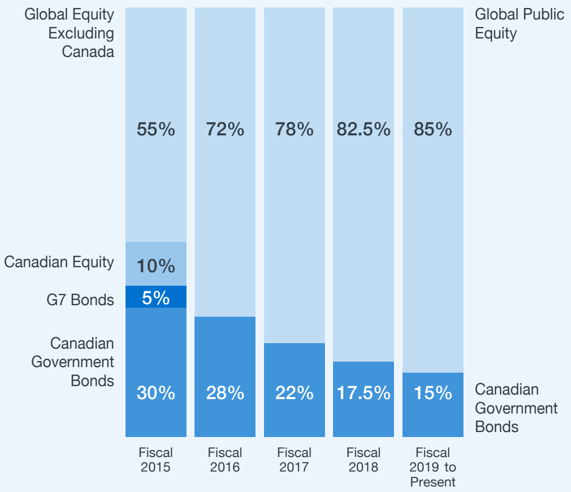
Following each triennial review conducted by the Office of the Chief Actuary (OCA), we use information contained in the OCA's Actuarial Report along with our own internal return expectations to estimate and express this minimum level of market risk. While there are many factors that will impact plan sustainability, most of them are beyond the control of CPP Investments. Nonetheless, doing our part in supporting long-term plan sustainability through our investment performance is our primary objective. Hence, this minimum risk level serves as the starting point in our process against which we evaluate the incremental impact of all other decisions made to maximize returns without undue risk of loss. This includes our decision to target a higher level of market risk as defined by the base and additional CPP Reference Portfolios, shown below:

	Base CPP		Additional CPP	
	Minimum Level of Market Risk	Targeted Level of Market Risk	Minimum Level of Market Risk	Targeted Level of Market Risk
Global Public Equities	50%	85%	40%	55%
Canadian Government Bonds	50%	15%	60%	45%

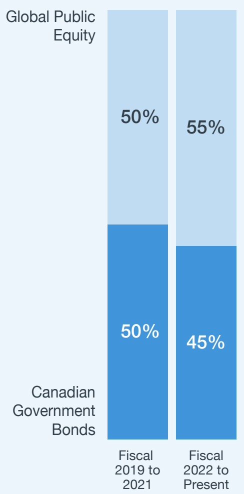
Targeted level of market risk – base and additional CPP

CPP Investments' Management and Board of Directors review our market risk appetite for each part of the CPP at least once every three years following the triennial report of the OCA and revise them as necessary. The most recent review was in fiscal 2021, when we chose to maintain the same targeted level of market risk for the base CPP and increase the targeted level of market risk for the additional CPP. The next review is expected in fiscal 2024, after the publication of the 31st Actuarial Report.

Base CPP – Targeted Level of Market Risk



Additional CPP – Targeted Level of Market Risk



Our review reflects the evolving funding status and maturity of the base and additional CPP as well as our own internal best estimates for long-term economic and capital markets factors. Our methodology uses a simulation model with multiple future paths that estimate both the likelihood and potential size of the impacts of investment returns on the base and additional CPP for specified market risk levels, year-by-year over 75 years.

The analysis focuses directly on CPP Investments' impact on future CPP outcomes by quantifying the potential for positive and negative impacts of investment returns on future CPP contributions and benefits. We calculate these over successive future actuarial review periods and multiple economic/investment scenarios. When evaluating alternative market risk targets, we give more weight to adverse changes to contribution and benefit rates than to favourable impacts. We also discount to a greater degree more distant events relative to near-term ones.

The approach indicates beneficially higher target levels of market risk than the minimum levels for the base and additional CPP. The appropriate target risk augmentation is greater for the base CPP than for the additional CPP owing to the partially funded financing of the former, and the fully funded financing of the latter making it more sensitive to investment return uncertainty.

2. Diversification and leverage

Diversification is an established way to mitigate the impact of market downturns and enhance long-term returns. By itself, diversification tends to lower market risk, however, using leverage tends to increase market risk. Using both techniques together, we are able to construct portfolios that are broadly diversified at our targeted level of market risk for each of the base and additional CPP.

This combination allows us to deliver more consistent returns through market cycles compared to a portfolio that is only exposed to global public equities and Canadian government bonds. Also, the broader diversification enables many more opportunities to add value through active investment selection strategies. However, if global public equity returns materially outperform other asset classes for a period – as they have since 2017 – then during that period the returns on a more broadly diversified portfolio may be less than the returns on a portfolio that is more concentrated in global public equities.

Setting exposure targets – the Strategic Portfolio

We manage the market risk levels of each of the base CPP and additional CPP Investment Portfolios to closely match their respective market risk targets. The Investment Portfolios represent the net assets managed by CPP Investments for each of the base and additional CPP. We do this while balancing the exposures to return-risk factors and investing in a more diversified set of investment strategies that better align with CPP Investments' comparative advantages.

To diversify our portfolios, we add asset classes with more stable income streams such as credit, real estate, infrastructure and other real assets. These assets generally carry a lower level of market risk and corresponding returns than the public equities in the Reference Portfolios. To balance the inclusion of these lower-risk assets, we also pursue a wider variety of higher-risk and higher-return strategies, such as:

- Replacing allocations to publicly traded companies with privately held ones;
- Substituting government bonds with higher-yielding credits in public and private debt;
- Using debt to help finance our real estate and infrastructure investments;
- Increasing participation in select emerging markets; and
- Making use of long-short investment strategies that add value through investment selection.

The prudent use of leverage at the total portfolio level enables us to:

- Enhance overall diversification and mitigate the impact of market downturns, particularly through greater allocations to fixed income investments;
- Maintain sufficient liquidity; and
- Increase our gross holdings of all asset classes. This enables greater use of our comparative advantages and maximizes return potential at our targeted level of market risk.

We review our strategic mix of key return-risk factor exposures and leverage at least triennially. These strategic exposures are balanced to meet each Investment Portfolio's long-term objectives at its targeted level of market risk.

We translate our strategic exposures into weightings of six distinct public and private asset classes for the Investment Portfolios of the base and additional CPP. These Strategic Portfolios represent indicative asset allocations in five years' time and beyond. They also convey our long-term expectations for allocating assets into three geographic regions – Canada, developed markets excluding Canada, and emerging markets. The result represents a broadly diversified, aspirational portfolio, which has higher expected returns at our targeted level of market risk and greater expected resilience to extreme downturns.

Strategic Portfolio Asset Class and Geographic Classifications and Percentage Weights

Asset Class[1]	base CPP % of total	additional CPP % of total
Public Equity	23	14
Private Equity	23	14
Public Fixed Income	32	39
Credit[2]	17	31
Real Assets[3]	31	19
Cash and Absolute Return Strategies	(27)	(16)
	100%	100%

Geographic Region	% of total	% of total
Canada	8	44
Developed Markets ex-Canada	59	37
Emerging Markets	33	19
	100%	100%

1. Figures do not add due to rounding.
2. Credit includes both private and public credit investments, excluding high-quality government bonds.
3. Real assets includes real estate, infrastructure and private equity investments in sustainable energies.

Factor investing – seeing through asset class labels

We believe that conventional asset classifications by themselves do not adequately capture the highly diverse nature of the risks that each asset class is exposed to. For example, real assets such as property and infrastructure investments have attributes of both equities and fixed income in addition to their own specific attributes. Private and public investments may appear to be fundamentally similar, but their liquidity profile is materially different, as typically is their internal financial leverage or debt level. Debt securities carry a wide range of durations and credit risk. Equities vary in their geographic, sector and financial leverage exposures.

Given these variables, we have defined several key return-risk factors that are relatively independent of each other but underlie the returns on many types of investments. We model and map our investment strategies based on the extent to which they are affected by our chosen factor set, which are then consistently used throughout our Total Portfolio Investment Framework. For example, when we construct portfolios, we determine the targeted exposures to each factor, as well as to currencies, leverage and liquidity. We also recognize the additional expected risk and returns of active management. Given these characteristics, we can analyze how major new investments or divestments might affect the exposures of the total portfolio. As markets and security prices change, we rebalance our portfolios and seek to avoid unintended factor and risk exposures.

Incorporating climate-related considerations into our strategic allocations:

We believe that consideration of climate risk at the strategic allocation level is important for institutional investors with diversified global portfolios. To this end, the Chief Investment Officer (CIO) seeks to factor in a full range of climate change-related risks and opportunities as part of our investment strategy and total portfolio design. A key element of this approach involves estimating the economic impact of climate change, which we incorporate into our views on long-run returns. We currently measure these impacts through a combination of internal modelling scenarios from the Intergovernmental Panel on Climate Change (IPCC).

Our diversified investment strategy affords CPP Investments the flexibility to invest across asset classes into all types of climate change-related opportunities. This includes identifying companies strategically responding to physical changes in our environment, regulatory and technological transitions, and evolving consumer preferences. As part of our net-zero commitment, we also expect to grow our investments in green and transition assets and build on our decarbonization investment approach.

Incorporating climate change into asset allocation is an evolving field and requires a multi-faceted approach. As such, we continue to develop our capabilities for evaluating climate change risk and exposure at the total Fund level, refining our existing tools and expanding our toolkit. For example, in our capital allocation process, we conduct scenario analysis on the sensitivity of returns and our capital allocation choices to different climate change pathways. More tailored scenario analysis is also carried out as an integral part of investment due diligence and risk management processes. Please refer to page 64 for additional details.

Our view on foreign currency

Changes in foreign exchange rates used to measure our non-Canadian dollar investments have a substantial impact on short-term investment performance expressed in Canadian dollars. Some investors manage this risk through currency hedging, which reduces the shorter-term impact of foreign exchange rate changes on their returns. Over the long term, we believe that currency risk, whether hedged or unhedged, is not fully compensated by additional returns. Further, currency hedging carries execution costs and requires setting aside cash or at times generating it quickly to meet collateral requirements under currency hedging contracts.

In addition, we believe fully hedging all foreign currency-denominated investments is not appropriate for the Fund for the following reasons:

- For a Canadian global investor, hedging foreign equity returns tends to increase, rather than reduce, overall return volatility. The Canadian dollar tends to strengthen when global equity markets are rising and weaken when they are falling. This is partly due to the Canadian dollar's status as a commodity currency. We believe the Canadian dollar will continue to behave in this way.
- When the Canadian dollar strengthens against other currencies as a result of higher commodity prices, especially oil, the Canadian economy is also likely to be stronger. This in turn should lead to increased aggregate earnings for CPP contributors. As earnings rise, so will contributions into the Fund. Accordingly, this represents a natural hedge for the lower translated carrying value of the Fund's foreign investments and reduces the need for explicit currency hedging of the Fund's foreign investments.
- The cost of hedging currencies is especially high in emerging markets. However, if these countries continue to experience higher productivity and economic growth as their economies mature, their currencies should tend to strengthen over time. That would make a hedging program a long-term drag on returns.
- We are able to mitigate the volatility of individual exchange rates by holding a broadly diversified set of currency exposures across the world, as shown on page 45.

Accordingly, we generally do not hedge foreign currency exposures but may do so selectively where appropriate. In the short term, the decision not to hedge currency can impact Fund returns in either direction. In years of major strengthening or weakening of the Canadian dollar, the performance of the Fund may differ materially from other funds that have a standing hedging policy. Details on the impact of foreign currency on the Fund's returns for fiscal 2018 to 2022 are on page 45.

3. Investment selection

Investment selection refers to how we access, select, weight, buy, re-weight and sell specific securities within a particular strategy. This activity offers a wide set of value-adding opportunities. We use both "long-only" and "long/short" strategies. See below for a description of long/short investing.

Seeking to outperform a market index through active selection requires both covering costs and achieving better returns than the market index. Moreover, as markets mature, they become more "efficient" and thus harder to outperform. Over any given period within a particular market there will be both winning and losing active managers, with wide variation between their returns. That is why successful investment selection requires us to employ skilled people, internally and externally.

Several of our comparative advantages increase the long-term likelihood of investment selection success. First, our scale, brand and reputation enable us to attract and retain talent, both internal and external. Second, our long horizon provides an advantage in selecting investments. Because of the shorter-term investing pressures and practices found in many markets, individual asset prices and current valuations often diverge from their long-term intrinsic value. This divergence creates opportunities for patient investors. We believe that our investment selection strategies can succeed in most asset classes, particularly in less-developed markets. Third, skilled management using long/short strategies in public markets can add value whether markets are rising or falling.

We regularly review the underlying performance for all investment strategies to evaluate whether each strategy remains: (1) likely to deliver meaningful value-add returns incremental to a simple lower-cost passive alternative, and (2) worthwhile given the additional risks associated with it, including the risk of underperformance relative to the passive alternative. If our conclusion changes, we adjust or curtail the strategies concerned.

Setting targets for active and balancing strategies

Our base and additional CPP Investment Portfolios are each exposed to our Active and Balancing Portfolios. We have developed 15 active strategies in both private and public markets across five active investment departments: Capital Markets and Factor Investing, Active Equities, Credit Investments, Private Equity and Real Assets. Together, these make up our overall Active Portfolio. The strategies in the complementary Balancing Portfolio are invested in liquid, publicly traded securities. Together, the Active and Balancing Portfolios deliver our targeted factor exposures at the targeted market risk, while also diversifying the asset class, geography, currency and sector exposures.

Our active strategies seek to identify opportunities in which internal or external specialists can deliver incremental value-add returns through investment selection. Annually, the CIO reviews the mandate and performance of each investment strategy to refresh the Fund's capital allocations. This process is informed by our annual investment department reviews, which evaluate all strategies across a number of key dimensions, including their investment performance, value-add, risk profile, cost efficiency, exposure delivery and capital efficiency. The CIO uses the findings from these reviews to update the targeted weight of each strategy in the context of the Fund. In turn, this translates into the capital budget and expected growth trajectory of our strategies.

Selecting investments – active strategies

Each active investment department is accountable for:

- Proposing new strategies and resizing or repositioning existing strategies, within their delegated approval authorities, mandates and risk limits;
- Identifying, accessing and exiting from areas of investment opportunity and external partnerships;
- Incorporating ESG and climate-related considerations into investment analysis, and working with our investment partners and portfolio companies to continuously improve performance in these areas where applicable;
- Selecting individual investments to build and manage active strategies to add value, as guided by the applicable risk-return expectations over our holding period;
- Managing our investments to sustain and enhance returns to the extent of our ability to do so; and
- Executing transactions in a timely and cost-effective way.

While seeking to deliver targeted exposures over time, our active investment departments will only make an investment when there is a sufficient prospect of earning an appropriate risk-adjusted return. Active strategies are never used to simply bridge a gap in a particular asset class, exposure, sector and/or geography. This is instead done using our balancing strategies, which are highly scalable and can be managed at lower cost. Investment success for each active investment department is evaluated primarily based on their net value-add returns relative to their benchmarks.

Long/short investing

In public markets, many of our strategies are executed by long/short investing. A "long" investment generates a return when the underlying asset increases in value. An example is a price increase in the months following a traditional stock purchase. A "short" investment is a means to generate a return when the underlying asset decreases in value. In short selling, the investor sells a stock they have borrowed and buys it back later to pay off the stock loan. If the stock's price then is lower, the investor buys it for less and makes a profit. Taking both types of positions across a basket of securities simultaneously can be used to generate returns regardless of the direction of overall market movements. The results of the long/short strategy then depend almost entirely on the selection of individual long and short positions, drawing on the skills of our internal or external investment professionals.

Selecting investments – balancing strategies

The Total Fund Management department is accountable for:

- Managing liquidity in the Fund to ensure that it is at all times sufficient to cover CPP net cash outflows, meet all contractual obligations, execute required balancing trades, and provide cash to purchase investments;
- Implementing cost-efficient and flexible external financing arrangements to support active and balancing strategies; and
- Managing the balancing process through the Balancing Portfolio, which comprises the remainder of total assets not invested in active strategies.

The balancing process is designed to maintain our overall exposures sufficiently close to their targets at all times. If our total portfolio exposures or total market risks have diverged too far from their intended targets, we execute trades within the Balancing Portfolio to bring our exposures back into line.

Incorporating climate-related considerations in our investment selection processes:

For investment decisions where climate change impacts are material to a transaction, our Climate Change Security Selection Framework requires us to consider the financial impacts of both high-physical and high-transition risk scenarios. We call these our "bookend scenarios." We use a variety of tools and resources that align with the bookend scenarios to estimate those financial impacts. These scenarios are meant to provide: (i) a consistent estimation and comparison of impacts across geographies, sectors and asset classes, (ii) the potential climate-related impacts on future rates of return, on an unmitigated basis, and (iii) the basis for informed discussions of climate-related risks and opportunities most relevant for investment decisions.

The framework must be applied to any material transaction requiring approval at the senior-most management investment committee level. This year, we started applying this framework to existing investments in the Fund. Our investment teams have developed important proficiencies in identifying and assessing material climate risks and opportunities through this structured rollout.

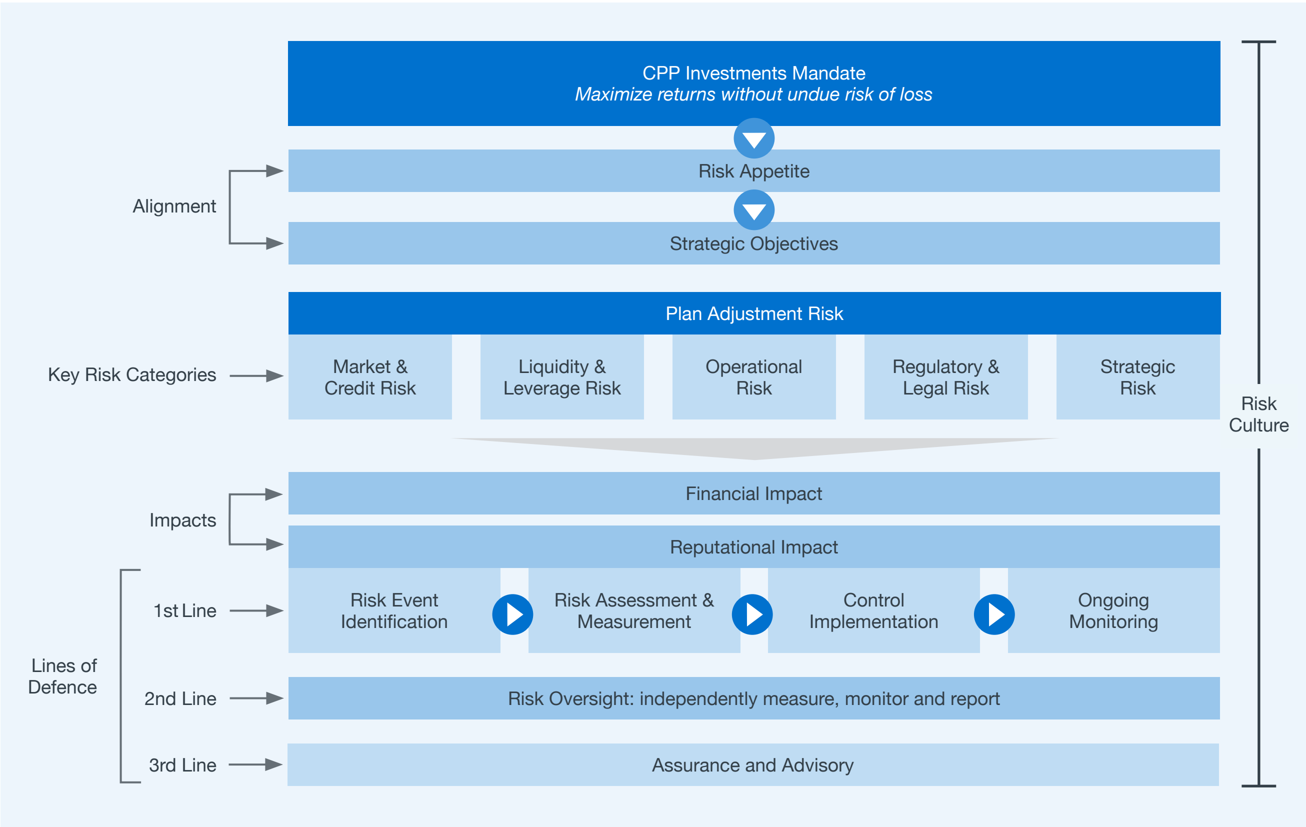
4. Tactical positioning

We view tactical positioning as another key source of return. We believe that a deliberate, meaningful but temporary shift of asset allocations and/or exposures away from a portfolio's established targets can at times be appropriate. Exploiting potential gaps between current market prices and long-term fundamental asset values can help generate incremental returns, protect assets against potential losses, or preserve liquidity under stressed market conditions. For example, we may increase our exposure to public equities in a geographic area where markets are falling, and prices have become unduly depressed. Or, alternatively, we may reduce positions in rising but overvalued markets when we expect near- to mid-term returns to be below their long-term values.

We do not believe tactical positioning will be as impactful on returns as targeting a higher level of market risk, using leverage to further diversify the Fund, or pursuing investment selection over the long term. Nonetheless, we believe it can at times help both incrementally generate and/or preserve value for the Fund.

How We Manage Risk and Govern the Fund

Our Integrated Risk Framework



We must take risks in order to earn the long-term returns required to deliver on our mandate. Our approach to integrated risk management allows us to both create and safeguard value. It is central to delivering on our mandate to maximize returns without undue risk of loss. This framework is grounded and sustained by our risk culture, as further discussed on page 31.

Risk governance defines clear parameters within which the Fund can operate. This starts with the articulation of our risk appetite and other provisions as approved by the Board of Directors to manage key risks associated with the base CPP, additional CPP and the Fund as a whole. Risk appetite describes how much risk CPP Investments is willing to take to fulfil our mandate and achieve our strategic objectives. Our risk appetite consists of:

- **Risk limits** which state the boundaries within which we must normally operate;
- **Risk statements** which qualitatively express the boundaries for certain risks that are difficult to quantify; and
- **Risk targets** which express the targeted level of risk within our risk limits at which we seek to operate.

We believe effective risk management, along with our comparative advantages, allows us to capitalize on opportunities and generate value when others cannot. As such, our Integrated Risk Framework considers all key risks that could have a material impact on the Fund's ability to deliver on our mandate and achieve our strategic objectives. This helps to ensure that the risks we take are commensurate with the long-term benefits we expect to receive.

Our Integrated Risk Framework is guided by the following risk management principles:

1. We understand and clearly articulate the organization's appetite for risk. This includes defining "undue risk of loss" in the context of our objectives. We consider both short- and long-term horizons, as well as the risk of positive and negative CPP plan adjustments arising from investment returns;
2. We expect the Fund to be appropriately rewarded over time for risks we undertake in pursuing both our overall investment strategy and specific investment opportunities;
3. We operate within our stated risk appetite by monitoring our risk exposures and by evaluating the design and operating effectiveness of our controls; and
4. We clearly define who is accountable across the "three lines of defence":
   - **First line of defence:** The leaders of each department are responsible for managing the risks assumed within their areas of responsibility. The CIO is accountable for recommending investment risk targets to the Board for approval.
   - **Second line of defence:** The Chief Financial and Risk Officer (CFRO) is accountable for risk oversight and recommending risk limits and statements to the Board for approval. The Risk Group is responsible for independently challenging the first line's identification, assessment and management of risks and independently measuring and monitoring compliance with all risk limits and statements. Other groups also provide independent oversight of different types of risks, including our Finance, Legal and Compliance functions.
   - **Third line of defence:** The Assurance & Advisory group provides independent assurance over risk governance and internal controls.

We manage and oversee all risks that could materially impact our ability to fulfil our mandate and achieve our strategic objectives. A more granular risk taxonomy underpins each of the key risk categories as illustrated on our Integrated Risk Framework. This includes the risk associated with ESG considerations, including climate change-related risks.

Governance and management of climate-related risks and broader ESG considerations:

Our governance of climate-related risks and opportunities at both the Management and Board levels reflects our belief that climate change is one of the most challenging and complex investment considerations of our time. It carries the potential to materially impact our investments, operations and ability to achieve our mandate. As such, climate-related considerations are directly embedded in how we invest and manage risk across the three lines of defence.

In October 2021, we appointed our inaugural Chief Sustainability Officer (CSO), who is responsible for our approach to ESG matters, particularly climate change at the enterprise level. Our CSO works closely with our CEO and CIO to ensure we maintain a global, cross-enterprise approach to sustainability and deliver on our commitment to reach net zero across the Fund and our operations by 2050. The CSO is responsible for the development of our sustainability roadmap. For additional details on our net-zero commitment, please refer to page 39.

The Sustainable Investing Committee is our central forum for monitoring issues and providing guidance on ESG-related matters, including climate change. It is comprised of senior representatives from across the Fund, and chaired by the Head of Sustainable Investing, who reports directly to the CSO. For additional details on the mandate of the Sustainable Investing Committee, please refer to our Sustainable Investing Report posted on our website.

Working closely with our CSO, our Chief Financial and Risk Officer (CFRO) actively measures and monitors the estimated inherent climate-related risks in the Fund. Metrics such as carbon emissions, fossil fuel exposure and climate value-at-risk are reported and reviewed with management committees at least quarterly. To complement these monitoring activities, we also use scenario analysis to assess potential financial impacts of climate-related risk events. This includes stress testing the resilience of our investments under a range of plausible scenarios, including extreme events and trends across a range of temperature outcomes, using both top-down and bottom-up approaches to quantify financial impacts.

Our Board of Directors and its sub-committees oversee a range of ESG and climate-related matters. For example:

- The Risk Committee of the Board regularly receives reporting on climate-related metrics and scenario analysis results, in support of its risk oversight accountabilities.
- The Investment Strategy Committee of the Board must approve the Sustainable Investing Policy.

In addition to climate change, the Board also oversees Fund-wide efforts to better understand and manage ESG risks and opportunities more broadly. This includes providing guidance and effective challenge over the Fund's overarching approach to ESG risks and opportunities.

Risk culture

We believe that formally documented controls and processes can only be effective if they are underpinned by a sound organizational risk culture. Our risk culture helps us ensure that risk-taking is appropriate given our mandate, risk appetite and strategy. Our risk culture:

- Starts with the "tone from the top" and applies to all levels in the organization;
- Underpins CPP Investments' strategy; and
- Drives the effectiveness of risk governance.

Our Code of Conduct and Guiding Principles support the foundation for our culture, including our risk culture. In addition to regular engaged training, all employees formally acknowledge that they have read, understood and complied with the Code. Every year, we hold a Living our Guiding Principles day where our global team meets in small groups, individually facilitated by senior leaders to discuss scenarios that put our Guiding Principles of integrity, partnership and high performance into action.

Our risk culture is further strengthened by our focus on equity, diversity and inclusion. We believe diverse and inclusive groups help reduce bias and, as a result, make better decisions. Our commitments in this area allow us to more effectively manage the multi-faceted risks in the fast-evolving global markets in which we operate. For additional details on our culture and talent strategy, please refer to page 34.

How we manage key risks as we pursue returns

The different types of risks we face as an organization are driven by our strategic choices, which include our decision to actively manage the Fund. As discussed on page 21, strategically pursuing additional sources of returns increases our risk profile across different dimensions of risk. For example, we expect our liquidity, operational, regulatory, legal and strategic risks to increase, often materially, when we engage in active investment selection. We apply such investment selection in both public and private markets because we believe our expected returns will compensate us for the increased risks we take, and after all costs.

Our risk management processes, and systems of internal controls allow us to manage each of these key risks to an acceptable level, within our Board-approved risk appetite. For additional details on the definition, measurement and management of our key risks, please refer to page 47 of our Management's Discussion and Analysis.

How Management is accountable for risk-taking and performance

The Board of Directors delegates accountability to the President and CEO for all risks and organizational matters beyond those specifically reserved for the Board. Responsibility is further delegated throughout the organization by the CEO through our formalized Management Authorities, starting with the Senior Management Team across the three lines of defence.

Successful investing requires clear decision-making and accountability. The key elements of the management committee structure are described below:

Investment Strategy and Risk Committee

The Investment Strategy and Risk Committee (ISRC) comprises the CIO, CFRO and General Counsel, with the President and CEO as Chair. The ISRC membership expands to include the full Senior Management Team for select matters that require broader perspectives. The ISRC and its sub-committees have select approval accountabilities, and also provide guidance and recommendations to accountable executives and committees to ensure diverse perspectives are incorporated into decision-making processes.

The ISRC is accountable for overseeing portfolio and risk-related matters including the strategy, design, management and governance of the Investment Portfolios. It oversees our:

- Approach to strategic risks;
- Formal statement of Investment Beliefs (see our website for details);
- Total Portfolio Investment Framework (see page 23); and
- Crisis Management Standard.

The ISRC also provides guidance on the design of our reputation management program and our approach to managing other broad factors, such as climate change and sustainable investing practices.

The ISRC receives the following targeted support from its sub-committees:

- **Portfolio Execution Committee** (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 also includes evaluating 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.
- **Portfolio Strategy Committee** (PSC) supports the ISRC's oversight of design, delivery and management of the Investment Portfolios. Chaired by the CIO, the PSC provides guidance on matters including key portfolio design targets and attributes that support and enable the investment framework.
- **Investment Risk Committee** (IRC) supports the ISRC in its oversight of market, credit, liquidity and leverage risks. Chaired by the CFRO, the IRC provides guidance on matters including the design of Board and Management-level market, credit, liquidity and leverage risk limits. It also plays an active role in monitoring risk exposures.
- **Operational and Legal Risk Committee** (OLRC) supports the ISRC in its oversight of operational, legal and regulatory risks. Chaired by the General Counsel, the OLRC provides guidance on matters including the design of Board and Management-level operational, legal and regulatory risk appetites. It also oversees the Fund's approach to managing these risks.

Each of these sub-committees is composed of cross-functional representatives from our Global Leadership Team. They help provide a diverse set of perspectives and guidance to support the chairs of their respective committees.

How the Board oversees strategy execution and risk governance

The Board oversees strategy execution and risk governance, including approving the following items:

- **Business Plan –** This document, updated annually, sets out the current and longer-term investment and operating plans for CPP Investments, including capital and operating budgets. The plan includes the Strategic Portfolios, which express the expected asset class and geographic composition of each Investment Portfolio in five year's time.
- **Investment Statements –** These documents are required by the regulations to the CPPIB Act. They are approved by the Board annually and published on our website. They set out the investment objectives for the Fund, policies, and long-term return expectations as well as both long- and short-term risk management.
- **Risk Policy –** This policy describes the requirements for managing and overseeing all risks that could materially impact CPP Investments' ability to fulfil its mandate and achieve its legislated objectives. The Policy outlines our Integrated Risk Framework and risk appetite.
- **Policy on Sustainable Investing –** This policy sets out how CPP Investments approaches sustainable investing within the context of our clear legislative mandate. It also lays out how CPP Investments integrates ESG considerations into our investment decisions and asset management activities.

In addition, the Board receives quarterly reports on the Fund to monitor:

- Growth and composition of the Investment Portfolios;
- Management's progress against the year's Business Plan;
- Investment Portfolios' market and other risk measures, including liquidity and stress tests;
- Total returns and contributions from individual investment departments and strategies;
- Total incremental returns relative to the minimum assumed to help sustain the CPP; and
- Value-add returns relative to what can be obtained from investing in public market benchmarks.

For additional details, please refer to the Governance Practices of the Board of Directors section.

How We Manage Costs

Seeking additional sources of return requires us to invest in various capabilities, whether this involves developing a factor-based investment framework, using active strategies to pursue investment selection, or investing in enhanced risk management capabilities to effectively govern these activities.

Nonetheless, we recognize that active management is not a low-cost strategy. We know that every dollar saved is not only equivalent to one dollar of additional income to the Fund, but also much more certain than one dollar of potential, but uncertain, future returns. Accordingly, we treat cost management as a central tenet of our public accountability as we seek to maximize long-term returns.

Our value management philosophy

We budget and manage our costs in accordance with the long-term value we expect to gain from incurring different types of costs. Correspondingly, our cost profile is driven by our strategic choices on portfolio composition, including:

- The proportion of the Fund that is invested through our balancing strategies versus active strategies;
- The proportion of our active strategies that are invested internally versus externally through fund managers;
- The proportion of active strategies that are invested in public versus private assets;
- The proportion of active strategies that are invested in developed versus emerging markets; and
- The amount of leverage we choose to use.

Given the strategic importance of these decisions, we align our allocations of capital and resources with clear accountabilities for delivering value. This allows us to objectively monitor our progress on both dollars spent as well as any value-added returns that are generated.

On an ongoing basis, our costs are managed in accordance with our expense management policies and seniority-based approval authorities to formalize accountability in line with our Board-approved business plan and budget.

At CPP Investments, we view effective cost management as a strategic process that can help us iteratively improve the Fund's long-term investment performance. By consistently and continuously evaluating whether we are allocating our resources towards the most value-adding activities, we can use our learnings to progressively improve the efficiency and effectiveness of our capital and resource allocations over time. This starts with strong tone from the top and is enabled through the value-conscious culture of the Fund.

How we allocate our resources

From a planning perspective, we allocate the Fund's resources progressively. First, we allocate budget towards our entity-sustaining governance activities, which includes the minimum expenses required for the Fund to simply exist.

Then, we allocate budget towards our balancing strategies. As discussed on page 27, our balancing strategies allow us to both maintain and periodically rebalance the Investment Portfolios back to their targeted sets of diversified exposures. These strategies are highly scalable and can be managed at lower cost relative to our active strategies that seek to generate value-add returns from investment selection. This also includes separately budgeting for our use of leverage, which allows us to expand our asset base and construct more diversified portfolios at our targeted levels of market risk.

We manage and control the growth of our investment expenses by allocating budgets towards our active strategies last. Capital and associated budget allocations are made to active strategies based on our confidence in their ability to generate long-term value-add returns. Accordingly, this also includes allocating budgets towards the more sophisticated risk management and operational capabilities required to effectively govern and enable our active strategies.

Balancing internal and external expertise

Given our size, we can maintain dedicated internal teams to manage large parts of the Fund. In many areas, we have the skills internally to carry out investing activities similar to those of external firms with comparable expertise, but we can do so at materially lower cost. This approach is characteristic of the "Canadian pension model" for internalizing investment management activities.

However, we recognize there are situations in which breadth of external expertise can still incrementally benefit the Fund. We use external managers for relevant and distinctive active strategies that we believe we cannot execute as effectively on our own. These strategies must also be relevant, distinct and meaningful. Some of our external managers also provide deal flow and co-investment opportunities and share valuable knowledge with us as long-term partners, which further complements the advancement of our own internal strategies. Nonetheless, we only use external fund managers when we are sufficiently confident they can deliver risk-adjusted returns that will more than offset the cost of their fees.

A key economic trade-off for the Fund is choosing between incurring personnel and other expenses to develop and implement internal active strategies or, alternatively, using external fund managers and incurring management and performance fees. Using external fund managers may have the effect of those managers, rather than the Fund, partially bearing the risk of underperformance. For example, when we use external private equity fund managers, performance fees are only paid when a manager realizes profits above a predetermined rate of return. This helps to reduce the risk of incurring personnel and other expenses to run internally developed active strategies and failing to generate their expected value-add returns. However, we will develop internal active strategies when we are sufficiently confident that they will help generate value over the long term, and more economically than external managers.

How We Pay for Performance

As one of the largest investment funds in the world, we require a wide array of specialized capabilities to effectively govern the Fund and execute our chosen investment strategies. Our workforce is highly diverse, from both a skill set and background perspective. We celebrate the diversity of our people because they unlock our ability to innovate by bringing multi-faceted experiences and perspectives to the investment problems we must solve.

We believe a holistic talent strategy is essential to effectively organize our people in delivering on our mandate and strategy. This includes fostering a strong culture of integrity, partnership and high performance and using our compensation framework to:

- Attract, motivate and retain employees;
- Pay for performance; and
- Align the long-term interests of our employees with those of CPP's contributors and beneficiaries.

We describe each of these components in greater detail below. In addition, we also provide further details on our approach to equity, diversity and inclusion, which we believe will contribute to our long-term success.

Our culture of integrity, partnership and high performance

Our people are the ambassadors of our purpose-driven culture and worldwide reputation, and they fuel our ability to grow and adapt to an increasingly complex and fast-evolving global investment landscape.

Our culture is anchored in the Fund's Guiding Principles of Integrity, Partnership and High Performance, as well as our Code of Conduct. These principles encompass the organization's core values and provide guidance to our team in everyday – and extraordinary – situations.

Our 2025 Strategy is driving an evolution in how we work, as we are striving for even more agility, ambition, innovation and inclusion. We are strengthening our culture by increasingly emphasizing the importance of a shared global mindset and cross-functional collaboration, so that as an integrated whole, we can deliver more value than the sum of our parts.

Our Compensation Framework

Successfully competing for talent

We compete for talent with the largest investment managers and financial institutions in Canada and around the world. We believe market competitive compensation is one of the essential elements necessary to attract, motivate and retain the talent we need to effectively execute CPP Investments' legislative mandate.

The design of our incentive compensation program considers our public mandate, the strategies we have chosen to pursue, and the environment in which we operate. Each of these considerations is also reflected in how we determine incentive payouts to compensate our people for delivering on quantitative and qualitative objectives that benefit the Fund.

Aligning incentives to the delivery of our mandate and strategic objectives

Our compensation program reflects our public accountability and our responsibility to manage the Fund in the best interests of CPP's contributors and beneficiaries. We align incentives to the delivery of our mandate and long-term strategy, while also considering our appetite for taking on different types of risks in our pursuit of value-add returns.

We believe that what we accomplish, and how we accomplish it, are equally important. As such, our compensation program is grounded in our Guiding Principles, and is designed to either meet or exceed the Principles for Sound Compensation Practices as established by the Financial Stability Board and endorsed by the G20 nations.

Every employee's total incentive is partially tied to total Fund performance, which includes achieving the Board-approved targeted levels of absolute total Fund returns as well as dollar value-add (DVA) relative to our Reference Portfolios. This emphasis on the total Fund helps draw a closer linkage between the interests of CPP contributors and beneficiaries and the compensation outcomes of our employees. As our investment strategy and execution evolve, we consider both quantity and quality when evaluating investment performance and other objectives.

Financial Stability Board Principles	CPP Investments Compensation Framework
Based on long-term performance	Based on five-year investment performance at both the Fund and department level, aligned to the long-term nature of our investment mandate while reducing year-to-year compensation volatility
Discourages short-term risk-taking	Five-year results discourage short-term decisions Benchmarks are adjusted for the degree of risk taken Considers both investment outcomes and how that outcome was achieved
Increased oversight powers of compensation committees	The Human Resources and Compensation Committee and the Board of Directors make all decisions about the compensation framework

Overall, our compensation program is designed with the following key features:

Aligned with Our Mandate and Strategic Objectives	☑ Incentivizes employees to maximize long-term returns, within established risk parameters ☑ Focuses on the delivery of value to the Fund as a whole, in line with our Board-approved investment strategy, business plan and budget ☑ Rewards groups and individuals upon the delivery of predetermined objectives
Appropriate Horizon	☑ Aligns to our five-year measurement horizon for evaluating investment performance ☑ Ensures a significant portion of compensation is variable and deferred for our most senior employees to promote long-term alignment ☑ Pays out deferred incentives over a multi-year horizon to promote retention
Differentiated Group and Individual Performance	☑ Includes the ability to distinctively differentiate group and individual performance in a way that is directly tied to delegated accountabilities ☑ Recognizes the differences between asset classes and market conditions through the use of relative value-add returns of each investment strategy
Supports the Application of Informed Judgment	☑ Considers the outcomes of both quantitative and qualitative investment and organizational objectives, and how the outcomes were achieved ☑ Incorporates alignment with CPP Investments' Guiding Principles ☑ Provides increased stability and consistency of performance evaluations with tools to help mitigate bias in decision-making
Market Competitive and Simple	☑ Enables the attraction and retention of people with the requisite skill sets to effectively deliver on our mandate and execute our chosen investment strategies ☑ Provides transparency to key stakeholders, current and prospective employees through a clear, simple and objective framework that is aligned to our strategic objectives

Ensuring effective governance

To ensure effective governance and oversight over the Fund's compensation program, the Human Resources and Compensation Committee (HRCC) – a Board-level committee – advises the Board of Directors on key talent management and compensation matters. This includes ensuring the alignment of organizational and stakeholder interests through the design and oversight of a performance-driven compensation framework.

Annually, the Board approves the total Fund incentive targets and budget through the business plan. This provides clear direction for all employees for the upcoming year. At fiscal year end, the Board is accountable for approving aggregate incentive multipliers and payouts as well as evaluating and determining the compensation of the CEO, other Named Executive Officers (NEOs) and the Senior Management Team.

The HRCC also reviews competitive pay levels for each position on the Senior Management Team, including the NEOs. These reviews are relative to a significant market sample and data from proprietary consultant surveys. For the Senior Management Team and NEOs, we benchmark compensation against Canadian public pension funds, Canadian publicly traded investment asset managers, and the broader labour market (including investment firms, insurance companies and banks in North America and other relevant international markets).

The Board also has the authority to interpret, change and discontinue compensation plans at its discretion. The Board may claw back, reduce or require employees to forfeit incentive awards if:

- Financial results are restated, and the Board considers prior awards to be excessive; or
- The incentive award was granted in error; or
- An employee is guilty of misconduct.

The Board can also require employees to forfeit unvested incentive compensation awards. This provision applies to those at the Managing Director level and above.

Please refer to our website for additional details on the mandates of the HRCC and Board of Directors as outlined in their Terms of Reference. The composition of the current HRCC is outlined in the Governance section on pages 84 and 85.

Key elements of our total compensation

Our pay mix is designed to align with market practice. It includes a mix of fixed salary and variable incentive compensation, as well as short-term and long-term compensation.

Key elements of our total compensation include the following, with each described in further detail below:

Base Salary | Variable Incentive | Pension | Benefits | Other Pay Elements

Base salary

Base salaries reflect skill level, ability and sustained performance. We review salaries annually at the end of each fiscal year. Any changes to the Senior Management Team's compensation, including the NEOs' salaries, require Board approval.

Variable incentive

At the end of each fiscal year, employees are eligible to receive an annual award according to the following formula:

Base Salary X Incentive Target X Performance Multiplier = Annual Award

We set incentive targets by job level to align with market practices. A portion of the annual award is paid out in cash following the end of the fiscal year. We refer to this as our In-Year Award. For senior employees, a portion is deferred over three years to align with the long-term focus of the Fund. We call this the Deferred Award. It vests and pays out partially over three years following the fiscal year for which it is awarded. During the vesting period, Deferred Awards are treated as if they were invested in the Fund and fluctuate with total Fund returns. Employees forfeit the incentive award and any unvested Deferred Awards if they resign during the fiscal year.

At the end of the fiscal year, a Performance Multiplier is determined for each employee based on an assessment of three factors. For all employees, except the Senior Management Team, the weights of each factor are as follows:

Incentive Factors		Weight	
1	Total Fund Performance	30%	This performance factor includes equally weighted measures of both dollar value-add and total Fund return, each measured over a five-year trailing period.
2	Department and Group Performance	30%	Department and Group performance objectives are determined at the start of each year. At year end, we measure their performance against these objectives, which includes delivering on both financial goals such as value-add returns as well as other strategic objectives.
3	Individual Performance	40%	We assess individual performance annually, based on specific objectives identified at the beginning of each year. Assessment of the individual is also based on their performance relative to the expectations of their role as outlined in our Integrated Career Framework.

The total incentive may vary from zero to a maximum of two times the target amount for each performance factor.

To better align the Senior Management Team to total Fund objectives, their incentive is based on 50% total Fund performance and 50% Department and Individual performance.

The mix of salary, in-year incentive award and deferred compensation varies by role and level, with higher deferral targets for more senior professionals. The Senior Management Team has a higher proportion of their compensation delivered through variable pay, commensurate with our goal of paying for performance.

Pension

We provide most employees with the opportunity to participate in a defined contribution retirement plan. These have relatively lower and more predictable costs than the defined benefit plans offered by other large pension funds and financial services companies. Plans vary by location to reflect local regulations and competitive market practices.

Benefits

Our benefits programs are comparable to those provided by similar organizations in our industry. They include life insurance, disability benefits, health, dental and vision benefits, time-off policies, a health and wellness reimbursement, and an Employee-Family Assistance Program. Perquisites are limited to paid parking for the Senior Management Team members based in Toronto.

Other pay elements

Voluntary Deferral Incentive Plan (VDIP)	Eligible employees may voluntarily defer some or all of their In-Year Award for a three-year period, with the deferral treated as a notional investment either entirely in the total Fund, or in both the total Fund and up to a maximum of 50% in the Fund's portfolio of private investments.
Supplemental Restricted Fund Units (SRFU)	SRFUs are selectively used for new hires to replace forfeited compensation from a previous employer or as a compensation transition to a new role or geographic location, or for retention of current employees. This is a deferred award that acts as a notional investment which fluctuates in value with total Fund performance.
Fund Return Units (FRU)	FRUs are a type of long-term incentive compensation that aligns payouts to the long-term absolute performance of the total Fund. Payouts are contingent on positive cumulative returns over the term of the award. The grant value is derived using a valuation model which takes into consideration volatility and the risk-free rate of return.

Our focus on equity, diversity and inclusion

We will excel as a result of our people and their commitment to our purpose. Their integrity, commitment to partnership, and dedication to high performance drive us forward. So, as the Fund continues to grow, we believe we have a responsibility to also advance our equity, diversity and inclusion initiatives and strengthen our inclusive workplace where all employees feel valued, respected and supported. This includes:

- Attracting and employing highly qualified individuals with diverse backgrounds, experience and perspectives;
- Working to ensure that all employees have equal opportunities for development and advancement; and
- Providing differentiated pay based on an objective evaluation of performance, while seeking to ensure bias does not influence this differentiation.

Our equity, diversity and inclusion work is grounded in the belief that it is our responsibility to provide opportunity to historically underrepresented groups. Their inclusion enables us to make better and more informed investment decisions and more effectively manage our risk culture as discussed on page 31. Starting right from the recruiting stage, we aim to ensure that a diverse pipeline of candidates is considered for all new job openings. While our final hiring decisions are made based on skill set and competence for each role, we ensure that we source talent from the widest talent pool available, leveraging external partnerships and internal networks; are committed to structured interview processes for all candidates; and have integrated bias mitigation practices throughout the process.

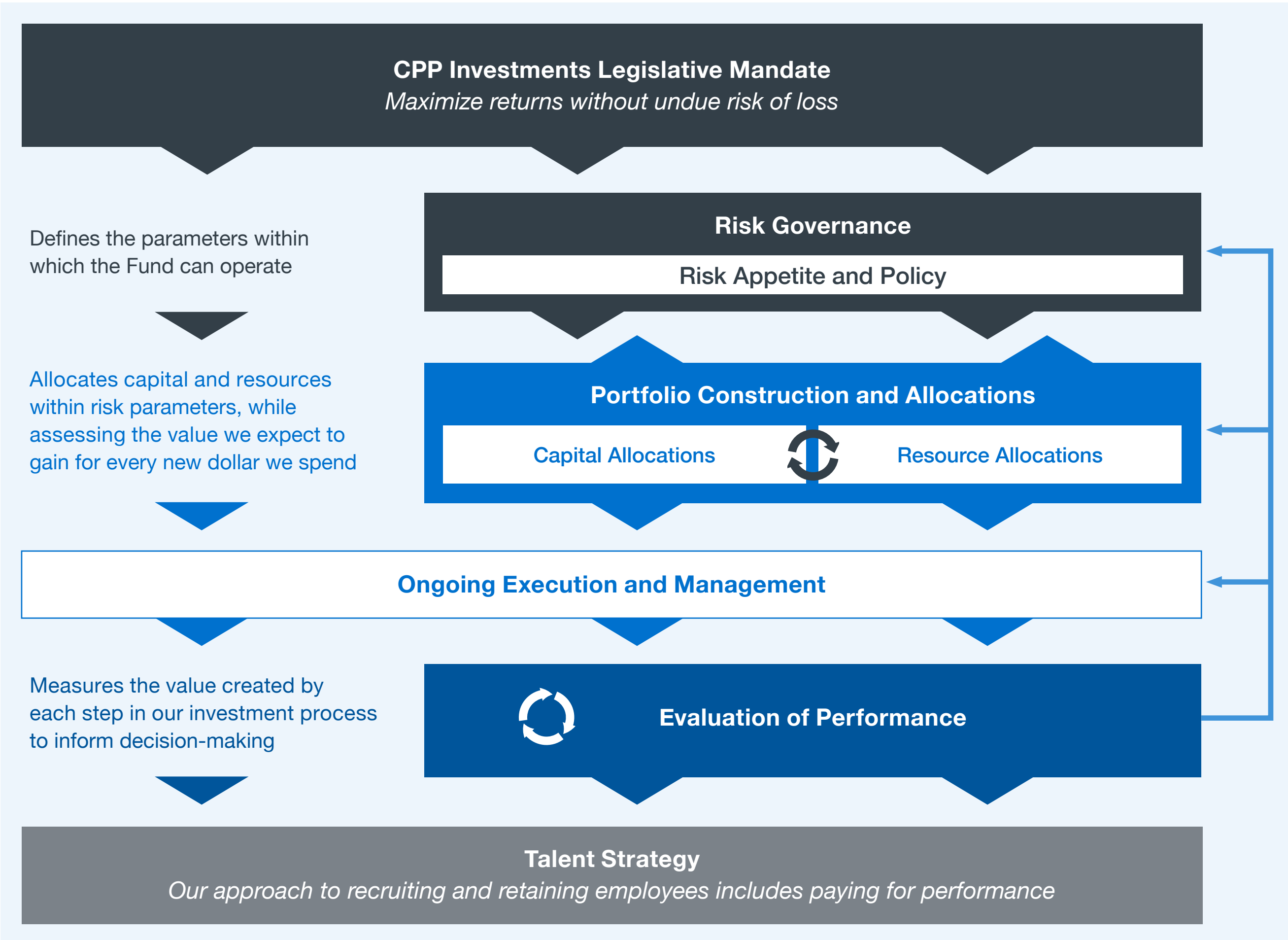
We value our people for who they are as individuals as well as their unique contributions to the Fund. We believe the equitable treatment of our employees is essential to earning their trust and commitment over the long term. This includes ensuring all our employees are provided the same opportunities to develop and advance in the organization. Our Integrated Career Framework (ICF) includes team-specific functional and leadership competencies that provide transparency on the expected behaviours, knowledge and skills required at each level. It provides clarity on the leadership competencies that are key to success and ensures consistency within teams and across the organization. This allows us to invest in the development of our people in a consistent and equitable way.

When we developed our 2025 Strategy, we sought to build a competitive advantage by aiming to increase female and minority representation at the Principal and above levels, including in the succession planning of our Managing Directors on the Global Leadership Team and Senior Managing Directors. This spans our global operations, across all groups. Our goal is to have 30% of senior investor roles held by females and 28% of all leadership roles held by minorities by 2025. Research shows that diverse representation leads to better decisions and business outcomes. As such, we continue to provide all employees with formal and informal learning opportunities to build their inclusive muscle and contribute to an exceptional employee experience for all colleagues. We believe that the accountability of demonstrating inclusive behaviours alongside increasing representation will be instrumental to our long-term success. Please refer to page 63 for additional details on our progress.

How We Operate

Our operating framework enables our ability to generate value with a long-term focus. As illustrated below, it covers the end-to-end processes for how we set our appetite for risks, allocate capital and other resources, as well as manage the Fund on an ongoing basis. It guides decision-making across the Fund, so that as an integrated whole, we can achieve more than the sum of our parts.

Our Operating Framework



Our operating framework forms an integrated process that starts with our legislative mandate and cascades into how we govern and invest the Fund. The continuous feedback loops from our ongoing management and evaluation processes allow us to iteratively learn from our experiences and adapt to an ever-changing investment landscape. We believe this will help reinforce a strong foundation to support the continued growth of the Fund.

Our Strategy for 2025 and Beyond

As a part of our 2025 Strategy, we embarked on a multi-year journey to build on our strengths and compete as a world-class global investment organization. We sought to invest in developing distinctive capabilities in areas that would allow us to create or preserve disproportionate value in how we invest and manage the Fund. This was designed to help establish a strong foundation to support the growth of the Fund into 2025 and beyond, as we scale to become a trillion-dollar Fund.

This included supporting the continued evolution of our key operational frameworks and advancing strategic priorities across the following key pillars:

Enhance our Investment Strategy	Deliver efficient operations and distinctive capabilities	Foster an innovative, ambitious and agile culture

Our 2025 Strategy set out a strategic roadmap for integrated and mutually reinforcing design decisions that support the Fund's ability to maintain our competitive edge, create value, and deliver on our mandate. While we have already made significant progress since our 2025 Strategy was approved by the Board in 2018, we are not yet finished.

We aspire to be the standard by which the industry compares itself for effective investment and risk governance, talent management and superior investment performance. To accomplish this, we believe it is our commitment to continuous improvement that will enable our pursuit of excellence. As an example of continuous improvement, we have evolved our strategy to incorporate our commitment to reach net-zero emissions across the Fund and our operations by 2050.

Pursuing Net Zero

In fiscal 2022, we made a commitment to achieving net-zero greenhouse gas (GHG) emissions across the Fund and our operations by 2050. This commitment has been made based on our expectation that public and private sector actors in the global community will also continue to make advancements towards this goal. These include the acceleration and fulfilment of commitments made by governments, technological progress, corporate targets, changes in consumer and corporate behaviours, and development of global carbon markets and reporting standards. All of these advancements will be necessary to help us meet our commitment. We are committed to staying ahead of and strategically investing in developments that will have an impact on our path to net zero.

As part of our commitment to net zero in the Fund and our operations, we are taking the following actions:

- We will continue to invest and exert our influence in the whole economy transition as active investors, rather than through blanket divestment;
- We will achieve carbon neutrality for our internal operations by the end of fiscal 2023;
- We expect our $67 billion investments in green and transition assets will increase to at least $130 billion by 2030 (for our definition of green and transition assets, see page 64); and
- We will build on our new decarbonization investment approach that seeks attractive returns from enabling emissions reduction and business transformation in high-emitting sectors.

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.

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 to create value by innovating and supporting the transition to net zero.

The environmental sustainability of our investments is increasingly important to the financial sustainability of the Fund and the CPP. It follows that the performance of the portfolio we manage depends in part on how well it aligns with a climate-resilient economy and our ability to adapt to the evolving landscape. With this in mind, we actively contribute to the setting of global standards that foster economy-wide GHG emissions reductions and company-specific disclosures on the path to net zero.

For example, we have long advocated for greater transparency from all companies and standardization of climate change-related disclosures to facilitate better investment decisions. This includes our participation as one of only two global pension fund managers represented on the Task Force on Climate-related Financial Disclosures (TCFD).

For additional details on our progress against our 2025 Strategy, please refer to page 62 of the Management's Discussion and Analysis.

Management's Discussion and Analysis

Key Performance Indicators

Net assets

$539 Billion

Base CPP Net Assets

$527 Billion

Additional CPP Net Assets

$12 Billion

	1-Year	5-Year	10-Year
Annualized Net Returns[1]	6.8%	10.0%	10.8%
Cumulative Net Income	$34B	$199B	$329B
Base CPP Net Returns	6.9%	10.0%	10.9%
Additional CPP Net Returns[2]	2.8%	7.2%	

1. Net Returns are reported net of costs. 2. Five-year net returns for the additional CPP are reported since its inception in 2019.

Key sources of returns for the five years ended March 31, 2022

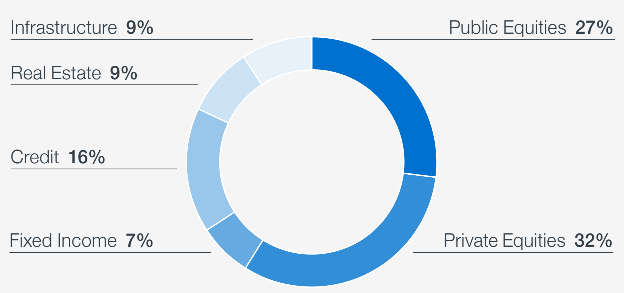
	Reference Portfolios				
	Minimum Level of Market Risk	Targeted Level of Market Risk	Diversification and Leverage	Investment Selection	5-Year Total Returns
Annualized Net Returns	**6.1%**	**+3.1%**	**+(1.9%)**	**+2.7%**	**10.0%**
Cumulative Net Income	$119 billion	+$70 billion	+$(27) billion	+$37 billion	$199 billion

Annualized Reference Portfolios Returns: 9.2%

Dollar Value-added above the Reference Portfolios: $10 billion or +0.8% annualized

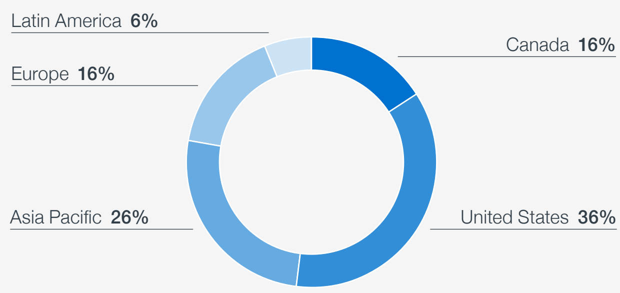
Asset Class Composition[1,2]

March 31, 2022



Geographic Composition

March 31, 2022



1. Fixed income consists of cash and cash equivalents, money market securities and government bonds, net of debt financing liabilities. Public Equities include absolute return strategies and related investment liabilities.
2. As at March 31, 2022, $49 billion of real estate, $48 billion of infrastructure and $26 billion of our private equity investments associated with sustainable energies, which collectively represented 23% of net assets, are managed by the Real Assets investment department.

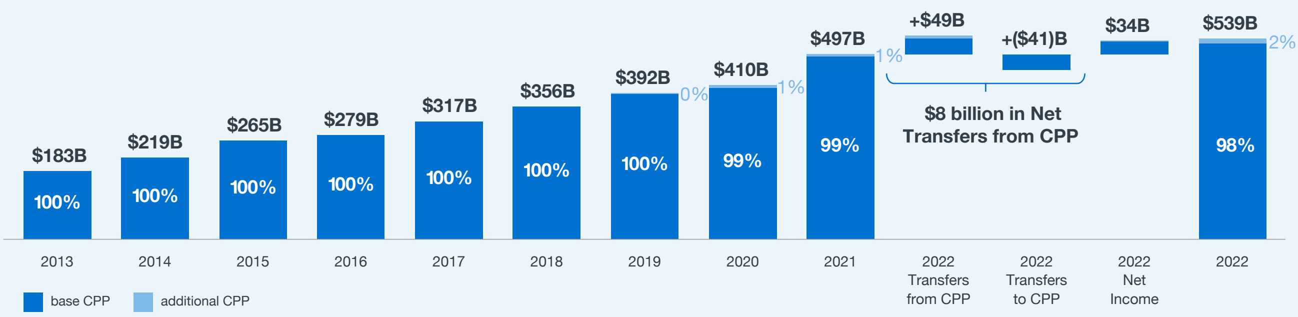
Information in this section provides analysis of the operations and financial position of the Canada Pension Plan Investment Board (CPP Investments) and should be read in conjunction with the Consolidated Financial Statements and accompanying Notes for the year ended March 31, 2022 (Financial Statements). The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Return figures presented in this section are annualized and nominal, unless stated otherwise.

The disclosure of certain non-IFRS measures in this section is intended to provide readers with supplemental information that reflects Management's perspective on the Fund's performance and may not be comparable to similar measures disclosed by other institutions. Definitions of non-IFRS measures and a reconciliation to their comparable IFRS measures can be found on page 67.

Fund Composition and Performance

CPP Investments ended its fiscal year on March 31, 2022 with net assets of $539 billion, compared to $497 billion at the end of fiscal 2021. The $42 billion increase in net assets consisted of $34 billion in net income and $8 billion in net transfers from the Canada Pension Plan (CPP).

Net Assets of the Base and Additional Canada Pension Plan (CPP)



The base CPP ended fiscal 2022 with net assets of $527 billion, representing 98% of the Fund, compared to $491 billion or 99% of the Fund at the end of fiscal 2021. This $36 billion increase in net assets consisted of $34 billion in net income and $2 billion in net transfers from the CPP.

The additional CPP ended fiscal 2022 with net assets of $12 billion, representing 2% of the Fund, compared to $6 billion or 1% of the Fund at the end of fiscal 2021. This $6 billion increase in net assets consisted of $147 million in net income and $6 billion in net transfers from the CPP.

Net Returns

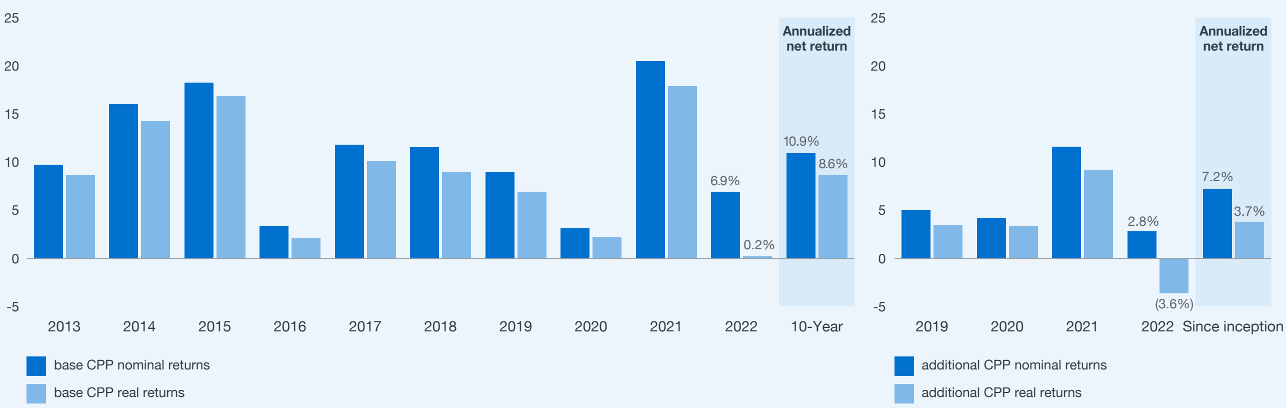
	Fiscal 2022		Fiscal 2021	
	Net returns % (annualized)	Net income $ (cumulative)	Net returns % (annualized)	Net income $ (cumulative)
Base CPP				
1-year	6.9%	$34 billion	20.5%	$83 billion
5-year	10.0%	$198 billion	11.0%	$198 billion
10-year	10.9%	$328 billion	10.8%	$303 billion
Additional CPP				
1-year	2.8%	$147 million	11.6%	$408 million
Since January 1, 2019 inception	7.2%	$570 million	9.3%	$423 million

The Fund, which includes both the base CPP and additional CPP, achieved a total net return of 6.8% for the fiscal year, and an annualized five-year net return of 10.0% and 10-year net return of 10.8%.

The base CPP delivered a net return of 6.9% for the fiscal year, driven by positive performance across all asset classes, except for fixed income. This contributed to an overall annualized five-year net return of 10.0% and a 10-year net return of 10.9% for the base CPP. The additional CPP delivered a net return of 2.8% for the fiscal year, reflecting its greater allocation to Canadian government bonds and their negative returns. This contributed to an annualized net return of 7.2% since the inception of the additional CPP in 2019.

The additional CPP was designed with a different legislated funding profile compared to the base CPP. Given the differences in their funding, the additional CPP has greater sensitivity to investment risks and thus a lower market risk target. Correspondingly, the performance of the additional CPP will differ from that of the base CPP. Furthermore, due to the differences in their net contribution profiles, the assets in the additional CPP Investment Portfolio are also expected to grow at a faster rate than those in the base CPP Investment Portfolio.

Base CPP and Additional CPP Net Returns (%)



Generating returns to help support long-term sustainability

Every three years, the Office of the Chief Actuary (OCA) conducts an independent review of the sustainability of the base and additional CPP over the next 75 years. The Chief Actuary's projections are currently based on the assumption that, over the 75 years following 2018, the base CPP account will earn an average annual real rate of return of 3.95% above the rate of Canadian consumer price inflation, after all costs. The corresponding assumption is that the additional CPP account, which targets a lower level of risk, will earn an average annual real rate of return of 3.38%.

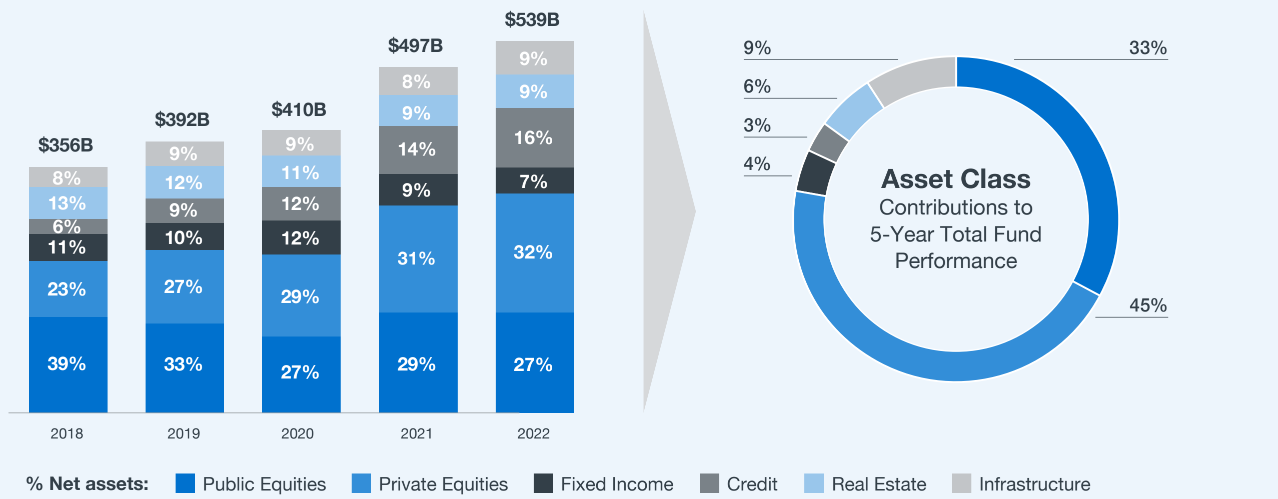
Our actual 10-year historical real return performance has, to date, exceeded the return assumptions used by the OCA to evaluate the long-term sustainability of the base and additional CPP. However, market returns, particularly for equities, may vary over five-year and 10-year periods. For both the past five and 10 years, global equity market returns have been favourable relative to longer historical periods and inflation. Past results are not necessarily indicative of future performance. This is further described in our investment approach on page 23 and our evaluation of plan adjustment risk on page 48.

CPP Investments Net Real Returns[1]

Base CPP	5-Year	7.07%
	10-Year	8.64%
Additional CPP	Since 2019 Inception	3.67%

1. The real return is the return after the impact of inflation is taken into account.

5-Year Historical Fund Composition by Asset Class[1]



1. As at March 31, 2022, $49 billion of real estate, $48 billion of infrastructure and $26 billion of our private equity investments associated with sustainable energies, which collectively represented 23% of net assets, are managed by the Real Assets investment department.

Five-year performance by asset class

Over the past five years, the Fund generated an annualized net return of 10.0%. While our overall positive long-term performance across every asset class contributed to this result, our investments in private and public equities contributed the most. Private equities generated an annualized five-year net return of 16.1%, while public equities generated 9.0%, representing 45% and 33% of the Fund's total returns, respectively. This is directionally consistent with the overall positive performance of global equity markets over the same period.

The performance of our fixed income investments was impacted by the overall low interest rate environment, generating a five-year return of 1.4%. However, despite low yields on government bonds, credit markets benefitted from this environment. This contributed to credit generating a five-year return of 3.4%. Real estate generated a five-year return of 5.0% reflecting two offsetting trends. Downward pressure on returns was driven by lowered tenant demand in the office and retail sectors as pandemic-related isolation measures between fiscal 2020 and the first half of fiscal 2022 were implemented. However, real estate performance was positively impacted by increased demand for industrial assets, particularly in the Asia Pacific region. Infrastructure generated a five-year return of 10.0%, which reflected resilient investor demand for essential and long-lived assets.

Fiscal 2022 performance by asset class

The COVID-19 pandemic, and accompanying monetary and fiscal responses, continued to have global economic impacts that influenced the returns of every asset class. Government stimulus to support economic growth, which contributed to the double-digit net returns in public and private equity assets in the previous fiscal year, continued to benefit the returns of several asset classes in the first half of fiscal 2022. However, the pandemic and the responses also contributed to inflation, which caused many central banks to signal a monetary policy shift and led to a mixed impact across the Fund's investments in the second half of the year. This mixed impact was compounded in the last quarter of the year as a result of Russia's invasion of Ukraine. The subsequent sanctions and other financial and economic restrictions imposed on Russia by the U.S. and other countries led to volatility across markets and a sharp increase in global commodity prices.

Our investments in public equities generated a net return of 1.3% in fiscal 2022. The result reflected losses in emerging market holdings, which were predominately driven by investments in China where public equity markets were negatively impacted by unanticipated regulatory reforms and a resurgence of COVID-19 cases. This was in contrast to double-digit returns for the Fund's developed market public equities holdings which benefitted from increased economic activity, robust consumer demand, and a low interest rate environment for most of the fiscal year. Our private equity investments achieved a net return of 18.6% in fiscal 2022. This was driven by improved portfolio company earnings and outlooks in the information technology, financial and health care sectors in the U.S. and in Europe, while also reflecting high demand from global investors for the asset class.

Our fixed income investments produced a negative net return of 3.8% in fiscal 2022, primarily driven by losses incurred on U.S. government bonds. This reflected a shift by leading central banks to offset inflationary pressures by increasing interest rates, which negatively impacted our fixed income returns.

Our investments in the credit asset class, which include both private and public credit, delivered a net return of 0.7% in fiscal 2022. In the first half of the fiscal year, credit spreads tightened to near all-time lows, and then began to widen in the latter part of the year amid geopolitical and economic uncertainties with a negative impact on our public credit portfolios. However, this was offset by our private credit returns, which benefitted from low default rates on consumer and real estate loans following improvement in economic activity.

Our real estate investments delivered a net return of 10.2% in fiscal 2022, driven by higher tenant and investor demand for logistics assets and from the relaxation of pandemic-related restrictions across many economies. This result reflects a rebound in the asset class from the previous fiscal year when pandemic-related uncertainties and restrictions led to lower demand for retail properties, such as shopping malls.

Infrastructure contributed returns of 10.8% in fiscal 2022, largely due to the rebound in global economic activity, driving increasing demand for long-term essential infrastructure services.

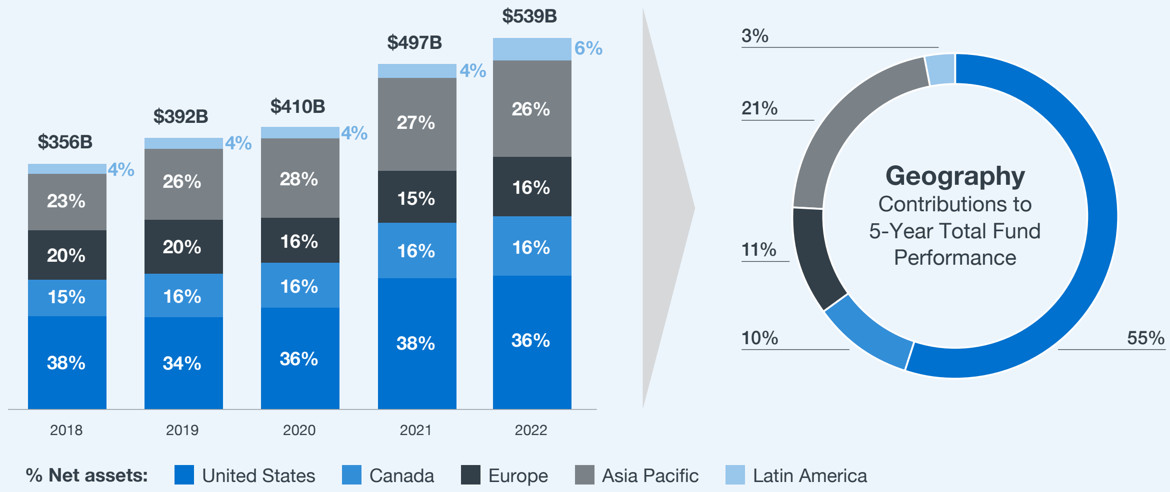
The Fund's composition of net assets by asset class across investment departments is presented on page 55.

Annualized Net Returns by Asset Class

	Fiscal 2022		Fiscal 2021	
	5-Year	1-Year	5-Year	1-Year
Public Equities	9.0%	1.3%	12.5%	31.6%
Private Equities	16.1%	18.6%	15.4%	33.2%
Fixed Income	1.4%	(3.8%)	2.2%	(8.3%)
Credit	3.4%	0.7%	5.9%	2.1%
Real Estate	5.0%	10.2%	4.6%	(4.5%)
Infrastructure	10.0%	10.8%	9.2%	12.6%
Total Fund[1]	**10.0%**	**6.8%**	**11.0%**	**20.4%**

1. The returns of certain investment activities are only reported in the total Fund return and not attributed to an asset class return. The performance of $2 billion from currency management activities ($6 billion in fiscal 2021) and $1 billion from cash equivalents and money market securities ($(1) billion in fiscal 2021) is excluded from Fixed Income, and $(2) billion from absolute return strategies ($7 billion in fiscal 2021) is excluded from Public Equities.

5-Year Historical Fund Composition by Geography



Five-year performance by geography

All regions contributed positively to the Fund's five-year annualized net return of 10.0%, with investments in the U.S. and Asia Pacific accounting for more than 75% of this result. Our investments in the U.S. generated an annualized net return of 10.4% for the five years that ended March 31, 2022. These investments outperformed all other regions, mainly due to positive performance from both public and private equities driven by strong consumer demand, a low interest rate environment and a robust technology sector. In Asia Pacific, our investments generated an annualized five-year net return of 8.0%, also driven by our equity investments in the region. However, our result from Asia Pacific for the prior five-year period that ended March 31, 2021 was 11.8%. This year-over-year decrease in the long-term performance of our Asia Pacific investments was driven by negative performance in Chinese equity markets in fiscal 2022.

From a composition perspective, we increased our exposure to emerging markets from 21% of net assets or $104 billion at the end of fiscal 2021 to 22% of net assets or $120 billion at the end of fiscal 2022. From an overall emerging market perspective, we generated a five-year annualized net return of 8.4%. However, the Fund's emerging markets net returns were negative 5.1% this fiscal year, due to underperformance in Asia Pacific's emerging market investments. We regularly evaluate the geographic composition of the Fund, including our strategic goal of investing up to one-third of the Fund in emerging markets. In light of ongoing geopolitical uncertainties that are likely to extend into the medium term, and as part of our ongoing evaluation of portfolio composition, we are analyzing the level of emerging market exposures to target.

Fiscal 2022 performance by geography

In fiscal 2022, gains in the U.S., Canada and Latin America were partially offset by underperformance in Asia Pacific. Our investments in the U.S. generated returns of 11.9% for this fiscal year mainly due to gains in private equities, real estate and infrastructure, which were influenced by consumer demand growth across multiple sectors of the American economy. Investments in Canada delivered positive performance in private equities and infrastructure holdings. The Fund's European investments profited from positive private equity return in local currency terms, however, those gains were mostly offset by the depreciation of the euro and British pound relative to the Canadian dollar. The Fund's Asia Pacific investments returned negative 1.7% as the equity market in China diverged from other major markets in fiscal 2022. The Fund's Asia Pacific performance was mitigated by gains in other countries, in particular India and Australia. In Latin America the Fund generated a return of 12.2%. This was influenced by the strengthening of the Brazilian real and recovery of public equities in Brazil in the last quarter of the fiscal year due to rising commodity prices, following underperformance in the earlier part of the year due to Brazil's economic challenges.

Annualized Net Returns by Geography

	Fiscal 2022		Fiscal 2021	
	5-Year	1-Year	5-Year	1-Year
Canada	5.2%	5.8%	5.3%	8.9%
United States	10.4%	11.9%	10.8%	11.2%
Asia Pacific	8.0%	(1.7%)	11.8%	25.1%
Europe	5.5%	0.6%	6.2%	17.1%
Latin America	6.7%	12.2%	7.6%	11.0%
Total Fund[1]	**10.0%**	**6.8%**	**11.0%**	**20.4%**

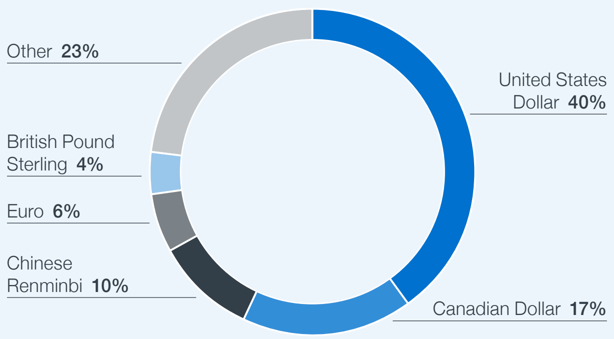
1. The total Fund returns include results of certain investment activities that are not attributed to a geography return reported in this table, such as the performance of $2 billion from currency management activities ($6 billion in fiscal 2021), $1 billion from cash equivalents and money market securities ($(1) billion in fiscal 2021), and $(2) billion from absolute return strategies ($7 billion in fiscal 2021). For this geography-based presentation, total Fund net returns also include securities, such as swaps, forwards, options, and pooled funds, that are without country of exposure classification. The weight of these securities to total market value is (0.5%) for fiscal 2022 (0.8% in fiscal 2021).

Impact of currency movements on Fund performance

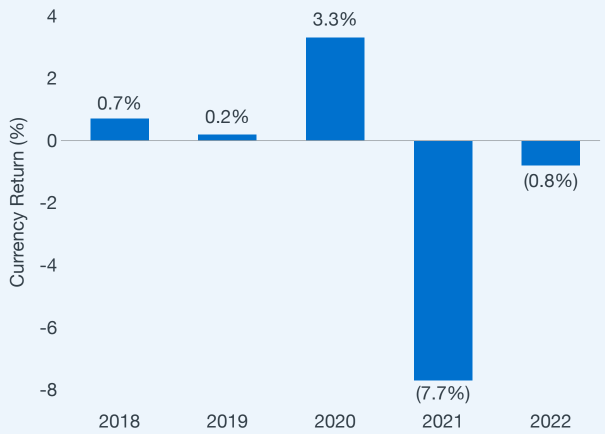
As of fiscal year end, foreign currency exposures represented 83% of the Fund and totalled $450 billion. The charts below show the underlying currency exposures of our net assets, and the impact this had on our net returns for each of the past five fiscal years.

In fiscal 2022, the strengthening Canadian dollar drove a foreign currency loss of $4 billion. This corresponds with a negative net return impact of 0.8%, which contributed to an annualized foreign currency loss of 0.9% for the Fund over the past five years. Overall, this was driven by the appreciation of the Canadian dollar against the U.S. dollar and other major currencies to varying degrees over the last two years, influenced by rising commodity prices and the impact of evolving monetary and fiscal policies across global economies.

Currency Mix
March 31, 2022



Currency Impact



Delivering Long-Term Returns

The CPP is designed to serve today's contributors and beneficiaries while looking ahead to future decades and across multiple generations. Accordingly, long-term results are a more appropriate measure of CPP Investments' performance than quarterly or annual cycles. To better understand which of our decisions is adding the most value, we estimate the impact of our biggest investment decisions as a Fund, as described on page 20. These include:

- Targeting a higher level of market risk than the minimum required;
- Using leverage to construct a more diversified portfolio at our targeted level of market risk; and
- Pursuing investment selection through a variety of active strategies to generate incremental returns above and beyond what can be obtained from investing in public market indexes.

We evaluate the incremental impact for each of these key decisions over a five-year period:

Key Sources of Returns for the Five Years Ended March 31, 2022

	Reference Portfolios				
	Minimum Level of Market Risk	Targeted Level of Market Risk	Diversification and Leverage	Investment Selection	5-Year Total Returns
Annualized Net Returns	**6.1%**	**+3.1%**	**+(1.9%)**	**+2.7%**	**10.0%**
Cumulative Net Income	$119 billion	+$70 billion	+$(27) billion	+$37 billion	$199 billion

Annualized Reference Portfolios Returns: 9.2%   Dollar Value-added above the Reference Portfolios: $10 billion or +0.8%

The simple two-asset minimum-risk portfolios, representing the minimum level of market risk we believe we must take, generated an annualized net nominal return of 6.1% in aggregate over the past five years. This was predominately driven by the global public equities in this portfolio. Correspondingly, our decision to target a higher level of market risk helped add an incremental annualized return of 3.1% due to the higher level of global public equity content in our Reference Portfolios.

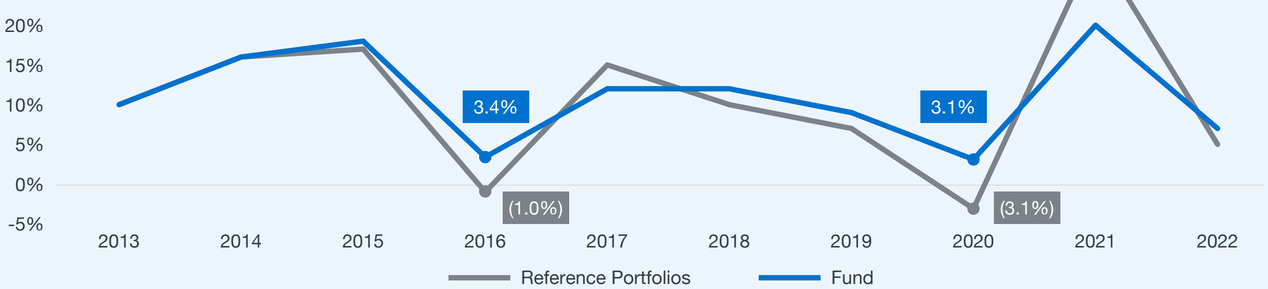
Our decision to use leverage to further diversify the Fund incrementally detracted an estimated 1.9% from the Fund over the past five years. The Fund's more diversified portfolio did not keep pace with the returns of the Reference Portfolios, which is more heavily weighted in global public equities. While our decision to diversify into a broader range of asset classes may have detracted value relative to the Reference Portfolios, we continue to believe diversification will add value over a longer-term period and provide additional resiliency during market downturns. For example, this was most recently evidenced by our results in fiscal 2020 as well as in fiscal 2016, when our more diversified Investment Portfolios outperformed the Reference Portfolios during the sharp market declines experienced in the early days of the COVID-19 pandemic as well as the market turbulence in 2016, respectively (see below). Equally important, asset class diversification enables the deployment of our active strategies, which are critical to generating value-added arising from investment selection. As of March 31, 2022, these active strategies directly managed $310 billion in net assets and an additional $125 billion in absolute return strategies from borrowed assets in the Balancing Portfolios. The value gained or lost through investment selection is measured against comparable risk-adjusted passive public market benchmarks to enable an objective evaluation of the contributions of each active strategy to total Fund performance. Over the last five years, investment selection added an annualized 2.7% of incremental value, net of costs. Refer to page 54 for additional details on how investment departments contributed to the Fund's value-added returns from investment selection.

Overall, the Fund's performance relative to the Reference Portfolios can be measured in percentage terms or dollar terms, which we refer to as percentage value-added and dollar value-added, respectively. In each case, the figure is calculated net of all costs. On a relative basis, the Fund delivered a percentage value-added of 2.1% or a dollar value-added of $10 billion this fiscal year. Over a five-year period, the Fund delivered a percentage value-added of 0.8% or a dollar value-added of $10 billion.

While not all key sources of return may yield positive results in every period, we believe our comparative advantages, as described on page 19, enable our ability to maximize returns without undue risk of loss. Our overall performance over the past five and 10 years, and since the inception of our active management strategy in 2006, further supports our belief that pursuing additional sources of returns can materially increase returns over the long term. This allows us to do our part in contributing to the long-term sustainability of the CPP.

Resiliency of the Fund During Historical Market Downturns

(% returns)



Managing Risks to Safeguard Value

We monitor and manage all risks that could have a material impact on our ability to fulfil our mandate and achieve our strategic objectives. We recognize risk events can have both financial and reputation impacts, and we seek to manage both impacts within our stated risk appetite. For more information on how we manage risks, refer to the Strategy section, page 29.

Current risk environment – Top and emerging risks

This past year, we closely monitored the following risks which relate to one or more of our key risks but are new or evolving and could have widespread impact on the Fund over time:

- **Inflation** remains high, compelling central banks to tighten monetary policy. Key central banks, including the Bank of England, Bank of Canada and the U.S. Federal Reserve have already begun raising rates. Additionally, Russia's invasion of Ukraine increased energy-based, food and commodity price inflation. We continue to study potential impacts to the Fund under various scenarios, including two tail events: (i) "stagflation," where we see a sharp rise in inflation and interest rates together with stagnant economic growth, and (ii) more severe low- to mid-teen levels of inflation experienced in the 1970s. We are evaluating potential implications of these scenarios for our portfolio management.
- **Environmental, social and governance (ESG) factors** are significant drivers of both risks and opportunities as markets, policies and stakeholder expectations continue to evolve. We believe ESG-related risks are some of the most significant risks we face. Climate change in particular presents a complex array of physical, and energy and other transition risks. It also presents opportunities, so we consider relevant ESG factors and integrate them into our investment decision-making. We use a range of tools and analytics to measure and monitor climate-related risks, both quantitatively and qualitatively, as discussed on page 64. Please refer to pages 63–65 for additional reporting on our ESG-related metrics and our website for our latest Sustainable Investing Report.
- **Geopolitical uncertainty** remained a key risk throughout fiscal 2022. Many developments in Canada and around the world could have significant implications for our investments and operations. Examples include:
  - U.S.-China relations and Canada-China relations remain tense, and China's economic and regulatory reforms could continue to negatively impact our investments;
  - Russia's invasion of Ukraine and a breakdown in relations between Russia and Western economies may sustain or increase volatility in global markets and commodities in particular;
  - U.S. mid-term elections could result in an uncertain fiscal outlook;
  - Uncertainty from changing tax rules, including the Organization for Economic Co-operation and Development's model global minimum tax rules; and
  - The Province of Alberta's continued analysis of potentially exiting the CPP and creating a provincial pension plan.

We continue to actively monitor developments and simulate the potential impacts that different scenarios could have on the Fund. This includes reviewing our risk management plans to ensure we can continue to remain within our risk appetite.

- **Talent management** and the challenges associated with attracting and retaining employees have emerged as a key risk in fiscal 2022. A competitive labour market, combined with employee fatigue due to the ongoing pandemic, have created headwinds for attracting and retaining top talent. This trend is not unique to our organization and is being experienced across many industries. We continue to manage this risk by proactively engaging with our employees, prioritizing workload, and enhancing our support programs.
- **The pandemic** has continued to have very material global, societal and economic impacts throughout fiscal 2022. We expect the global economic impacts of COVID-19 will continue into fiscal 2023. Despite a slight increase in market volatility and ongoing uncertainty about when the global economy will be fully reopened, the Fund was able to maintain a strong liquidity position during fiscal 2022. We continue to monitor developments and assess their potential impacts to our liquidity and capital deployment targets. We also continue to execute our crisis management and business continuity plans to mitigate impacts to our investments and operations.
- **Competition** continues to be high as investors increase allocations to alternative investments in pursuit of higher returns. These investments include private assets such as equity, credit and real assets. This has created an abundance of capital available for investment, or "dry powder," which has resulted in increased competition for assets and higher prices, making it increasingly difficult to source opportunities with attractive risk-adjusted returns. We continue to leverage our inherent advantages (long investment horizon, certainty of assets and scale) and our developed advantages (internal expertise and brand, expert partners and relationships, and total portfolio approach) to help us mitigate this risk. A further discussion of this topic can be found in the How We Generate Value section on page 19.
- **Cyber security breaches** could result in investigation and containment costs, legal and regulatory fines, and negative reputation impact. As a result of the pandemic and geopolitical tensions, there has been an increase in threats related to state-sponsored attacks, phishing attacks, malware, leakage of confidential data, and cyber fraud. We could also be exposed if our partners or service providers experience a cyber breach. To help ensure our employees remain vigilant, we facilitated cyber exercises and an annual "Information Security Month" to raise awareness of potential threats and their responsibly to mitigate risks. Over the past few years, we have experienced cyber incidents that required investigation and remediation. To date, there have been no incidents that had a significant impact on CPP Investments.
- **Relative performance:** Underperformance relative to passive indexes may cause stakeholders to question the merits of our active management strategy despite adding value over time horizons greater than five years. While our historical longer-term net returns remain above the long-term assumptions of the Office of the Chief Actuary, our relative returns can vary significantly year over year. As discussed on page 20, our key sources of returns allow us to measure the impact of successive steps in our investment framework to better understand the drivers of Fund performance over short- and longer-term horizons. We use insights from key sources of returns, as well as from systematic processes that are part of our operating framework, to evaluate the strategic choices we make to pursue incremental returns. For further discussion of our results, see page 41.

Management of key risks

As we developed our active management capabilities, we have correspondingly enhanced our risk management practices taking into consideration the impact of the current risk environment. We believe effective risk management adds to our comparative advantages and allows us to both generate and safeguard value. Through various independent external reviews of our risk practices in fiscal 2022, we confirmed that many of our risk management practices are considered to be near or in line with leading practice relative to our peers. In the sections that follow, we outline how we define and measure our key risks, including discussing notable trends and our approach to managing these risks within our risk appetite.

Plan Adjustment Risk

Plan Adjustment Risk is an overarching risk that can be impacted by any of the key risks we face as a Fund. We assess it as the probability of a material increase to the Minimum Contribution Rates (MCRs) applicable to CPP contributors, attributable solely to the Fund returns. MCRs are the lowest possible rates at which employees and employers in Canada could contribute to sustain the base CPP and the additional CPP over the next 75 years. These rates are calculated at least every three years in the triennial CPP Actuarial Reports published by the Office of the Chief Actuary. They are impacted by a confluence of factors, including the investment returns of CPP Investments, as well as many other factors such as real earnings growth, mortality rates and population growth.

While these broader Canadian demographic and economic factors are beyond our control, we regularly measure and monitor the Plan Adjustment Risk to seek to ensure we are doing our part, through our investment performance, in supporting the long-term sustainability of the CPP.

Internally, we manage Plan Adjustment Risk by first determining the appropriate level of market risk to target for the base and additional CPP, and then seeking to maximize returns at their targeted levels of market risk. We measure Plan Adjustment Risk over a 20-year horizon, and our current best estimates are outlined below:

Estimated Plan Adjustment Risk Decreases as We Pursue Additional Sources of Returns

	Minimum Level of Market Risk	Targeted Level of Market Risk	Diversification and Leverage	Investment Selection
Base CPP Plan Adjustment Risk	~50%	~25%	~20%	~15%
Additional CPP Plan Adjustment Risk	~35%	~25%	~20%	~20%

As we pursue additional sources of returns, the Plan Adjustment Risk of the base CPP is incrementally reduced from approximately 50% to 15%, while the Plan Adjustment Risk of the additional CPP is reduced from approximately 35% to 20%. This represents a meaningful reduction in the likelihood that future MCRs may need to increase as a result of insufficient returns on the Fund, holding other actuarial assumptions constant.

However, changes in other demographic and economic experience and assumptions will also have an impact on future MCRs calculations. Hence, even in periods where the Fund outperforms the long-term minimum real returns required to support CPP sustainability, future contribution rates may have to be adjusted if the impact of non-investment factors is sufficiently large. Nonetheless, we expect pursuing additional sources of returns will materially increase our long-term returns, thereby allowing us to do our part in contributing to the resilience of the base and additional CPP.

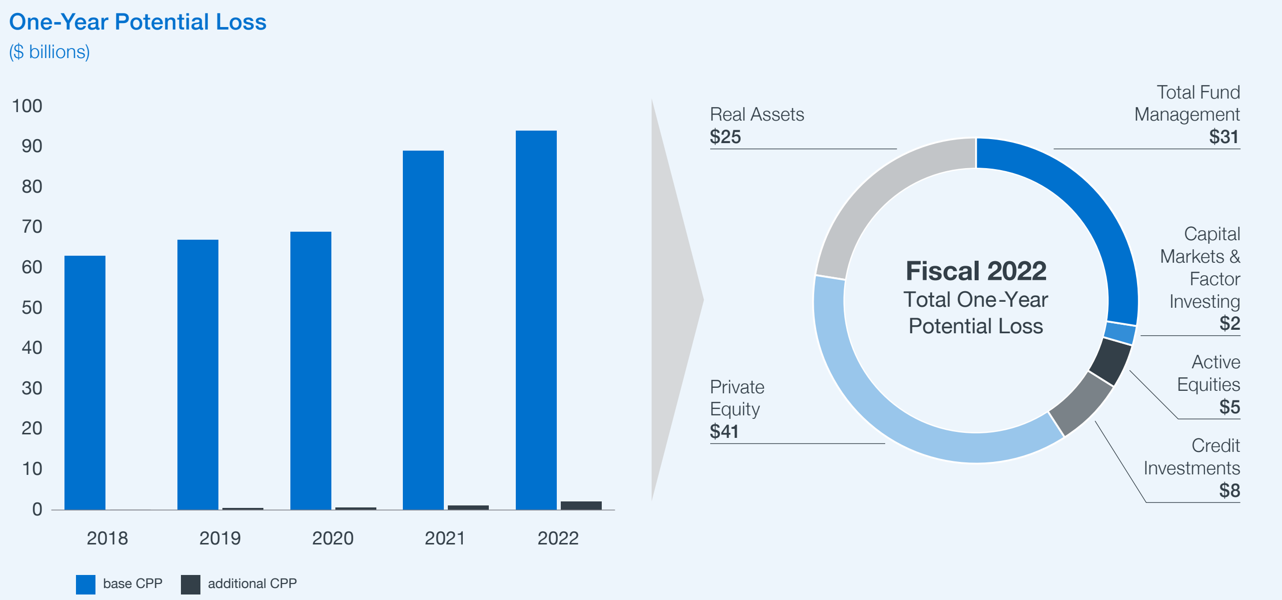
Market and Credit Risk

As discussed on page 24, determining our market risk appetite is the single most important decision in building our long-term Investment Portfolios. We express our targeted level of market risk in equity-debt risk (EDR) equivalency terms using the base and additional CPP Reference Portfolios. While EDR is an essential risk measure for the Fund, it does not fluctuate materially over any one year because we deliberately rebalance the Fund when it drifts too far from our targeted levels of market risk.

Given the multi-faceted nature of the market risks we face, we measure and monitor our risk profile using a number of different complementary risk measures. This includes our combined market and credit risk measure, which captures:

- **Potential loss** resulting from fluctuations in market prices and rates; and
- **Permanent loss** resulting from having direct exposure to a defaulted entity, indirect counterparty exposure, or deterioration of an entity's credit quality.

We measure the potential loss in our Investment Portfolios against our appetite for acceptable reported losses over both short- and longer-term time horizons. Given our targeted level of market risk, our one-year potential loss measure is an estimate of the reported losses that we do not expect to exceed 19 times out of 20. The graph on the next page outlines the one-year potential loss for the base and additional CPP Investment Portfolios over the last five years. As at March 31, 2022, our one-year potential loss was estimated to be $95 billion or 18% of the base CPP Investment Portfolio, compared to fiscal 2021 when it was estimated to be $89 billion or 18%. Our one-year potential loss was estimated to be $2 billion or 13% of the additional CPP Investment Portfolio, compared to fiscal 2021 when it was estimated to be $746 million or 12%. The year-over-year increase in one-year potential loss is predominately driven by the growing size of base CPP and additional CPP Investment Portfolios.



The total one-year potential loss for the Fund is estimated to be $97 billion or 18% of total Fund net assets. Potential loss measures in dollars are not additive across departments, as the diversification of their activities has the effect of reducing total market risk. The largest contributors to total Fund one-year potential loss are the Total Fund Management and Private Equity departments; refer to pages 56 and 60 for details.

One-year reported losses can be driven by volatility and may be partly or fully recovered if markets and/or economic conditions subsequently improve. Unlike losses due to market volatility, permanent losses result when the reduction in the value of an asset is irreversible in nature. The risk of permanent loss for the base CPP Investment Portfolio is estimated to be $18 billion or 3% of the net asset value, compared to $17 billion or 3% of the Fund the previous year. The risk of permanent loss for the additional CPP Investment Portfolio is estimated to be $282 million or 2% of the Fund's value, compared to $137 million or 2% of the Fund the previous year.

We seek to mitigate the risk of market and credit losses by investing across a wide spectrum of asset classes and investment strategies. Over the past year, and as part of our ongoing initiatives to enhance our risk management practices, we reviewed and updated our market and credit risk models to ensure our risk measurement methodologies and assumptions continue to be conceptually sound as market conditions and our investment strategies change. We also perform scenario analysis to quantify the impact of potential stress events and identify potential vulnerabilities that may not be fully captured by our standard risk models.

Below are examples of scenarios that we run on a regular basis:

1. **A repeat of the Global Financial Crisis (GFC) of 2008 –** We estimate that if an event like the GFC were to recur, the reported value of the Investment Portfolios would decline by approximately 15% or $80 billion, unchanged in percentage terms from the previous year. This estimated loss is within our risk appetite.
2. **Severe Stress scenario –** A hypothetical scenario that aggregates several historical market stress events. This scenario also removes the foreign currency gains typically realized in past market stress events where losses were partially offset by the depreciation of the Canadian dollar against the U.S. dollar. If this more extreme scenario were to happen, we estimate that it would result in losses of approximately 21% or $111 billion, relatively unchanged in percentage terms from the previous year. While this stress scenario is less plausible, it highlights the sensitivity of returns to foreign currency fluctuations and is actively monitored to ensure the estimated loss broadly remains within our risk appetite.
3. **Comprehensive Capital Analysis and Review (CCAR) –** An extreme stress scenario that is used externally to assess the capital adequacy of the largest U.S.-based bank holding companies. We have implemented the CCAR stress parameters into our stress loss estimates. We estimate that the reported value of the Investment Portfolios would decline by approximately 46% or $248 billion, relatively unchanged in percentage terms from our prior year analysis. While the extreme parameters used in this scenario are likely overly punitive in the context of an investment fund, we believe it is still a useful scenario to consider.

Ad hoc analysis is also performed on various plausible stress scenarios based on current global events, such as potential impacts of inflation or the effects on the global economy and our investments from Russia's invasion of Ukraine. The resulting potential loss estimates are actively monitored to ensure the Investment Portfolios remain within stated risk appetites. We also perform sensitivity analysis on specific components of market risk including equity, interest rate, credit spread and currency risks. See Note 8 to the Financial Statements on page 118 for details. In addition, we monitor standalone measures for credit risk including counterparty exposures and potential losses due to defaults and credit rating deterioration. See Note 9 to the Financial Statements on page 120.

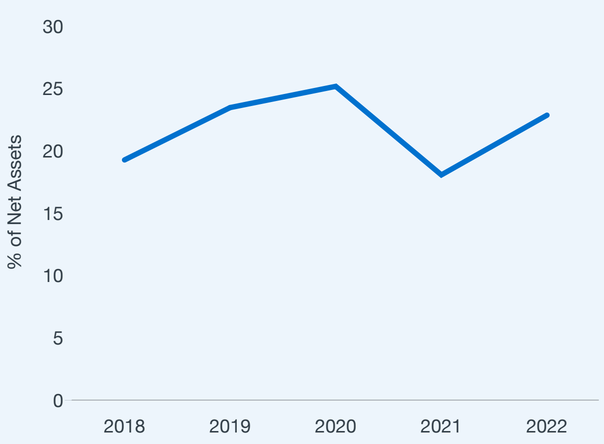
Liquidity and Leverage Risk

Our liquidity and leverage risk increases as we use leverage to diversify the Fund beyond our Reference Portfolios and pursue investment selection. We define liquidity risk as the risk of incurring unacceptable losses while obtaining the funds needed to: (i) meet payment obligations as they become due, (ii) fund new investments, or (iii) rebalance our portfolio in periods of stress. Leverage risk is a related concept, which we define as the risk of excessive financial obligations that could heighten market and liquidity risks during periods of stress.

We define leverage as the amount of borrowed funds and synthetic financing used to increase the amount of physical and synthetic assets in which we invest. Our borrowed funds consist of medium- and long-term debt, commercial paper and secured borrowing where CPP Investments pledges collateral. Synthetic financing includes the notional value of derivatives, primarily swaps and futures. Leverage monitored at the Fund level includes both recourse and non-recourse measures. Recourse Leverage refers to legal obligations with direct recourse to the parent entity of CPP Investments. This is separate and distinct from our use of non-recourse leverage, which includes debt issued through our investment holding subsidiaries that only has recourse to certain investments held within these subsidiaries.

Our leverage risk limit, which is approved by the Board of Directors, is based on the use of leverage with recourse to CPP Investments (referred to as Recourse Leverage). A historical five-year trend for Recourse Leverage is shown in the chart below. While the amount of Recourse Leverage as a percentage of net assets fluctuated between 18% and 25%, our use of Recourse Leverage in dollar terms has increased from $71 billion in fiscal 2018 to $122 billion in fiscal 2022 in line with the growing size of the Fund. Effective April 1, 2022, our Board-level limit on the use of Recourse Leverage is 45% of net assets. This is reviewed each year, in line with our annual review of risk appetite. See Note 10 to the Financial Statements on page 121 for additional details.

Recourse Leverage



We manage our longer-term liquidity risk by maintaining sufficient amounts of liquid assets that can be converted quickly into cash to meet the Fund's liquidity needs. Currently, the Fund's liquidity, measured as a percentage of net assets, is 23% compared to our longer-term target of 22%.

Our shorter-term liquidity risk is managed using our 10-day Liquidity Coverage Ratio, which measures the amount of available cash and liquid assets relative to our CPP and investment obligations over any 10-day period, calibrated to include cash outflows in periods of market stress. As of March 31, 2022, the 10-day Liquidity Coverage Ratio was 2.9x, well above the minimum liquidity requirement of 1.0x. See Note 10 to the Financial Statements on page 121 for additional details on liquidity risk.

Operational Risk

Pursuing incremental returns through investment selection materially increases our operational risk profile, given the skilled personnel and more sophisticated investment processes, data and systems required to operate our active investment departments. We define operational risk as the risk of loss due to actions of people or inadequate or failed internal processes or systems from either internal or external factors. Operational risk can lead to direct and indirect financial losses resulting from operational inefficiencies, regulatory sanctions or penalties, and reputation impacts. It can also impact our ability to manage other key risks.

Based on our review of internal audit findings, operational incidents reporting, and our regular monitoring of key risk indicators, our operational risk profile increased moderately over the past year. While we have not experienced any notable increases in operational incidents, we have observed a trend of increasing employee fatigue and higher-than-normal employee turnover in this second year of the pandemic. We continue to manage this risk by proactively engaging with our employees, prioritizing workload, and enhancing our employee support programs as outlined on page 62.

Each member of the Senior Management Team bears primary accountability for managing operational risks within their department. We design and implement internal controls to manage our operational risks to an acceptable level within our risk appetite. These controls are regularly subject to review by our second line oversight functions, our third line internal audit team as well as through an independent special examination performed at least every six years as described on page 17. We also conduct an annual review of internal controls over financial reporting as part of the CEO/CFRO certification described on page 66. New this year, our external auditors have also independently audited our internal controls over financial reporting, providing an opinion without reservation as to their effectiveness in the Independent Auditor's Report on page 88.

Regulatory and Legal Risk

Pursuing incremental returns through investment selection also increases our regulatory and legal risk profile as a result of more complex deal structures, particularly in private markets, and the significant number of additional geographies in which we operate our active strategies. We define regulatory and legal risk as the risk of loss due to changes in, or failing to comply with, applicable laws, regulations, rules, contractual obligations or our internal policies as well as internal and external fraud. Failure to comply could result in fines, regulatory sanctions, unexpected tax impacts and/or harm to our reputation.

Our regulatory and legal risk profile increased during the fiscal year, particularly late in the year. Earlier this year, our investments in China were impacted by regulatory actions targeting certain sectors (technology in particular). More recently, the Russian invasion of Ukraine, corresponding sanctions and the rising risks of further and broader sanctions, have increased the potential for future adverse regulatory or legal impacts (see 'top and emerging risks' on page 47). We employ a range of strategies to seek to manage these and other legal and regulatory risks, including conducting due diligence, monitoring existing investments, seeking appropriate protections and risk sharing arrangements, and actively engaging on regulatory and geopolitical developments to create tailored response and risk management plans. We monitor emerging legal and tax issues as well as regulatory changes, such as developments in securities regulations, foreign direct investment requirements, sanctions laws, and data privacy, and adjust our risk management approach when appropriate. We also seek input and advice from external counsel to keep us informed of emerging issues.

Our legal and tax groups support the management of legal, tax and regulatory compliance across all aspects of our investment and organizational activities. These groups support the identification and management of investment- and enterprise-related regulatory, tax and legal risks, with advice delivered directly and through use of high-quality external advisors globally. Our risk-based compliance program is designed to promote adherence to applicable laws and regulations worldwide. Furthermore, we aim to mitigate our tax risk by adhering to the controls and procedures embedded in our internal policies. Additional information on our tax strategy and risk management approach is available on our website.

Strategic Risk

Strategic risk is the risk that we make inappropriate strategic choices, are unable to implement our strategic decisions, or are not sufficiently responsive to changes in the external environment. Some of our most important strategic choices as a Fund include:

- How much market risk we should target as a Fund;
- How much leverage we should use and how we diversify the Fund;
- How much capital we allocate towards the pursuit of investment selection value-add;
- How much emerging markets exposure we choose to take on;
- How much internal versus external active management we pursue; and
- How much capital we invest in private assets.

Effectively monitoring and managing strategic risk is critical to achieving our objectives as we take additional risk and incur additional costs to pursue incremental returns for the Fund. Our strategic risk management processes include:

- Quarterly reporting of progress on our strategic and business plans. This supports our ability to provide timely feedback, and adapt our choices as appropriate.
- Periodically conducting strategic deep dives in response to changes in both our internal and external environment. Over the last year, our in-depth strategic reviews helped the Fund re-affirm:
    - Our approach to emerging markets with a particular focus on China, noting the need to continuously reassess given the rapidly evolving geopolitical landscape;
    - Our approach to managing the risk and opportunities related to climate change, resulting in the appointment of our inaugural Chief Sustainability Officer and our net-zero commitment. See page 39 for additional details on our net-zero commitment and page 63 for reporting on related metrics; and
    - Our approach to managing our combined cost profile and long-term cost trajectory, resulting in the formalization of our value management philosophy as outlined on page 33, as well as new management metrics based on our purpose for incurring different types of costs.

Annually, we also perform in-depth department reviews across multiple dimensions, including investment performance, risk profile, cost efficiency, exposure delivery and capital usage. Key learnings from these reviews are used to inform our future capital and resource allocations. We manage strategic risk as a continuous process, in line with our operating framework as described on page 38. This approach allows us to manage the Fund with a long-term focus, since we are able to regularly challenge our internal views and either re-affirm our strategic choices or adapt our approach.

Financial and reputation impacts to CPP Investments

The key risks listed above can have both financial and reputation impacts.

Financial impacts refer to potential monetary losses to CPP Investments and can take many forms, including investment losses, unplanned expenses and regulatory fines. The higher we set our risk target, the higher the long-term expected returns, but also the greater the shorter-term volatility and potential for reported losses. For details on how we manage and mitigate potential financial impacts, refer to our Total Portfolio Investment Framework. The framework describes how we seek to deliver on our mandate for current and future generations, see page 23.

Reputation impacts refer to the loss of CPP Investments' credibility and brand value due to internal or external factors and is often related to and/or a consequence of the other key risks. Harm to our reputation might lead to weakened public trust or support from CPP Stewards, more intrusive oversight, political risk, diminished investment opportunities or reduced access to talent, any of which could also have financial impacts.

The responsibility to protect our reputation extends to every employee, our entire Management team as well as the Board of Directors – it is embedded in our organizational culture. Our reputation management strategy involves an integrated approach to anticipating and managing issues. We continue to build our reputation and brand proactively with key stakeholders globally to support our business objectives and mitigate risk. The Senior Managing Director and Global Head of Public Affairs and Communications is responsible for the Fund's reputation management strategy and for the implementation of our reputation management programs.

We maintain formal processes to understand and assess potential reputation impacts associated with our investments as well as macro reputation issues that affect the organization as a whole. We escalate to the Board of Directors emerging risks and issues with the potential to materially impact our reputation as they arise.

Managing Costs as We Pursue Value

In accordance with our mandate, we seek to maximize returns without undue risk of loss. This objective guides our decision-making, whether it is creating a new active strategy, or investing in the technology required to enable that strategy. As discussed in our value management philosophy on page 33, we incur costs when we are sufficiently confident this will generate incremental returns for the Fund or reduce undue risk. Any decision to either carry out activities with internal resources, or to do so through external partners, is an economic calculation we make in the best interest of the Fund.

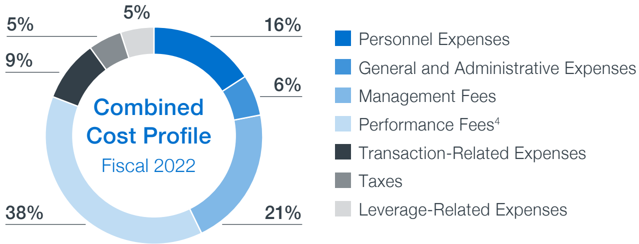
Our commitment to accountability and transparency

We hold ourselves accountable to a high standard in providing transparency. As we evolve our internal management processes to better measure and evaluate performance and costs, we seek to ensure that our external reporting reflects those advancements as well. This year, we are providing additional transparency over the analysis of our combined cost profile we use internally to assess the efficiency and effectiveness of our resource allocation decisions. We have assessed that this expanded view is incremental to disclosures required by International Financial Reporting Standards (IFRS), as well as current industry practices. However, since these costs reflect the underlying economics of our decisions to deliver on our mandate, we believe it is appropriate to provide additional transparency on the information we use internally to manage the Fund. To facilitate year-over-year comparability, we have also provided our combined cost profile for fiscal 2021. Certain comparatives have been adjusted to conform with the current year presentation.

Combined cost profile for fiscal 2022

The combined cost profile of CPP Investments includes:

1. Expenses disclosed in accordance with IFRS, totalling $1,903 million, as presented in the Financial Statements on page 91.
2. Expenses incurred by investment holding subsidiaries, as discussed in Note 5 on page 113 of the Financial Statements. Such subsidiaries are managed by CPP Investments to hold investments, however, in accordance with IFRS, they are not consolidated in the Financial Statements.
3. Fees associated with the use of external investment managers, which are substantially embedded within the external funds and joint venture arrangements in which we invest, as discussed in Note 6 on page 113 of the Financial Statements. Compared to previous years, this supplementary disclosure now includes external performance fees paid in the year to private equity fund managers in addition to public hedge fund managers.
4. The notional interest expense associated with derivatives used to generate additional leverage for the Fund, as discussed in Note 6 on page 113.



($ millions)	Expenses Reported in Accordance with IFRS	Supplementary Disclosures[1]: Expenses Incurred by Holding Subsidiaries	Supplementary Disclosures[1]: Fees Embedded within Investments	Supplementary Disclosures[1]: Expenses Associated with Derivatives[2]	Fiscal 2022 Combined Cost Profile	Fiscal 2021 Combined Cost Profile
Operating Expenses[3]	1,428				1,428	1,322
Personnel	1,013				1,013	938
General and Administrative	415				415	384
Management Fees	20		1,274		1,294	1,419
Performance Fees[4]	38		2,348		2,386	2,288
Transaction-Related Expenses	321	246			567	395
Taxes	232	60			292	1,111
Investment Expenses	**2,039**	**306**	**3,622**	**–**	**5,967**	**6,535**
Financing Expenses[5]	(136)	120			(16)	1,150
Expenses Associated with Derivatives				311	311	181
Leverage-Related Expenses	**(136)**	**120**	**–**	**311**	**295**	**1,331**

1. These supplementary disclosures on expenses do not impact our net returns or net income as reported on the Consolidated Statement of Comprehensive Income. The income as reported on the Consolidated Statement of Comprehensive Income is net of these expenses.
2. Expenses associated with derivatives refers to the notional interest expense from derivatives used to generate additional leverage for the Fund.
3. To enable year-over-year comparability, $35 million in Custodial Fees and $60 million in Taxes on International Operations previously classified under Operating Expenses in fiscal 2021 have been re-classified into Transaction-Related Expenses and Taxes, respectively.
4. Performance fees are paid on returns generated by external fund managers that exceed a predetermined rate of return.
5. Financing expenses contributed income of $136 million in fiscal 2022 driven by gains in interest rate swaps that benefitted from a shift in yield curves in the fourth quarter.

Costs to invest the Fund	What does it pay for?	Why do we incur the costs?
Personnel Expenses	Total compensation for all employees, including base, incentive pay and benefits.	To employ people with the requisite skill sets to execute and manage our chosen investment strategies.
General and Administrative Expenses	Technology and data services, professional services, premises and equipment and other general expenses.	To maintain the general supporting infrastructures and services necessary for the Fund's ongoing operations.
Management Fees	Fees charged by external fund managers, based on committed or invested capital.	To employ external fund managers to source and manage investments.
Performance Fees	Fees charged by external fund managers, based on returns that exceed a set rate of return.	To align the interests of external fund managers and CPP Investments through profit sharing.
Transaction-Related Expenses	Legal and tax advisors, investment banks, consultants, custodians and trading commissions.	To support deployments, dispositions and ongoing transactional activities in public and private markets.
Taxes	Taxes on income from outside Canada and indirect taxes.	To diversify the Fund across different geographies where the Fund is subject to different types of taxes.
Leverage-Related Expenses	Interest and other financing costs from debt and other instruments.	To enable diversification at our targeted level of market risk and grow our asset base.

Combined cost profile for fiscal 2022

Personnel expenses were $1,013 million in fiscal 2022 compared to $938 million in fiscal 2021. The 8% year-over-year increase was driven by a 4% increase in full-time staffing and higher incentive compensation in line with better year-over-year long-term Fund performance as discussed on page 71. The most material driver of our personnel costs is the types of active strategies we choose to pursue. This requires us to hire the people with the requisite skill sets to enable and conduct these activities. We design our total compensation packages such that a significant portion is variable and deferred for our more senior employees. We compensate our employees if they meet or exceed their performance targets and objectives. See page 34 for details. Relative to the size of the Fund, personnel expenses represent an average cost of 19 cents for every $100 of net assets in fiscal 2022 compared to 21 cents in fiscal 2021.

General and administrative expenses were $415 million in fiscal 2022 compared to $384 million in fiscal 2021. The 8% increase is mainly attributable to investments made in building out our technology and data infrastructure, enhanced communications on our sustainable investing strategies and other public affair matters, and a return to more typical travel-related expenditure levels with the easing of COVID-19 restrictions this year.

Management fees were $1,294 million in fiscal 2022 compared to $1,419 million in fiscal 2021. The higher expense in fiscal 2021 is largely attributable to the recognition of management fees in that year which were subject to deferred payment arrangements. Performance fees were $2,386 million in fiscal 2022 compared to $2,288 million in fiscal 2021. The 4% year-over-year increase in performance fees was driven by the strong realizations in our private equity portfolio. Performance fees are a form of profit sharing between CPP Investments and the external investment managers we employ. These fees are only incurred when our realized returns exceed a pre-determined rate of return.

Transaction-related expenses were $567 million in fiscal 2022 compared to $395 million in fiscal 2021. The 44% year-over-year increase was largely due to increased transactional activity in the Real Assets department, asset servicing fees for the breadth of investments held by Credit Investments, and trading fees that have increased with the size and complexity of our activities across public markets. Given their nature, transaction-related expenses vary from year to year according to the number, size and complexity of our investing activities.

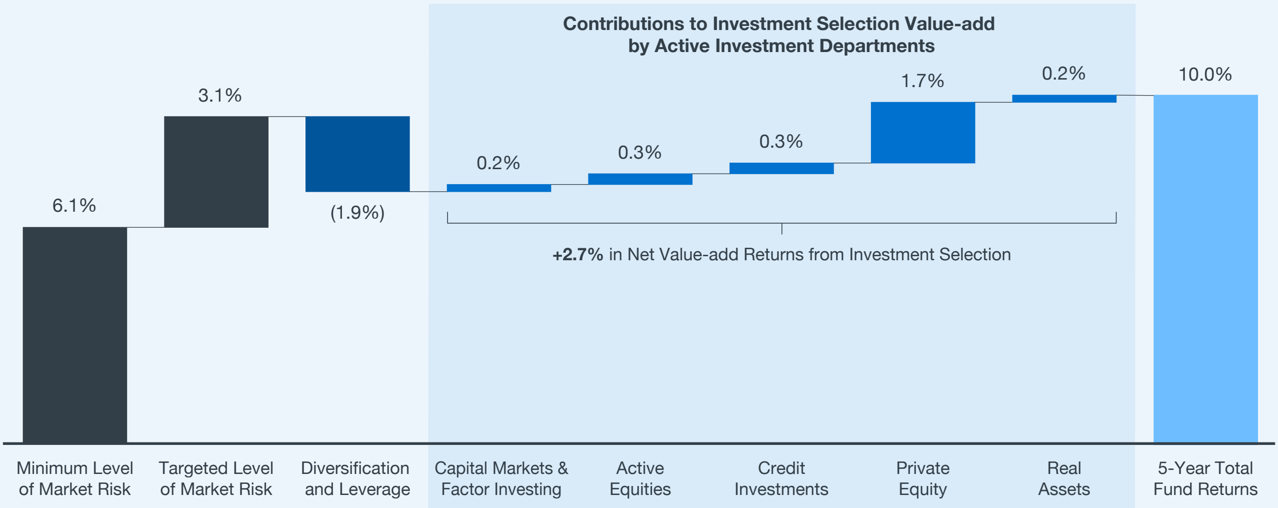
Taxes were $292 million in fiscal 2022 compared to $1,111 million in fiscal 2021. Taxes include those incurred on realized income and gains, in addition to estimates of future taxes on gains that may be incurred when investments are ultimately sold. The significant expense in fiscal 2021 was largely attributable to adjustments to the estimated future taxes on assets held in high tax jurisdictions in Latin America and India, which were also commensurate with the increases in unrealized gains in that period. While CPP Investments is exempt from income tax in Canada, the Fund is subject to tax on its investment income across many international jurisdictions and to harmonized sales tax in Canada. Please refer to our website for additional details on CPP Investments' tax strategy.

Leverage-related expenses were $295 million in fiscal 2022 compared to $1,331 million in fiscal 2021. The 78% year-over-year decrease was primarily driven by a lower effective interest rate of 0.19% in fiscal 2022 relative to 0.87% in fiscal 2021. This was partially offset by an increase in our use of leverage. Leverage-related expenses are incurred on Total Fund Leverage, which consists of both Recourse Leverage (as described on page 50) and non-recourse leverage issued by investment holding subsidiaries. Our use of leverage enables not only improved diversification, but also an expansion of the assets under management that are deployed through a wide variety of active strategies. The Fund benefits when we deliver total returns higher than the effective interest rate we must pay on our use of leverage, averaging an effective interest rate of 1.1% per annum over the past five years.

Investment Department Performance

Please refer to page 46 for additional details of the five-year performance of the Fund's sources of returns. This section discusses the value-add contributions of each active Investment Department, in accordance with their accountabilities.

Key Sources of Annualized Net Returns for the Five Years Ended March 31, 2022



Contributions to five-year returns by the Total Fund Management department

The Chief Investment Officer (CIO) is accountable for designing the additional CPP and base CPP Strategic Portfolios to seek to maximize returns without undue risk of loss. See page 25 for further discussion of Strategic Portfolios. This includes recommending market risk and leverage targets for Board approval as well as determining how we pursue diversification as a Fund across our investment strategies. Over the last five years, the incremental returns resulting from our decision to target a higher level of market risk added an annualized 3.1%. Our decision to employ leverage and diversify the asset classes of the Fund detracted 1.9% annualized. Diversification also enables our active investment strategies, which generated an annualized 2.7% of net value-added returns above their respective benchmarks. This result was attributable to both the overall portfolio composition of each active strategy as well as the individual investment selections within each active strategy.

The Fund's decision in fiscal 2015 to target a higher level of market risk for the base CPP has had the most impact of any decision to date on increasing returns. This decision has added $70 billion in total incremental value to the Fund over the past five years. Incremental returns from higher risk appetite are highly dependent on global market returns, which are often volatile on a year-to-year basis and can vary widely even over five-year periods. While this decision delivered material value from one of the four key sources of incremental returns, Total Fund Management is focused on and accountable for maximizing total returns from all sources on an integrated basis. In particular, asset class diversification is a necessary prerequisite to maximizing value-add returns from investment selection.

Maximizing total returns for the Fund as a whole is done in part by also determining the nearer-term and longer-term capital allocations towards our diverse active and balancing strategies as well as the corresponding funding to be raised through our financing strategies. For example, when the CIO allocates more capital towards an active strategy that successfully generates higher value-add through investment selection, then the whole Fund stands to benefit. To complete our investment process, the Balancing Portfolio acts as a completion portfolio to rebalance the Fund back to our targeted level of market risk, leverage and diversified exposures.

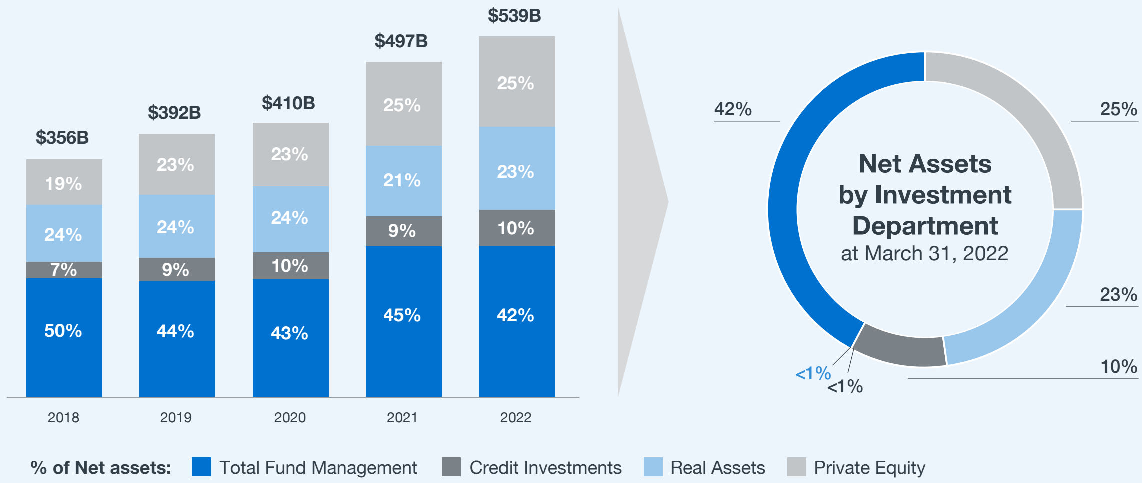
Contributions to five-year returns by the Active Investment Departments

On a consolidated basis, active investment departments generated 2.7% in annualized net value-added returns above what could have been obtained from comparable public market benchmarks over the past five years. The value-added by each active investment department is further discussed on the following pages.

Consistent with our focus on long-term performance, we evaluate both our return and cost profile predominately over a five-year horizon to assess the underlying economics of our decisions. This is supported by our value management philosophy as outlined on page 33, which helps provide further transparency over the strategic drivers of the Fund's long-term cost profile.

Excluding the year-over-year variability of our leverage-related expenses, over 90% of our investment expenses in each of the past five years have been incurred by our active strategies to pursue value-add returns from investment selection. Correspondingly, over the past five-year period, the additional value delivered by these strategies more than offset the costs incurred.

Net Assets by Investment Department[1]



1. The combined net assets of Active Equities and Capital Markets & Factor Investing largely utilize long/short strategies and represent less than 1% of the net assets in each of the five years.

As discussed on page 46, we continue to grow our Active Portfolio. This includes our Capital Markets & Factor Investing, Active Equities, Credit Investments, Private Equity, and Real Assets departments. The Active Portfolio has grown from 50% of the Fund in fiscal 2018 to 58% of net assets in fiscal 2022, and delivered an annualized net return of 12.2% over the last five years.

The Balancing Portfolio managed by the Total Fund Management department grew from $176 billion in fiscal 2018 to $228 billion in fiscal 2022 and delivered a net return of 7.6% over the last five years. The Active Portfolio's higher returns are broadly consistent with our expectations for its composition and as we are compensated for taking on additional risks and costs to generate value-add returns from investment selection.

Adjusted Income Statement by Investment Department

($ millions)	Total Fund Management	Capital Markets & Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Total Fiscal 2022	Total Fiscal 2021
Gross Income	(270)	3,584	(4,052)	3,621	23,051	14,743	40,677	91,810
Investment Expenses	297	1,662	439	293	2,413	863	5,967	6,535
Leverage-Related Expenses	179			41	55	20	295	1,331
Net Income	**(746)**	**1,922**	**(4,491)**	**3,287**	**20,583**	**13,860**	**34,415**	83,944

Fiscal 2022 Year-end Asset Class Composition Across Investment Departments

($ millions)	Total Fund Management	Capital Markets & Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Total
Public Equities	145,574	3,437	(2,705)	53	221	–	146,580
Private Equities	–	–	–	8,621	134,663	26,536	169,820
Fixed Income	45,637	(24)	–	(3,756)	(714)	(931)	40,212
Credit	36,965	–	–	48,754	–	–	85,719
Real Estate	–	–	–	–	–	48,690	48,690
Infrastructure	–	–	–	–	–	48,345	48,345
Net Investments	**228,176**	**3,413**	**(2,705)**	**53,672**	**134,170**	**122,640**	**539,366**
Absolute Return Strategies – Assets[1]		*50,811*	*74,169*				
Absolute Return Strategies – Liabilities		*(47,398)*	*(76,874)*				

1. Absolute Return Strategies (ARS) hold offsetting systematic exposures through long and short positions both internally and externally. As a result, their net asset values greatly understate their size and impact on Fund performance. To illustrate the relative sizing of the Capital Markets & Factor Investing and Active Equities on a comparable basis with our other long-only departments, we use the sum of the long investments in each of these departments to approximate their gross assets under management.

Total Fund Management

Total Fund Management (TFM) is responsible for the Fund's strategic and tactical portfolio design, capital allocations to investment strategies, and the management of exposures, leverage and liquidity. As part of these activities, TFM invests the Balancing Portfolio in global public securities. TFM leads the ongoing execution of the Total Portfolio Investment Framework and ensures that the Fund's investing activities collectively produce a total portfolio that seeks to maximize long-term returns without undue risk.

Department Highlights

5-year Net Returns

7.6%
Fiscal 2022

10.1%
Fiscal 2021

Net Assets

$228 billion

↑ $6.0 billion
1-year change

↑ $64 billion
5-year change

1-year Potential Loss

$31 billion

Risk of Permanent Loss

$2 billion

Full-time Employees

80

Presence in Global Offices

3

Performance and Risk Commentary

TFM delivered a five-year net return of 7.6%, largely driven by the performance of global equity markets. The Balancing Portfolio's exposures to fixed income and credit contributed positive returns as interest rates in North America moved within a relatively narrow range near their historic lows over the past five years.

In fiscal 2022, TFM's relatively flat net return of negative 0.3% reflected modest returns from global equity markets, which were offset by foreign currency and fixed income losses as the Canadian dollar strengthened and interest rates increased. Following a surge in global equity markets in the first three quarters of the fiscal year, markets fell in the fourth quarter as investors grappled with concerns of rising inflation and geopolitical uncertainty. Fixed income returns turned negative in the fourth quarter as markets began pricing in expectations for imminent interest rate increases by central banks in Canada, the U.S. and other major economies.

TFM is one of the largest contributors to the Fund's market and credit risk as measured by one-year potential loss (5.8% of Fund net assets) given the considerable size of its public equity in the Balancing Portfolio. It has relatively modest risk of permanent impairment (0.3% of Fund net assets). Given the Balancing Portfolio is invested in global public securities that are highly liquid, it serves as the source of the Fund's central liquidity reserves. Overall, operational risk is elevated compared to other investment departments driven by the complexity of portfolio construction models used to inform both Fund investment strategy and the balancing process. For details on how our risks are managed, please refer to Managing Risks to Safeguard Value section on page 47.

Benchmark returns are not presented for TFM because its primary purpose in investing the Balancing Portfolio is to rebalance the total portfolio to deliver the Fund's targeted exposures. This is in contrast with other active investment departments whose primary purpose is to deliver investment selection value-add as outlined on page 27.

	Fiscal 2022			Fiscal 2021		
	5-Year (%)	1-Year (%)	1-Year ($ millions)	5-Year (%)	1-Year (%)	1-Year ($ millions)
Gross Returns	8.4%	(0.1%)	(270)	11.0%	19.1%	34,974
Investment Expenses	0.2%	0.1%	297	0.2%	0.1%	299
Leverage-Related Expenses	0.6%	0.1%	179	0.7%	0.5%	1,221
Net Returns	**7.6%**	**(0.3%)**	**(746)**	**10.1%**	**18.5%**	**33,454**

Capital Markets and Factor Investing

Capital Markets and Factor Investing (CMF) includes both externally managed hedge funds and internally managed active strategies that invest globally in public equities, fixed income, currencies and commodities. Most CMF strategies are constructed as market neutral portfolios.

Department Highlights

Five-year Investment Selection annualized net value-added over benchmark returns[1]

2.1% Fiscal 2022

1.9% Fiscal 2021

Gross Assets[2]

$51 billion

↑ $1 billion 1-year change

↑ $4 billion 5-year change

1-year Potential Loss

$2 billion

Risk of Permanent Loss

$286 million

Full-time Employees

158

Presence in Global Offices

5

Performance and Risk Commentary

Over the past five years, CMF delivered a net value-added return of 2.1% above its benchmark excluding the impact of foreign currency. The net value-added was driven by positive performance from CMF's external hedge funds. Performance was relatively balanced across major fund managers, with results indicating success in identifying and accessing skilled external managers who have been able to earn returns above their respective benchmarks. CMF's internally managed active strategies contributed a loss due to underperformance of value-oriented equity factors over the past five years, as well as during the onset of the pandemic-driven market turmoil.

In fiscal 2022, CMF delivered a net return of 3.3%, driven by the strength of its external fund manager strategies as well as gains from internally managed exposures to risk premia. Quantitative equity managers benefitted from a market shift toward fundamental factors as a driver of returns. This shift followed three years of underperformance that were exacerbated by the COVID-19 market environment, which favoured high-growth, technology-driven companies. In addition to quantitative equity managers, gains were produced by fixed income and commodities managers, which benefitted from rising inflationary pressures. CMF's internally managed strategies delivered positive returns this year across Quality, Trend, Value and Liquidity factors. Internal programs benefitted from their long exposure to commodities and short exposures to fixed income.

CMF is the smallest contributor to the Fund's market and credit risk as measured by one-year potential loss (0.4% of Fund net assets) and does not carry significant risk of permanent loss (0.1% of Fund net assets). Given CMF's material allocation toward externally managed funds, its portfolio is less liquid compared to a portfolio that is directly invested in public market securities. During prior periods of extreme market stress, the CMF portfolio has short-lived periods of high correlations in risk and return across its strategies. CMF has low-to-moderate operational risk due to the breadth and complexity of its internally traded derivative products and use of external managers.

	Fiscal 2022			Fiscal 2021		
	5-Year (%)	1-Year (%)	1-Year ($ millions)	5-Year (%)	1-Year (%)	1-Year ($ millions)
Gross Returns	4.6%	6.7%	3,584	4.6%	13.8%	6,463
Investment Expenses	2.5%	3.4%	1,662	2.3%	3.7%	1,866
Net Returns	**2.1%**	**3.3%**	**1,922**	**2.3%**	**10.1%**	**4,597**

We evaluate the long-term value-add performance of our active strategies in local currency terms:

Five-Year Annualized Net Returns (Local)	Fiscal 2022	Fiscal 2021
Capital Markets & Factor Investing Portfolio	**2.7%**	2.9%
Benchmark Returns	**0.6%**	1.0%
Net Investment Selection Value-add	**2.1%**	1.9%

1. Excludes impact of foreign currency
2. CMF's gross assets represent the sum of its long investments to approximate its gross assets under management

Active Equities

Active Equities (AE) leverages its structural comparative advantages and developed sources of edge to exploit opportunities through proprietary company-specific fundamental research in the global public equity markets. Our fundamental insights yield a collection of high-conviction, single-company investments that are assembled into a highly concentrated long/short, market-neutral portfolio via an optimization process that aims to remove unintended factor exposures.

Department Highlights

Five-year Investment Selection annualized net value-added over benchmark returns[1]

2.4% — Fiscal 2022

2.6% — Fiscal 2021

Gross Assets[2]

$74 billion

↓ $(8) billion 1-year change

↑ $48 billion 5-year change

1-year Potential Loss

$5 billion

Risk of Permanent Loss

$2 billion

Full-time Employees

137

Presence in Global Offices

7

Performance and Risk Commentary

Over the past five years, AE delivered a net value-added return of 2.4% above its benchmark excluding the impact of foreign currency. The net value-added was primarily driven by AE's investments in developed public equity markets. Results were more volatile in emerging markets where strong performance from the previous four years was more than offset by the loss this year resulting from unanticipated regulatory changes in China.

In fiscal 2022, AE delivered a net return of negative 5.8%, driven by the performance of its investments in China. Factors driving the decline in China included the public equity market reaction to new regulatory interventions, a resurgence of COVID-19 in the fourth quarter and investor fears of the potential for sanctions from Western countries if China were to support Russia in Ukraine. To a lesser extent, investments in India also contributed to underperformance in fiscal 2022 after key investments failed to keep pace with the broader India equity market in fiscal 2022.

As an absolute return strategy AE hedges factor exposures and systematic market risk factors such as market, country, and sector risk. As a result, AE is a relatively small contributor to the Fund's market and credit risk as measured by one-year potential loss (1% of Fund net assets). Risk of permanent loss is also modest (0.4% of Fund net assets). The remaining risk of permanent loss, while small, is largely attributable to venture capital investments, which inherently contain risk of permanent loss. Overall, operational, regulatory and legal risks are low as AE manages primarily publicly traded equities and a large portion of the portfolio is in developed markets. However, there is some heightened regulatory risk from AE's exposure in emerging markets, in particular due to recent regulatory changes in China.

	Fiscal 2022			Fiscal 2021		
	5-Year (%)	1-Year (%)	1-Year ($ millions)	5-Year (%)	1-Year (%)	1-Year ($ millions)
Gross Returns	3.9%	(5.3%)	(4,052)	4.3%	5.3%	2,970
Investment Expenses	0.5%	0.5%	439	0.6%	0.6%	450
Net Returns	**3.4%**	**(5.8%)**	**(4,491)**	**3.7%**	**4.7%**	**2,520**

We evaluate the long-term value-add performance of our active strategies in local currency terms:

Five-Year Annualized Net Returns (Local)	Fiscal 2022	Fiscal 2021
Active Equities Portfolio	**3.3%**	3.6%
Benchmark Returns	**0.9%**	1.0%
Net Investment Selection Value-add	**2.4%**	2.6%

1. Excludes impact of foreign currency
2. AE's gross assets represent the sum of its long investments to approximate its gross assets under management

Credit Investments

Credit Investments (CI) invests in both public and private credit and credit-like products globally. This includes investments across corporate, consumer and real assets credit along the credit rating spectrum, with the exception of sovereign bonds.

Department Highlights

Five-year Investment Selection annualized net value-added over benchmark returns[1]

3.8%
Fiscal 2022

1.7%
Fiscal 2021

Net Assets

$54 billion

↑ $10 billion
1-year change

↑ $32 billion
5-year change

1-year Potential Loss

$8 billion

Risk of Permanent Loss

$4 billion

Full-time Employees

137

Presence in Global Offices

5

Performance and Risk Commentary

Over the past five years, CI delivered a net value-added return of 3.8% above its benchmark excluding the impact of foreign currency. CI's incremental returns reflect its underwriting discipline and the benefits of CPP Investments' comparative advantages, including existing partnerships.

In fiscal 2022, CI's net return of 7.4% was largely driven by operational outperformance from Antares Capital, strong performance in consumer credit exposures, and recovery of the underlying real estate portfolio. CI experienced slight losses in the Asia Pacific region driven by broad market volatility, as investors navigated through regulatory tightening in China's real estate sector, but still delivered value-add returns relative to its benchmark.

CI is a relatively small contributor to the Fund's market and credit risk as measured by one-year potential loss (1.5% of Fund net assets). CI's risk of permanent loss remained modest (0.7% of Fund net assets) and consistent with CI's mix of investment and non-investment grade credit. CI has gradually and tactically increased its exposure to riskier credit assets where there is commensurate return compensation. The portfolio's average credit rating of B+ was also consistent with its targeted portfolio profile. There is a moderate level of operational risk due to lack of standardization and automation in processing private credit investment transactions. There is also increased regulatory and legal risk due to the bespoke nature of some private credit transactions and the potential for restructurings and distressed assets.

	Fiscal 2022			Fiscal 2021		
	5-Year (%)	1-Year (%)	1-Year ($ millions)	5-Year (%)	1-Year (%)	1-Year ($ millions)
Gross Returns	6.7%	8.1%	3,621	7.9%	6.9%	2,743
Investment Expenses	0.6%	0.6%	293	0.6%	0.5%	223
Leverage-Related Expenses	0.0%	0.1%	41	0.0%	0.0%	13
Net Returns	**6.1%**	**7.4%**	**3,287**	**7.3%**	**6.4%**	**2,507**

We evaluate the long-term value-add performance of our active strategies in local currency terms:

Five-Year Annualized Net Returns (Local)	Fiscal 2022	Fiscal 2021
Credit Investments Portfolio	**7.5%**	8.1%
Benchmark Returns	**3.7%**	6.4%
Net Investment Selection Value-add	**3.8%**	1.7%

1. Excludes impact of foreign currency

Private Equity

Private Equity (PE) invests in a wide range of private equity assets globally, both directly and with partners. PE seeks return premiums by investing in less liquid assets and focusing on long-term value creation through commitments to funds, secondary markets and direct investments in private companies.

Department Highlights

Five-year Investment Selection annualized net value-added over benchmark returns[1]

8.7% Fiscal 2022

2.4% Fiscal 2021

Net Assets

$134 billion

↑ $9 billion 1-year change

↑ $76 billion 5-year change

1-year Potential Loss

$41 billion

Risk of Permanent Loss

$10 billion

Full-time Employees

166

Presence in Global Offices

6

Performance and Risk Commentary

Over the past five years, PE delivered a net value-added return of 8.7% above its benchmark excluding the impact of foreign currency. The net value-added was driven by outperformance from all of its strategies across direct, fund and secondaries investments globally. In particular, our direct investments in information technology and consumer discretionary sectors have performed better than the benchmark, as a result of improved market conditions in their respective geographies and operational efficiencies. Our fund and secondaries investments benefitted in part by higher multiples and initial public offering valuations, as public equity markets gained momentum over the five-year period. PE's comparative advantages support its ability to execute on large and complex transactions, employ sector expertise to develop proprietary views, while leveraging long-term partnerships with external managers for deal flow, local presence across key geographies, and value creation capabilities.

In fiscal 2022, PE's net return of 17.3% was driven by gains from investments in the information technology, financial and health care sectors in the U.S. and in Europe. The portfolio continued to benefit from improving portfolio company earnings performance and outlooks, and from gains in the private equity fund portfolio. The PE portfolio was resilient to the regulatory shifts in China that negatively impacted some of the public equity market indexes within PE's overall benchmark, further contributing to its positive outperformance.

PE is the largest contributor to the Fund's market and credit risk as measured by one-year potential loss (7.6% of Fund net assets) and the risk of permanent loss (1.9% of Fund net assets). The higher expected returns come with higher potential for losses, consistent with a levered equity strategy. The PE portfolio has shown resiliency through the cycle, and that has manifested in low rescue capital for the direct investing program during the market dislocation from COVID-19. Due to larger size and more complex transaction structures, direct private equity investments generally have higher operational, regulatory and legal risks than indirect fund or public investments.

	Fiscal 2022			Fiscal 2021		
	5-Year (%)	1-Year (%)	1-Year ($ millions)	5-Year (%)	1-Year (%)	1-Year ($ millions)
Gross Returns	20.0%	19.1%	23,051	19.8%	38.2%	36,055
Investment Expenses	2.1%	1.8%	2,413	2.3%	1.9%	2,053
Leverage-Related Expenses	0.0%	0.0%	55	0.0%	0.0%	34
Net Returns	**17.9%**	**17.3%**	**20,583**	**17.5%**	**36.3%**	**33,968**

We evaluate the long-term value-add performance of our active strategies in local currency terms:

Five-Year Annualized Net Returns (Local)	Fiscal 2022	Fiscal 2021
Private Equity Portfolio	**19.3%**	18.0%
Benchmark Returns	**10.6%**	15.6%
Net Investment Selection Value-add	**8.7%**	2.4%

1. Excludes impact of foreign currency

Real Assets

Real Assets (RA) invests in real estate, infrastructure, as well as both conventional and renewable energy assets globally. Its portfolio delivers a combination of income and capital growth to the Fund, while also providing cash flows that increase with inflation over time.

Department Highlights

Five-year Investment Selection annualized net value-added over benchmark returns[1]

1.2% Fiscal 2022

1.9% Fiscal 2021

Net Assets

$123 billion

↑ $18 billion 1-year change

↑ $50 billion 5-year change

1-year Potential Loss

$25 billion

Risk of Permanent Loss

$3 billion

Full-time Employees

252

Presence in Global Offices

8

Performance and Risk Commentary

Over the past five years, RA delivered a net value-added return of 1.2% above its benchmark excluding the impact of foreign currency. The net value-added was largely driven by the outperformance of toll road investments and energy investments outpacing the recovery of the energy markets. Real estate investments had modest value-add contributions as they suffered from the impact of the COVID-19 pandemic lockdown measures on the retail and office sectors in fiscal 2022 and 2021. RA's comparative advantages include having the flexibility and stability of capital to invest into less competitive segments of their markets over a long investment horizon and leveraging high-quality partnerships with co-investors and asset owners to scale quickly and significantly.

In fiscal 2022, RA's net return of 12.8% reflected the varied rate of recovery from the pandemic. The net return was largely attributable to the increases in energy and agriculture commodity prices, continued high global investor demand for logistics assets, and the rebound in economic activity driving increasing demand for long-term, essential services. Compared to the prior year, the easing of lockdown restrictions following vaccine rollouts contributed to the stabilization of the real estate retail sector and a favourable outlook for energy companies.

RA is a significant contributor to the Fund's market and credit risk as measured by the one-year potential loss (4.7% of Fund net assets). RA is a relatively modest contributor to the risk of permanent loss (0.5% of Fund net assets) given stable cash flows and relatively higher credit quality that reduces the likelihood of default. RA's portfolio has exhibited resiliency with minor permanent losses among portfolio investments over a five-year period. The high degree of influence or control over certain RA investments increases potential regulatory and legal risk for CPP Investments. The need to involve specialists in support of valuations and complex investment structuring activities also contribute to the higher operating risk relative to other investment departments.

	Fiscal 2022			Fiscal 2021		
	5-Year (%)	1-Year (%)	1-Year ($ millions)	5-Year (%)	1-Year (%)	1-Year ($ millions)
Gross Returns	8.3%	13.6%	14,743	7.5%	8.9%	8,605
Investment Expenses	1.1%	0.8%	863	1.2%	1.7%	1,644
Leverage-Related Expenses	0.1%	0.0%	20	0.1%	0.1%	63
Net Returns	**7.1%**	**12.8%**	**13,860**	**6.2%**	**7.1%**	**6,898**

We evaluate the long-term value-add performance of our active strategies in local currency terms:

Five-Year Annualized Net Returns (Local)	Fiscal 2022	Fiscal 2021
Real Assets Portfolio	**8.4%**	7.2%
Benchmark Returns	**7.2%**	5.3%
Net Investment Selection Value-add	**1.2%**	1.9%

1. Excludes impact of foreign currency

Implementing Our 2025 Strategy

In fiscal 2022, we grew the Fund's investments while optimizing portfolio design and developing deeper expertise in data-driven insights. We also continued the foundational work to enhance our operational capabilities to improve the positioning of CPP Investments in an increasingly competitive investment landscape. We further enhanced our technology and data capabilities, advanced our processes and controls to protect and monitor our assets, and focused on streamlining our operations. Our intent is to seamlessly continue our growth and further our impact, as well as overall competitiveness.

Fiscal 2022 Objectives	Achievements
Continue to scale investment programs and increase our global presence	• Expanded our global employee base outside of Canada by 20% to 584 people, or 28% of total workforce, from 486, or 25% last fiscal year. • Grew investments in emerging markets by $16 billion, which now represent 22% of our net assets.
Review opportunities to further optimize the portfolio design and construction process	• Developed new tools and optimized processes to support monitoring of our portfolio's exposures, leverage and liquidity. • Enhanced our Investment Department annual reviews and portfolio management practices to better align the activities of our Investment Departments to total Fund strategy and targets. • Enhanced our performance evaluation framework to improve short- and longer-term capital allocation, increase effectiveness of our portfolio construction and management, and inform decisions under our operating framework, as described on page 38. • Made progress on a multi-year initiative to update our framework for portfolio design and tactical portfolio positioning.
Expand capabilities and use of complex data, advanced analytics, innovation and technology	• Added new expertise and skill sets by securing strategic partnerships with leading data science and technology experts. • Enabled data and artificial intelligence capabilities to all Investment Departments through the Alpha Generation Lab, with the objective of improving investment outcomes and value creation.
Begin to onboard asset classes onto the new end-to-end public markets technology platform	• Refined our approach to the new end-to-end public markets technology platform and will be delivering the foundational aspects for implementation by end of fiscal 2023.
Further enhance our integrated risk governance and management practices for all risks (including climate change)	• Implemented enhancements to our risk policy and standards, including expanding the breadth of investment risk limits and thresholds across additional dimensions of risk. • Enhanced our climate risk measurement methodologies, including measurement of green and transition assets. • Reviewed our information security risk practices, including conducting cyber incident response exercises to test organizational readiness.

Investing in Our People and Purpose-Driven Culture

Our global team of 2,052 professionals is highly motivated to do their best work to meet our mandate and support the stability and sustainability of the CPP. This public purpose fuels high performance, attracts top talent, and connects employees across all global offices.

During the second year of the global pandemic, we leaned into our culture while working as a virtual global team. We emphasized trust, empathy and flexibility while seeking to safeguard both the physical and mental well-being of our people. Our work styles have evolved as we worked together to drive our investing priorities.

We have made systemic changes to how we operate, including meeting-free days and flexible work hours, and we continue to encourage empathetic leadership across all levels of the organization. Continuing to provide resources, tools and programming that support mental health was a priority this year. This included enhanced benefits, more information sessions with wellness experts, and employee programming that celebrates health, well-being and connection.

Working remotely did not slow down the development and growth of our talented global team. Our leadership and professional development programs continued as enriching digital experiences across every level at CPP Investments. We held more than 160 development sessions, encompassing 50 courses with more than 5,400 total participants. Accessible leadership and informal apprenticeship continue to be important and valued elements of our culture. More than 70% of our people say that experienced colleagues take the time to teach them new things.

New opportunities are a critical driver of career development at CPP Investments. This year, 321 colleagues were promoted, 67 took on secondment opportunities and 82 grew their career with lateral role changes. Recognizing development also comes from informal learning opportunities, and 11% of employees participated in our global mentorship program.

Our focus on equity, diversity and inclusion is foundational to our talent strategy and we have momentum and engagement across the organization. That includes 71% of our global colleagues participating in informal learning opportunities highlighting the unique experiences of historically underrepresented groups.

The Empathy Project, a series of first-person stories written by colleagues about their lived experience during the pandemic, attracted more than 8,000 views and has contributed to increased cultural awareness across our organization.

While we still have work to do, 47% of our workforce identify as a member of a minority group, with 42% minority representation on our investment teams. Women make up 44% of our global workforce, 35% of our investors, 33% of our Senior Management Team, and 50% of our Board of Directors.

We believe inclusive groups make better decisions and diversity helps remove bias from decision-making. This year, 95% of all colleagues participated in inclusive behaviour training to build awareness and capability at all levels of the organization. We are seeing progress. More than 70% of colleagues feel encouraged to call out bias when they see it, and an equal number believe their teams are actively working to mitigate bias in their groups and decisions.

Our Employee Resource Groups – Asia Connect, GoGreen, MindMatters, Mosaic, OUT, RISE, and WIN (see page 15) – use a range of programs and activities to encourage belonging, allyship and championing of important causes. These include industry panels, social events and information sessions. The resource groups are sponsored by members of the Senior Management Team and help build understanding and inform programs on issues ranging from cultural differences to sustainability, gender equity and LGBTQ+ inclusion. Global participation in these grassroots teams is robust and growing. Membership for established groups, including allies, totals more than 500 colleagues globally.

Strategic Talent Objectives	Fiscal 2021	Fiscal 2022	2025 Target
Female new hires	40%	38%	50%
Female senior investment professionals	21%	22%	30%
LGBTQ+ colleagues	3.0%	3.4%	5%
Minorities in senior roles	25%	27%	28%

Advancing our management of environmental, social and governance factors

Over the last year, we furthered our efforts to directly and indirectly enhance the Fund's performance by increasingly integrating ESG considerations, including climate change, into the investment process.

Engagement and active ownership metrics

As active owners, during fiscal 2022, we continued to engage with our portfolio companies to address ESG risks and opportunities to support the long-term sustainability of the Fund. As part of this effort, we carried out our proxy voting activities in accordance with our Proxy Voting Principles and Guidelines.

During the 2021 voting season, we conveyed our views at 3,795 meetings across 56 countries. We voted against management in 10.7% of cases. We voted against directors at 481 public companies globally due to gender diversity concerns. In 290 of those cases, the companies were below our newly adopted 30% threshold of female directors on a board, provided there are no extenuating circumstances, for North America, developed Europe and Australia. As well, since implementing our climate change voting policy in March 2021, if engagement was unsuccessful, we voted against the reappointment of the chair of the risk committee at 42 companies. This resulted in 53 votes against directors. In regard to executive compensation, we voted:

- against the approval of executive compensation at 318 of our public portfolio companies out of a total of 1,526 votes during the 2021 season;
- against 104 of 205 total votes on share plan grants;
- for 66 of 66 total votes on Say on Pay frequency; and
- for 20 of 49 total votes on compensation-related shareholder proposals.

In 2021, we voted against 224 directors at 82 companies under our new public company voting policy. For further information on our sustainable investing activities, refer to our 2021 Report on Sustainable Investing.

We are also committed to our long-standing practice of openness and transparency, including consistent and regular information-sharing with our stakeholders. We will seek to enhance the scope of our disclosure related to ESG, including climate change, as relevant data and metrics become available and our thinking evolves. We will continue to monitor advancements in this area and consider adopting new metrics and/or methodologies as applicable.

Our approach to climate change

This year, we committed our portfolio and operations to net-zero greenhouse gas (GHG) emissions by 2050. As part of our commitment to net zero in our portfolio and operations, we are taking the following actions:

- We continue to invest and exert our influence on the transition as active investors, rather than through blanket divestment.
- We committed to expanding our $67 billion of investments in green and transition assets to reach at least $130 billion by 2030. See page 64 for our definition of green and transition assets.
- We are building on our new decarbonization investment approach that seeks attractive returns from enabling emissions reduction and business transformation in select high-emitting sectors.
- We committed to achieving carbon neutrality for our internal operations by the end of fiscal 2023 across Scope 1 and 2 GHG emissions and business travel.

Green and transition assets

As part of our net-zero commitment, we will expand our investments in green and transition assets from $67 billion as of December 31, 2021, to at least $130 billion by 2030. During fiscal 2022, we set out to develop a methodology to estimate our existing green and transition assets. We arrived at our definition of green and transition assets by considering different frameworks and taxonomies, including the EU 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 classified by the International Capital Market Association. We consider an asset to be in transition if it has announced its commitment to net zero with a credible target and plan and is making meaningful contributions to global emissions reductions.

Portfolio Carbon Footprint

	Current Value of Investments (C$ billion)	Total Carbon Emission (million tonnes of CO_2e)		Carbon Footprint (tonnes of CO_2e/$ 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

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. During the previous years, we disclosed four different portfolio carbon metrics including Total Carbon Emission, 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 Emission and Carbon Footprint, using the Long-term Capital Ownership method that can be further referenced in our annual Sustainable Investing Report. 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 Emission 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 emission reductions start to be seen more fully. Carbon Footprint measures the carbon emissions per million dollars of our investments. 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. 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 their 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.

During fiscal 2022, the Fund's Total Carbon Emission and Carbon Footprint for non-government holdings decreased by 0.7 million tonnes CO_2e and 6 tonnes CO_2e per $1 million invested, respectively. Across a portfolio of our size, there are many factors impacting the changes in Total Carbon Emission and Carbon Footprint, and some of the changes may be reversed in the future. Fiscal 2022's reduction in Total Carbon Emission 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.

Climate change scenario analysis

To augment the standard carbon footprint metrics, we use scenario analysis to assess potential future impacts of climate risk-related stress events, expressed as annualized percentage impact to the Fund's market value in a given year. We stress test the resilience of our investments under a range of plausible scenarios, including extreme events. We explore a range of temperature outcomes, using both top-down and bottom-up approaches, to quantify financial impacts. The results of our assessments thus far suggest that:

- In a business-as-usual scenario where carbon prices do not increase markedly from their current levels, there could be a potential annualized negative impact to the Fund's market value by up to 13% in the next 30 years. The impact is largely driven by physical climate risks such as chronic changes in precipitation, ecosystems and sea level, as well as the rise in the frequency and severity of extreme weather events.
- Should policy actions be more heavily concentrated in years after 2030 by adopting stricter mitigation efforts in order to limit warming to no more than 2°C, there could be potential annualized negative impact to the Fund's market value by up to 11% in the next 10 years. The impact is largely driven by transition risks associated with the sharp fall in GDP and the knock-on consequences for demand and spending.

Operational emissions

Total Operational GHG Emissions Breakdown by Scope

	Total GHG emissions (tonnes of CO_2e)			
Emissions source	F2022	F2021	F2020	F2019
Scope 1	1,282	1,037	1,129	982
Scope 2 (location-based)	1,033	1,069	1,149	1,153
Scope 3 (business travel only)	1,893	181	18,565	18,563
Total GHG emissions	**4,208**	**2,287**	**20,843**	**20,698**

In February 2022, CPP Investments committed to achieve net zero for the GHG emissions from its internal operations. As part of this commitment, during fiscal 2022, we took the initial step of measuring our operational emissions for the period between fiscal 2019 to the end of fiscal 2022 for Scopes 1, 2 and 3 (business travel only). We selected this time frame to understand the impact of the pandemic on our operational emissions footprint and make informed decisions for our plan to achieve our net-zero emissions target.

We expect CPP Investments' operations to be carbon neutral by the end of fiscal 2023. This will be achieved initially through the purchase of high-quality carbon credits to offset emissions. During fiscal 2023, we will explore emissions reduction efforts as we return to our offices and resume travel to reduce our need to acquire offsets over time and achieve net-zero operational emissions by 2050.

Implementing our technology and data strategy

We continued to make headway on the implementation of our technology and data strategy that started in fiscal 2020. This year, we completed three aspects of our strategy:

1. Modernization of our workplace technology;
2. Future proofing of our technology infrastructure through migration to a hybrid cloud environment; and
3. Implementing our workforce strategy with our newly established team in the Mumbai Technology & Data Centre which has improved our time zone coverage for our Asia Pacific and European colleagues enabling a truly global workforce.

We refined our approach to our Public Markets Technology initiative, a multi-year effort across several departments, and commenced the implementation of an integrated platform for public market trades across the entire investment life cycle. We provided the foundational capabilities for an analytics platform that enables business users to develop analytical models and derive insights in a scalable, secure and integrated environment. Finally, we strengthened our technology and data controls, as well as our cybersecurity capabilities to respond to a continuously evolving threat environment.

Looking Ahead

Our Strategic Priorities for fiscal 2023

Our objectives for fiscal 2023 include:

1. Achieving our investment performance targets while staying aligned with our desired portfolio attributes, navigating risk/return trade-offs and maintaining cost discipline.
2. Continuing to build talent as a competitive advantage, with a focus on female and minority diversity and career development.
3. Enhancing our competitiveness by acting with a "One Fund" mindset whereby we bring the unique combination of our advantages, capabilities and departments together to generate value over the long term.
4. Continuing to improve our operational effectiveness and support for our investment processes.
5. Embarking on a multi-year journey to establish the Fund's leadership on climate, achieve net-zero emissions by 2050 and establish the Fund's execution leadership on transition reporting and investing.

Financial Policies and Controls

CEO/CFRO Certification

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is considered effective when it is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, as issued by the International Accounting Standards Board (IASB), and the requirements of the *Canada Pension Plan Investment Board Act* (CPPIB Act) and the accompanying regulations. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of the CEO and CFRO, Management evaluated the effectiveness of CPP Investments' internal control over financial reporting as of March 31, 2022, based on the criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, Management concluded that, as of March 31, 2022, internal control over financial reporting was effective. CPP Investments is not required by law or regulation to perform this annual evaluation. We do so voluntarily as part of our commitment to strong corporate governance and accountability.

Management is responsible for the design and effectiveness of disclosure controls and procedures to confirm that each Annual Report of CPP Investments adheres to the disclosure requirements under the CPPIB Act and associated regulations. Under the supervision of the CEO and CFRO, Management evaluated such disclosure controls and procedures and concluded that they were effective as of March 31, 2022.

Accounting policies and key accounting estimates

Significant accounting policies

The Financial Statements are prepared in accordance with IFRS, the requirements of the CPPIB Act and regulations of CPP Investments. The preparation of the Financial Statements requires the selection of appropriate accounting policies. Processes have been established to ensure accounting policies and methodologies are applied consistently and any changes are well controlled.

Future changes in accounting policies

Developments and changes in accounting standards from the IASB are actively monitored. The impact of adopting new standards issued by the IASB is continuously assessed, as is any impact to the presentation of the Financial Statements, including evaluating alternative presentation choices upon transition, where applicable.

Effective April 1, 2021, CPP Investments adopted Phase 2 amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts*, and IFRS 16 *Leases* (Amendments). The Amendments address the financial statement disclosure requirements in respect of the transition of the interest rate benchmark from the Interbank Offered Rates (IBORs) to alternative reference rates (ARRs).

The transition from IBORs to ARRs impact financial instruments referencing London Interbank Offered Rates (LIBOR) with a maturity date beyond June 30, 2023 for certain United States dollar LIBORs and December 31, 2021 for remaining LIBORs. The transition presents several risks, including updating systems and processes, amending contracts or existing fallback clauses, and communicating with counterparties on IBOR reform. To manage those risks, CPP Investments established an organization-wide program to manage and coordinate all aspects of the transition.

Other than the change in accounting policy noted above, there were no adoptions of issued IFRS standards, changes in existing standards or new interpretations during the year ended March 31, 2022 that impact the Financial Statements.

Fair value measurement

Management's most critical accounting estimate is the determination of fair value for investments and investment liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement and therefore incorporates those factors that market participants would consider when selling an asset or paying to transfer a liability.

The fair value of investments and investment liabilities is categorized in a hierarchical manner according to the level of reliance on unobservable inputs in determining their fair value measurement. It includes:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below outlines the distribution of investments held directly by the Fund and its investment holding subsidiaries across the fair value hierarchy.

Investment Departments' Percentage Contribution to each Hierarchy Level

	Fiscal 2022			Fiscal 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Public Market Strategies	87%	91%	6%	95%	78%	4%
Credit Investments	0%	7%	13%	0%	14%	12%
Private Equity	2%	2%	44%	1%	7%	46%
Real Assets	11%	0%	37%	4%	1%	38%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

How we assess and determine fair value

Our approach for determining fair value differs for public and private investments:

- Public investments: The fair values of investments in public stocks, bonds and other securities that are traded in active markets are determined using quoted prices from stock exchanges and other market data providers; and
- Private investments: The fair values of investments in private equity, real estate, infrastructure, and other similar asset classes are determined using recent market transactions for identical or similar instruments or through valuation techniques that maximize the use of observable inputs such as interest rate yield curves. Valuation techniques include earnings multiples, recent transactions, the current fair value of another public investment that is substantially the same, discounted cash flow analysis, pricing models and other industry-accepted valuation methods.

Since estimating the fair value of private investments requires the application of judgment alongside data, we employ several layers of checks and controls:

- The Finance group is responsible for the oversight of valuation processes, controls and results, independent from investment departments. The group comprises accredited professionals with extensive experience valuing private assets at accounting firms, asset managers and other large pension funds; and
- We use third-party appraisers and external valuation experts in a risk-based manner to provide independent views on the most subjective fair values.

In instances where fair values are obtained directly from external investment managers, we regularly review the quality of our partners' valuation practices.

Both Management (through the Valuation Committee) and the Board of Directors (through the Audit Committee) provide governance over valuation processes and controls.

Valuation practices are continuously reviewed to ensure that we maintain high-quality risk management and governance standards that are required to uphold and sustain the confidence and trust of our stakeholders.

Key performance and non-IFRS measures

The disclosure of certain non-International Financial Reporting Standards (non-IFRS) measures, as described below, is intended to provide readers with supplemental information that reflects Management's perspective on the Fund's performance. Non-IFRS measures do not have a standardized meaning under IFRS and may not be comparable to similar measures disclosed by other institutions.

Furthermore, in alignment with the Fund's long-term investment approach, Management discloses five- and 10-year performance measures that extend beyond the year-over-year comparison in the Financial Statements and Notes. The Management's Discussion and Analysis (MD&A) discloses select financial results both on a dollar and percentage basis. Also presented are performance measures, such as dollar value-added and percentage value-added. Where these measures are reported as percentages, they are calculated relative to average net asset balances and reflect the impact of daily compounding. These metrics are not included in the table below, as they have no IFRS comparable value.

Non-IFRS Measures	Reconciliation to Comparable IFRS Measure

Leverage-Related Expenses: As disclosed in the Managing Costs as We Pursue Value section of the MD&A, total Leverage-Related Expenses is composed of expenses from debt financing liabilities, short-term secured debt, securities and loans sold under repurchase agreements, prime brokerage and other securities borrowing and lending transactions. Gains and losses associated with certain interest rate derivatives used as part of financing activities are also included, as well as the notional interest expense associated with derivatives, primarily swaps and futures, used to generate additional leverage for the Fund.

($ millions)	March 31, 2022	March 31, 2021[1]
Leverage-Related Expenses	295	1,331
Less:		
Notional interest expense from derivatives used to generate additional leverage for the Fund	311	181
Financing expenses borne by CPP Investments' investment holding subsidiaries	120	114
Financing Expenses (Consolidated Statement of Comprehensive Income within the Financial Statements)	(136)	1,036

Recourse Leverage: As described under Liquidity and Leverage Risk on page 50 of the MD&A, Recourse Leverage refers to legal obligations with direct recourse to the parent entity of CPP Investments. This is separate and distinct from our use of non-recourse leverage, which is limited to debt issued through our investment holding subsidiaries that only has recourse to certain investments held within these subsidiaries. Recourse Leverage is composed of debt financing liabilities, repurchase liabilities and the notional value of derivatives used to generate additional leverage for the Fund, partially offset by cash and reverse repo balances.

($ millions)	March 31, 2022	March 31, 2021[1]
Recourse Leverage	121,839	88,279
Less:		
Notional value of derivatives used to generate additional leverage for the Fund	93,040	67,348
Add:		
Debt financing liabilities of subsidiaries	5,341	3,548
Cash, cash equivalents and reverse repos netted against Recourse Leverage	60,723	60,024
Other investment liabilities	34,176	17,209
Investment liabilities (Consolidated Schedule of Investment Portfolio within the Financial Statements)	129,039	101,712

Currency Diversification: Foreign currency exposure used as a basis for the currency mix and currency return charts, disclosed under Fund Composition and Performance on page 45 of the MD&A, are calculated based on the underlying currency denomination to which a particular asset or security is exposed. For example, an American Depository Receipt (ADR) equity security from Mexico is traded in U.S. dollars. While the investment is denominated in U.S. dollars, the underlying currency is Mexican pesos and that is the basis for calculating measures of currency diversification and currency return. This is in contrast to IFRS, which focuses on the denomination of the financial instrument itself – U.S. dollars in the above example.

($ millions)	March 31, 2022	March 31, 2021
Total foreign exposure per MD&A	450,136	424,515
Add:		
Impact of limiting currency changes to denomination of financial instrument held	2,040	528
Total foreign exposure (Note 8.4.1 of Financial Statements)	452,176	425,043

Gross Income: As described in the Investment Department Performance section of the MD&A, Gross Income is comprised of total Income as noted in the Consolidated Statement of Comprehensive Income grossed up for expenses borne by investment holding subsidiaries, notional interest expense associated with derivatives used to generate additional leverage for the Fund and certain fees embedded within investments.

($ millions)	March 31, 2022	March 31, 2021
Gross Income	40,677	91,810
Less:		
Management and performance fees embedded within investments	3,622	3,666
Transaction-related expenses borne by CPP Investments' investment holding subsidiaries	246	209
Taxes borne by CPP Investments' investment holding subsidiaries	60	839
Financing expenses borne by CPP Investments' investment holding subsidiaries and notional interest expense associated with derivatives used to generate additional leverage for the Fund	431	295
Income (Note 6.1.1 of Financial Statements)	36,318	86,801

Investment Expenses: As described in the Managing Costs as We Pursue Value section of the MD&A, Investment Expenses includes the following expenses: Personnel, General and Administrative, Management and Performance Fees, Transaction-Related and Taxes. These amounts include both costs incurred directly by CPP Investments, as well as those costs borne by investment holding subsidiaries and certain fees embedded within investments.

($ millions)	March 31, 2022	March 31, 2021
Investment Expenses	5,967	6,535
Less:		
Expenses incurred by investment holding subsidiaries	306	1,048
Certain fees embedded within investments	3,622	3,666
Add:		
Financing Expenses	(136)	1,036
Expenses (Note 6.1.1 of Financial Statements)	1,903	2,857

1. Certain comparatives have been reclassified to conform to the current year's presentation.

Compensation Discussion and Analysis

Letter from the Chair of the Human Resources and Compensation Committee

As the Chair of the Human Resources and Compensation Committee (HRCC), I am pleased to share with you our approach to assessing performance and determining compensation for employees of CPP Investments.

Fiscal 2022 performance highlights

A key component of our compensation program is the investment performance of the Fund. For the five-year period ended March 31, 2022, the Fund generated an annualized net return of 10.0%, and cumulatively delivered $10 billion in dollar value-added above the Reference Portfolios. For more on our financial results see the Management's Discussion and Analysis section.

Compensation outcomes

Our focus on investment performance is foundational to our compensation program. This supports a strong alignment between CPP Investments' employees and the interests of the 21 million CPP contributors and beneficiaries.

The deliberate focus on our long-term investment performance, including consideration for dollar value-added above the Reference Portfolios, ensures we reward for a holistic achievement. Importantly, our compensation program continues to measure both quantitative and qualitative outcomes, including how our CEO, Senior Management Team, and employees deliver on long-term strategic business objectives.

Over the past five years, CPP Investments' total Fund net return and cumulative dollar value-add both delivered above target achievement, resulting in a total Fund multiplier of 1.36. We assessed that the plan design appropriately aligned pay outcomes while balancing absolute and relative performance.

The Human Resources and Compensation Committee retains full discretion to reward performance for the Senior Management Team within a range of zero to two times target incentive levels. It may also award salary adjustments or other compensation arrangements. This allows the Committee to evaluate performance comprehensively, and reward not only results, but also the manner in which they were achieved.

CEO pay decisions

Mr. Graham's assessment for the year reflects recognition of his high achievements, for which the Board awarded him an incentive multiplier of 1.65. The weighted average of the total Fund multiplier and the Department/Individual multiplier resulted in an overall incentive multiplier for Mr. Graham of 1.51.

The Board awarded Mr. Graham total direct compensation of $5,268,200 for fiscal 2022, consisting of salary, an in-year award and deferred awards. Mr. Graham also received standard pension and benefits.

Further details on compensation of the CEO and other Named Executive Officers are included in the Compensation Discussion and Analysis that follows.

S. D. Chrominska

Sylvia Chrominska
Chair, Human Resources and Compensation Committee

The Role and Activities of the HRCC of the Board of Directors

As discussed on page 76, the Human Resources and Compensation Committee (HRCC) advises the Board of Directors on human resources matters, including talent management, talent development and compensation.

The HRCC adopted a number of specific objectives in support of the Fund's strategic priorities in fiscal 2022. This included supporting the CEO in his first year in office, focusing on our succession plans, and equity, diversity and inclusion initiatives. In addition, the HRCC also reviewed Management's plans to address the impact of tight labour markets and the intensifying competition for highly skilled talent across the broader investment industry.

Having strong, experienced and skilled employees is vital to our success, and especially during periods of change, which has remained a constant during the pandemic. Our people are critical to navigate the Fund through these challenging times. This is where skill comes to bear in helping to both create and preserve value. The HRCC is satisfied that the compensation paid for fiscal 2022 is appropriate, especially after taking into account how the design and management of our Investment Portfolios played a role in delivering out-performance both relative to our five-year total Fund Absolute and Relative Performance goals. We are confident that our decisions regarding department and individual performance compensation reflect our assessment of the Senior Management Team's performance, relative to their pre-established objectives for the year. They are also appropriately aligned with the interests of CPP contributors and beneficiaries.

Please refer to the Strategy section on page 34 for more information on our compensation philosophy, and to our website for additional details on mandate of the HRCC and Board of Directors as outlined in their Terms of Reference. The composition of the current HRCC is on pages 84 and 85.

The HRCC uses the services of Hugessen Consulting Inc. to provide independent advice, information and guidance on human resources and executive compensation issues. Hugessen cannot provide any services to Management without prior approval from HRCC. Hugessen received $168,688 for its services to the HRCC in fiscal 2022 ($121,879 in fiscal 2021).

Fiscal 2022 Compensation Disclosures

We outline below, and earlier in the Strategy section, the performance measures used to make compensation decisions for all employees, including our CEO and Named Executive Officers (NEOs), along with the compensation outcomes for fiscal 2022. We disclose compensation information for key management personnel as a group. We also disclose individual compensation figures for the CEO, the CFRO, and the next four highest-paid Senior Management Team members. Our NEOs this year include:

- **President & Chief Executive Officer (CEO) – John Graham**
- **SMD & Chief Financial and Risk Officer (CFRO) – Neil Beaumont**
- **SMD & Chief Investment Officer – Edwin Cass**
- **SMD & Global Head of Private Equity – Suyi Kim**
- **SMD & Global Head of Real Assets & Chief Sustainability Officer – Deborah Orida**
- **SMD & Chief Technology and Data Officer – Kelly Shen**

Performance measures

Management outlines financial and non-financial objectives in our business plan each fiscal year. The Board of Directors approves these goals, and reviews progress against organizational objectives quarterly and at year end. This ensures a pay-for-performance approach to evaluation and compensation.

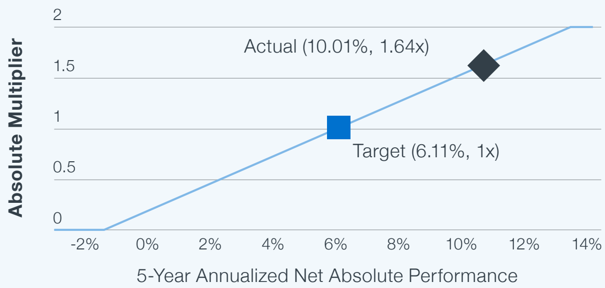
Total Fund performance

We measure total Fund performance over a five-year period using two equally weighted components for absolute and relative performance. For fiscal 2022:

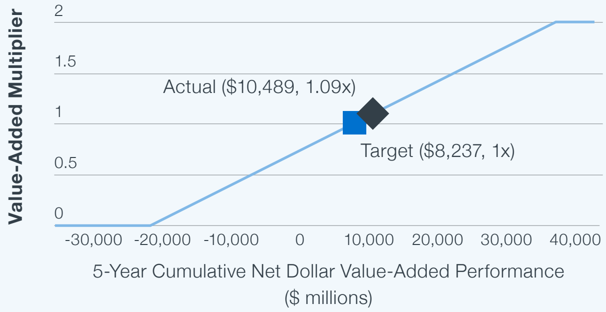
- For the **absolute performance component**, achieving a five-year annualized target return of 6.11% will result in a target multiplier of 1x.
- For the **relative performance component**, the Fund must reach a five-year cumulative dollar value-added (DVA) target of $8.2 billion relative to the Reference Portfolios to achieve a relative performance multiplier of 1x.

The Board reviews targets annually. The graphs below map the fiscal 2022 target and actual total Fund performance.

Absolute Performance Component of the Total Fund Performance Multiplier



Value-Added Performance Component of the Total Fund Performance Multiplier



The absolute and relative performance of the total Fund in fiscal 2022 resulted in an equally weighted total Fund multiplier of 1.36 for the year ended March 31, 2022 (1.06 – March 31, 2021).

Table 1: Total Fund Performance, Fiscal 2018 to 2022 and Cumulative Results

	Absolute Performance			Relative Performance			
Fiscal year	Total Fund Net Income ($ billion)	Total Fund Net Return %	Total Fund Absolute Multiplier	Reference Portfolios Return ($ billion)	Total Fund Net DVA ($ billion)	Total Fund Value-Added Multiplier	Total Fund Multiplier
2018	37	11.56%		31	6		
2019	32	8.95%		26	6		
2020	12	3.09%		(11)	23		
2021	84	20.37%		119	(35)		
2022	**34**	**6.84%**		**24**	**10**		
Cumulative $ / Annualized % – 5 year	**199**	**10.01%**	**1.64**	**189**	**10**	**1.09**	**1.36**

Department, Group and Individual Performance

Departments and Groups across the organization have both financial and non-financial objectives aligned to the nature of their work and contribution to the Fund's success. The CEO evaluates performance against these objectives for approval by the Board. A more detailed description of the total Fund and investment department performance is found in the Management's Discussion and Analysis section.

Individual performance objectives align the effort of all employees to broader organizational goals, as applicable to their role. The individual performance of Senior Management Team members is evaluated by the CEO and presented to the Board of Directors to support their approval of the performance multipliers used to determine the incentive compensation. Fiscal 2022 compensation for the CEO and other Named Executive Officers (NEOs) are reflected in the following sections.

Compensation of the CEO

At the start of each fiscal year, the Board of Directors and the CEO agree on organizational and individual objectives for the CEO. At year end, the HRCC evaluates the CEO's performance against those objectives and presents its evaluation to the Board for review and approval.

Accomplishments for fiscal 2022 included achievements against the following goals:

- Achieve returns that are better than peers over the long horizon, while effectively managing our costs;
- Champion and progress the implementation plan for CPP Investments' 2025 Strategy; and
- Grow, attract and retain top talent at all levels of the organization to create a wide and deep pool of diverse, global leaders.

The Board of Directors awarded Mr. Graham a total incentive award of $3,918,200 for fiscal 2022. His leadership of the organization, its strategic priorities and Fund management strongly position CPP Investments to continue working in the best interests of CPP's contributors and beneficiaries.

Compensation for the Named Executive Officers (NEOs)

Table 2 below shows total compensation over the past three fiscal years for the NEOs.

Table 2: Summary Compensation

Name and Position	Year	Currency	Base Salary A	In-year Award B	Deferred Award[1] C	Other Deferred Award[2] D	Pension Value E	All Other Compensation[3] F	Total Compensation (with Deferred Award) A+B+C+D+E+F
John Graham[3,4,5]	**2022**	**CAD**	**650,000**	**1,959,100**	**1,959,100**	**700,000**	**72,506**	**9,314**	**5,350,020**
President & CEO	2021		464,096	1,187,157	1,187,157	58,334	46,930	7,911	2,951,585
	2020		437,500	1,364,125	1,364,125		45,214	114,654	3,325,618
Neil Beaumont[4]	**2022**	**CAD**	**456,337**	**1,024,819**	**1,024,819**		**46,963**	**7,149**	**2,560,087**
SMD & Chief Financial	2021		448,050	967,620	967,620		47,348	42,406	2,473,043
and Risk Officer	2020		445,875	1,147,682	1,147,682		46,510	52,999	2,840,749
Edwin Cass[3,4,6]	**2022**	**CAD**	**550,000**	**1,547,700**	**1,547,700**	**375,000**	**59,645**	**10,016**	**4,090,061**
SMD & Chief Investment Officer	2021		527,945	1,297,689	1,297,689	300,000	58,656	276,913	3,758,893
	2020		500,000	1,493,000	1,493,000		52,976	483,820	4,022,796
Suyi Kim[3,7,8]	**2022**	**HKD**	**4,405,406**	**7,710,000**			**552,956**	**10,649,801**	**23,318,163**
SMD & Global Head	2021		4,239,480	9,118,062	9,118,062		533,532	1,535,123	24,544,258
of Private Equity	2020		3,187,988	8,167,626	8,167,626		413,741	1,200,850	21,137,831
Deborah Orida[9]	**2022**	**CAD**	**508,329**	**1,532,103**	**1,532,103**		**53,982**	**12,439**	**3,638,956**
SMD & Global Head of Real Assets	2021		475,740	1,264,516	1,264,516		51,557	5,867	3,062,196
& Chief Sustainability Officer	2020		441,667	1,361,217	1,361,217		45,906	89,667	3,299,674
Kelly Shen[3,10,11]	**2022**	**USD**	**481,239**	**1,119,844**	**1,119,844**		**8,860**	**312,771**	**3,042,558**
SMD & Chief Technology	2021		469,406	975,602	975,602		38,704	43,128	2,502,441
and Data Officer	2020		432,079	1,104,449	1,104,449		48,700	107,320	2,796,996

1. The Deferred Award represents the award value at the time of award. The award value fluctuates with the performance of the total Fund over the vesting period.
2. Other Deferred Award refers to one-time, long-term awards. For the CEO and CIO, these include Fund Return Unit (FRU) awards.
3. All other compensation includes the premium or value of life insurance, disability benefits, health, dental and vision benefits, discretionary employment arrangements, health and wellness reimbursement as well as comprehensive health assessment conducted at a private medical clinic. Perquisites are limited to paid parking for Officers based in Canada. Mr. Graham received a temporary allowance in fiscal 2020 as part of his international assignments. Mr. Cass received a temporary allowance for the duration of his international assignment. Ms. Kim received a housing allowance in Hong Kong and a one-time payment subject to conditions as part of her relocation to Canada. Ms. Shen received a special allowance to support her commuting arrangement in fiscal 2021 and a one-time payment to support her U.S. relocation. These figures include all relocation and assignment costs as applicable.
4. NEO elected to defer all or part of the fiscal 2022 In-year award into the Voluntary Deferred Incentive Plan (VDIP).
5. As President & CEO, Mr. Graham received two FRU awards; a prorated FRU award of C$58,334 upon appointment, and C$700,000 in fiscal 2022. Based on a valuation, the underlying notional investment of the first award is C$388,893 and the second award is C$4,666,667. All of these awards vest over 5 years.
6. As SMD & CIO, Mr. Cass received two FRU awards; a FRU award of C$300,000 upon appointment, and C$375,000 in fiscal 2022. Based on a valuation, the underlying notional investment of the first award is C$2.0 million and the second award is C$2.5 million. All these awards vest over 5 years.
7. Upon appointment as SMD & Global Head of Private Equity and relocation to Canada, Ms. Kim forfeited prior unvested awards and the fiscal 2022 Deferred Award. In fiscal 2023, she will receive a deferred award in lieu.
8. Ms. Kim's other compensation is converted using the exchange rate in effect on March 31, 2022 (USD:HKD 1:7.83), March 31, 2021 (USD:HKD 1:7.77), and on March 31, 2020 (USD:HKD 1:7.75), as applicable. Her fiscal 2020 compensation is prorated to reflect time on an approved leave.
9. Ms. Orida's fiscal 2021 compensation was prorated based on time spent in the SMD & Global Head of Active Equities (AE) and the SMD & Global Head of Real Assets role.
10. Ms. Shen's fiscal 2021 compensation was prorated based on time spent in the U.S. and Canada.
11. Ms. Shen received a fiscal 2019 SRFU grant of C$2.20 million as part of her employment agreement. This award vested 33% in fiscal 2019, 33% in fiscal 2020 and 34% in fiscal 2021.

Deferred compensation – As per the incentive compensation plan, senior employees including NEOs must defer a portion of their annual incentive award. Table 3 below shows the outstanding deferred awards and the future payouts for each Named Executive Officer.

Table 3: Deferred Awards

Name	Currency	Type of Award	Year of Award	Award Value	Payments in Current Year 2022	Current Value of Unvested Awards[1]
John Graham[2,3,4]	CAD	Deferred Award	**2022**	**1,959,100**		**1,959,100**
President & CEO		Deferred Award	2021	1,187,157	422,786	845,572
		Deferred Award	2020	1,364,125	584,916	584,916
		Deferred Award	2019	1,323,635	585,092	
		ECA Award	2019	400,000	176,814	
		FRU Grant	**2022**	**700,000**		**319,200**
		FRU Grant	2021	58,334		111,361
Neil Beaumont	CAD	Deferred Award	**2022**	**1,024,819**		**1,024,819**
SMD & Chief Financial and Risk Officer		Deferred Award	2021	967,620	344,602	689,203
		Deferred Award	2020	1,147,682	492,108	492,108
		Deferred Award	2019	1,119,018	494,644	
Edwin Cass[5,6]	CAD	Deferred Award	**2022**	**1,547,700**		**1,547,700**
SMD & Chief Investment Officer		Deferred Award	2021	1,297,689	462,150	924,301
		Deferred Award	2020	1,493,000	640,175	640,175
		Deferred Award	2019	1,547,808	684,184	
		FRU Grant	**2022**	**375,000**		**171,000**
		FRU Grant	2021	300,000		572,707
Suyi Kim[7,8]	HKD	Deferred Award	**2022**		**4,211,500**	
SMD & Global Head of Private Equity		Deferred Award	2021	9,118,062	3,039,353	
		Deferred Award	2020	8,167,626	3,277,941	
		Deferred Award	2019	10,699,945	4,426,937	
Deborah Orida	CAD	Deferred Award	**2022**	**1,532,103**		**1,532,103**
SMD & Global Head of Real Assets &		Deferred Award	2021	1,264,516	450,336	900,673
Chief Sustainability Officer		Deferred Award	2020	1,361,217	583,669	583,669
		Deferred Award	2019	1,286,571	557,714	
Kelly Shen[9]	USD	Deferred Award	**2022**	**1,119,844**		**1,119,844**
SMD & Chief Technology and Data Officer		Deferred Award	2021	975,602	348,011	696,022
		Deferred Award	2020	1,104,449	539,655	539,655
		Deferred Award	2019	442,080	209,010	

1. Current estimated value of unvested Awards is based on a Fund return of 0% for future years. For Deferred Awards, Extraordinary Contribution Awards (ECAs), and SRFUs, it equals the award value at grant date times the cumulative net total Fund rate of return, and applicable foreign exchange rates at time of award. For FRUs, the value represents only the cumulative net total Fund rate of return of the underlying notional investment since grant.
2. Mr. Graham was appointed President & CEO on February 26, 2021. His fiscal 2021 compensation was prorated to reflect time in both roles – SMD & Global Head of Credit Investments, and President & CEO. Mr. Graham's fiscal 2019 awards were prorated for time spent in both roles – MD, Head of Principal Credit Investments and SMD & Global Head of Credit Investments.
3. As President & CEO, Mr. Graham received two FRU awards; a prorated FRU award of C$58,334 upon appointment, and C$700,000 in fiscal 2022. Based on a valuation, the underlying notional investment of the first award is C$388,893 and the second award is C$4,666,667. All of these awards vest over 5 years.
4. In fiscal 2019, Mr. Graham was awarded a recognition award called the ECA by the Board of Directors for his leadership in managing multiple Investment Departments during a period of transition.
5. Mr. Cass was appointed SMD & CIO on September 9, 2020. His fiscal 2021 salary and incentive is prorated for time spent as SMD & CIO and as SMD & Global Head of Real Assets.
6. As SMD & CIO, Mr. Cass received two FRU awards; a FRU award of C$300,000 upon appointment, and C$375,000 in fiscal 2022. Based on a valuation, the underlying notional investment of the first award is C$2.0 million and the second award is C$2.5 million. All these awards vest over 5 years.
7. Upon appointment as SMD & Global Head of Private Equity and relocation to Canada, Ms. Kim forfeited past awards and the fiscal 2022 Deferred Award. In fiscal 2023, she will receive a deferred award in lieu.
8. Ms. Kim's fiscal 2020 compensation is prorated to reflect time on an approved leave.
9. Ms. Shen's award values have been converted to USD using the exchange rate in effect on March 31, 2022 (CAD:USD 1:0.80), March 31, 2021 (CAD:USD 1:0.80), March 31, 2020 (CAD:USD 1:0.70), and on March 31, 2019 (CAD:USD 1:0.75). Her unvested grants have been converted to USD using the exchange rate in effect on March 31, 2022 (CAD:USD 1:0.80).

Termination and retirement arrangements for the CEO

Subject to non-compete provisions, the CEO is eligible to retire from the organization and receive certain benefits, provided he has reached the combined threshold age of 55 and 10 years of service at CPP Investments, and has provided notice at least six months in advance of departure. Any Annual Incentive Award during the year of retirement is paid out on a prorated basis. Any unvested deferred awards continue to vest according to the established vesting schedule. All benefits stop on the date of retirement.

In the event of termination without cause, severance pay for the CEO is set at:

- Any base salary earned and remaining payable and a prorated payment in lieu of the Incentive In-Year Award at target, plus
- An amount equivalent to 21 months of salary and an amount in lieu of an In-Year Incentive Award calculated based on the weighted average of the three prior completed fiscal years; and
- Deferred Awards that would otherwise have vested during the 21-month period.

The CEO forfeits any deferred portion of the incentive awards, with the exception of voluntary deferrals and any vested awards. Insured benefits, such as health, dental and life coverage, continue during the severance period.

In the case of termination with cause, the CEO forfeits all incentives and benefits. There are no change-of-control provisions in the employment arrangements.

In the event of resignation from employment, all incentives and benefits are forfeited.

Termination and retirement arrangements for the NEOs

In the event of termination without cause, severance pay for the Named Executive Officers (NEOs) is set at:

- 12 months of base salary and a prorated payment for the value of the In-Year Award at target of the respective fiscal year;
- An additional month of salary and one-twelfth of the target In-Year Award for each year of service, up to a maximum of 18 months of base salary and In-Year Award; and
- Deferred Awards that would otherwise have vested in that period to a maximum of 18 months.

In the case of termination with cause or resignation, the employee forfeits all incentives, unvested awards and benefits. There are no change-of-control provisions in the employment arrangements.

For Mr. Cass specifically, in the event of resignation Mr. Cass will receive a prorated payment of the Deferred Award that would have vested at the end of the fiscal year of resignation. This provision is in consideration of his post-employment obligations. It is payable one year after resignation. All other incentives and benefits are forfeited.

As with other employees, NEOs are entitled to retire from the organization provided they have reached the combined threshold age of 55 and 10 years of service at CPP Investments.

Upon retirement, employees continue to receive the ongoing deferral payments owed to them under the Incentive Plan, provided they continue to satisfy the retirement criteria under the Plan. The normal payment cycle applies and payments are subject to the same conditions. All benefits stop on the date an employee retires.

Table 4 below shows the payments that would be made, as of March 31, 2022, to the Named Executive Officers if they retire or are terminated without cause.

Table 4: Potential Termination and Retirement Payments[1]

Name	Currency	Completed years of service	Severance[2]	Retirement treatment of unvested awards[3,4]
John Graham President & CEO	CAD	14	4,863,011	4,127,202
Neil Beaumont SMD & Chief Financial and Risk Officer	CAD	4	1,597,180	2,432,000
Edwin Cass SMD & Chief Investment Officer	CAD	14	3,128,407	4,079,907
Suyi Kim[5] SMD & Global Head of Private Equity	HKD	14	20,154,772	
Deborah Orida SMD & Global Head of Real Assets & Chief Sustainability Officer	CAD	12	2,287,479	3,323,000
Kelly Shen SMD & Chief Technology and Data Officer	USD	3	1,579,067	2,727,900

1. Excludes incentive compensation payouts included in Table 2: Summary Compensation. Termination and retirement payments are estimated as of March 31, 2022. Actual payments are prorated based on time worked in the performance period.
2. Illustrative value that excludes the value of any deferred awards that may continue to vest as per severance terms and the cost of benefits continued during the relevant notice period, where applicable.
3. Upon retirement, payout of the unvested awards will be subject to the following conditions:
   - Performance is measured at the end of the vesting period;
   - Continued compliance with post-employment obligations; and
   - Payment is made at the end of vesting period.
4. The unvested awards assume a net return of 0% on the Fund for future years.
5. Upon appointment as SMD & Global Head of Private Equity and relocation to Canada, Ms. Kim forfeited past unvested awards and the fiscal 2022 Deferred Award. In fiscal 2023, she will receive a deferred award in lieu.

Governance Practices of the Board of Directors

Letter from the Chair of the Governance Committee

We believe sound governance practices are integral to the successful long-term performance of all companies in which we invest. This extends to the success of CPP Investments. Strong governance practices help to ensure compliance with the law and with the ethical standards that we expect of everyone at CPP Investments. We are committed to rigorous standards of corporate governance and strive to be a leader in setting global governance best practices for our industry.

Good governance starts with our Board of Directors. The Governance Committee of the Board regularly assesses our corporate governance. It takes into account evolving global best practices, regulatory changes and stakeholder expectations. The Committee works to ensure the Board's effectiveness by reviewing criteria and qualifications for Directors, planning for Board succession and overseeing Director orientation and ongoing development programs. The Committee also oversees the annual Board evaluation process as described under A Commitment to Accountability on page 79. We monitor the application of the Code of Conduct and related policies in fostering a culture of ethics and integrity throughout CPP Investments. In addition, we recommend for Board approval the Proxy Voting Principles and Guidelines, which provide the public companies in which CPP Investments owns shares guidance on how we are likely to vote on matters put to shareholders.

My colleagues on the Committee in fiscal 2022 were: Dean Connor (from August 2021), Tahira Hassan, Chuck Magro, Heather Munroe-Blum (in an ex officio capacity), Karen Sheriff (until July 2021) and Boon Sim.

Fiscal 2022 report on activities

One of the primary responsibilities of the Governance Committee is to lead the Board in assessing and planning for Board composition and succession, ensuring an appropriate balance of renewal and continuity. This fiscal year, we commenced in-depth searches for a director candidate to replace Chuck Magro who resigned from the Board effective March 31, 2022 as a result of the responsibilities associated with a new executive role, as well as for a candidate to replace Kathleen Taylor whose final term on the Board ends in October 2022. We have made a recommendation to CPP Investments' stewards for an individual to replace Mr. Magro, while the search for Ms. Taylor's successor remains in progress. The Committee also recommended Mark Evans for reappointment.

All appointment and reappointment recommendations, including those made by us in fiscal 2022, are based upon our stringent Director Appointment and Reappointment Process described on page 77. This includes taking into account the Board composition matrix set out on page 78 and the results of our established Board, committee and peer evaluation process, among other factors.

In fiscal 2022, the Committee undertook the biennial review of Directors' compensation, recommending changes effective April 1, 2022. Our objective was to ensure that the compensation framework remains competitive in the context of recruiting and retaining directors in an increasingly competitive global talent market, while respecting and upholding CPP Investments' public purpose.

The Committee commenced a review of the governance of CPP Investments' portfolio companies, examining the approach to enhancing governance across CPP Investments' asset management and value creation activities. This work will continue into fiscal 2023.

The Governance Committee oversaw an extensive orientation program for new Directors and Committee Chairs, as well as continuing development and education for all Directors, with consideration to the extended virtual meeting period this year.

In the upcoming year, in addition to our continuing activities, we will advance our Chairperson succession plans, with Heather Munroe-Blum's final term on the Board ending in October 2023.

N. Ashleigh Everett
Chair, Governance Committee

Governance Practices of the Board of Directors

This section sets out certain key governance practices of the Board of Directors. Additional governance information is available on our website.

Mandate, duties and objectives of the Board of Directors

The Board of Directors is responsible for overseeing the management of the business and affairs of CPP Investments. Among other duties, the Board of Directors:

- Appoints the President & CEO and annually reviews their performance;
- Determines the organization's strategic direction in collaboration with Management;
- Reviews and approves investment policies, standards and procedures;
- Reviews and approves the Risk Policy which establishes enterprise risk appetite;
- Approves the framework for investment transaction approvals and for retaining external investment managers;
- Reviews the Investment Portfolios and the results of investment decisions;
- Reviews and approves the annual business plan and budget;
- Oversees succession planning for Senior Management;
- Sets compensation policies and approves Senior Management compensation;
- Appoints CPP Investments' external auditor;
- Establishes and monitors compliance with the Code of Conduct for Directors and employees;
- Establishes procedures to identify and resolve conflicts of interest;
- Establishes other policies relating to matters such as authorities, procurement, anti-corruption, privacy, and travel and expenses;
- Reviews and approves material disclosures such as quarterly and annual financial statements and the annual report; and
- Assesses the performance of the Board itself, including an annual Chairperson and Director peer review.

One of the Board's most important responsibilities is to preserve a governance model in which CPP Investments operates at arm's length from governments, acting as an independent, professional investment organization. The Board ensures that CPP Investments' investment-only mandate is undertaken without regard to political, social or economic development considerations or any other non-investment objectives.

CPP Investments' Code of Conduct states that Board members shall not participate in any political activity that could:

- Be incompatible with their duties;
- Affect their ability to carry out their duties in a politically impartial fashion; or
- Cast doubt on the integrity, objectivity or impartiality of the organization.

There is an expectation that Directors, like Officers and employees, will promptly report any attempted political interference with respect to investments, procurement, hiring or any other decisions. No such reports have been made.

Mandates, activities and composition of Board committees

The Board has five standing committees that met during fiscal 2022: Investment Strategy, Audit, Risk, Human Resources and Compensation, and Governance. Membership is shown in the Board Attendance chart on page 81.

The Investment Strategy Committee, established as the investment committee required by the *Canada Pension Plan Investment Board Act* (CPPIB Act), reviews and recommends investment policies to the Board. It also reviews, approves and monitors the long-term investment strategy. In addition, the Committee approves certain investment transactions and approves the engagement of external investment managers in accordance with the CPPIB Act.

The Audit Committee oversees Management's design and maintenance of systems of internal controls and the financial reporting of the Fund. This includes recommending for Board approval the financial statements and the Management's Discussion and Analysis section of this report. It also involves overseeing the external and internal audit functions, including appointing the internal auditor and recommending the external auditor for appointment by the Board. Without Management present, the Audit Committee regularly meets separately with each of the external and internal auditors, as well as with the Chief Financial and Risk Officer (CFRO).

The Audit Committee advises the Board in connection with the statutorily mandated special examination, which reviews CPP Investments' systems and practices every six years. The most recent special examination was completed in February 2022. It concluded there is reasonable assurance that there were no significant deficiencies in the systems and practices examined. Copies of this special examination report, as well as prior reports, are available on CPP Investments' website.

The Risk Committee provides a focus on risk governance and overseeing risk management. It reviews and recommends the Risk Policy and monitors CPP Investments' risk profile against its risk appetite. It also reviews key existing and emerging risks to which CPP Investments is exposed. In addition, the Committee reviews and recommends other material risk management policies and exceptions to those policies. The Risk Committee regularly meets separately with the CFRO. For more details about CPP Investments' risk governance practices, see page 29.

The Human Resources and Compensation Committee (HRCC) administers the performance evaluation process for the CEO and senior leadership. It reviews and recommends the compensation framework, reviews the organizational structure and oversees Management succession planning. It also oversees human resources policies, employee benefits and the employee pension plans. The role of the HRCC is further outlined in the Compensation Discussion and Analysis section.

The Governance Committee ensures that CPP Investments follows appropriate governance best practices. The Governance Committee oversees conduct and culture matters, including reviewing and monitoring the application of the Code of Conduct and related policies. It establishes and recommends performance evaluation processes for the Board, Board committees, individual Directors and the Chairperson. It also oversees Board succession planning. This includes reviewing criteria and qualifications for Director appointments and reappointments. The Governance Committee recommends Director compensation, oversees the design of orientation and ongoing education programs for Directors and recommends the Proxy Voting Principles and Guidelines and the Board of Directors Diversity Policy for Board approval.

At every regularly scheduled meeting, the Board of Directors and each committee has sessions without members of Management present. In addition, the Board meets alone with the CEO at every regularly scheduled Board meeting.

Decisions requiring prior Board approval

Management's discretion in making operational and investment decisions is described in the policies approved by the Board. This includes a detailed policy dealing exclusively with authorities. In particular, Board approval is required for matters affecting the strategic direction of the organization and for the annual business plan and budget. Appointments of Officers, as well as their annual and incentive-based compensation, also require Board approval.

Board expectations of Management

The Board expects Management to comply with all policies approved by the Board and with the CPPIB Act and regulations, and to act in accordance with applicable law. With involvement from the Board, Management develops the strategic direction of the organization. The strategy incorporates risk management policies and controls, as well as monitoring and reporting mechanisms. Management is also expected to sustain and promote a culture of high integrity, to adhere to a stringent Code of Conduct and to manage any conflicts of interest appropriately.

Management is charged with developing benchmarks that objectively measure the performance of the markets, asset classes and strategies in which CPP Investments invests. The Board assesses and approves benchmarks at the total Fund level. These benchmarks assist the Board in evaluating Management's investment performance and structuring performance-based compensation incentives.

Management is expected to disclose all material information and activities to the Board and the public on a timely basis. This includes new investments, quarterly and annual financial results, and developments that may materially affect CPP Investments' reputation.

Ensuring Board effectiveness

Managing prudent Board renewal

The CPPIB Act provides that each Director be appointed for a term of up to three years. Each Director may be reappointed for one or more additional terms. In order to ensure good governance practices, the Board aims to prudently manage continuity and renewal. It seeks to ensure that multiple tenured Directors remain on the Board as other Directors complete their terms and new Directors join.

In fiscal 2022, new Director colleagues Dean Connor and Barry Perry joined the Board, replacing Karen Sheriff and Jo Mark Zurel who each completed three terms on the Board. Sylvia Chrominska and Chuck Magro were each reappointed for a second term on the Board. However, Mr. Magro subsequently assumed a new executive role and resigned from the Board as of March 31, 2022. The Board has recommended a Director candidate to replace Mr. Magro. A search is in process to recommend a Director candidate to replace Kathleen Taylor, whose final term on the Board ends this year.

The Committee also recommended Mark Evans for reappointment for a second three-year term on the Board.

The Board continues to work closely with the federal-provincial Nominating Committee to ensure there is a prudent rhythm of Director turnover. Managed carefully, the right balance of continuity and renewal contributes to the Board's effectiveness as it carries out its duties.

Board appointment and reappointment process

The Director appointment and reappointment process is designed to ensure an independent, qualified Board has Directors that provides effective oversight to help CPP Investments achieve its objectives, including having a sufficient number with proven financial ability or relevant work experience as required by the CPPIB Act. CPP Investments seeks to uphold its governance practices as a leading model in the oversight of public pension management. To that end, the Director appointment and reappointment process is based on the principles of merit, openness, transparency and diversity.

The Governance Committee regularly reviews and updates both desirable and actual competencies and attributes of the Board. The Committee establishes the essential attributes or "table stakes" required of individuals, along with other competencies required of the Board as a whole and in individual Board members to varying degrees, as outlined on page 78. It then compares these requirements to CPP Investments' existing Board composition to determine which competencies and attributes are required or are likely to be required in the foreseeable future.

As part of the Director appointment process, CPP Investments engages executive search firms to source qualified candidates for consideration. To meet the principles of openness, transparency and independence, a Notice of Appointment opportunity is posted on CPP Investments' website. This enables members of the general public to view the eligibility factors and the critical competencies required of Directors. Interested qualified individuals can then submit their names for consideration. These applicants augment the candidates identified by the Board and external search firms to ensure that the widest possible pool of candidates is considered for appointments. An analysis of competencies and diversity, as described under the Board Composition section below and the Board Diversity section on page 82, is used to establish the selection criteria for a particular Board vacancy. The Governance Committee (or an ad hoc Director search committee) then uses these criteria to assess candidates.

In assessing potential Director reappointments, the Governance Committee considers the results of the annual evaluations of the relevant Director and his or her performance on the Board. It also considers table stakes, Board competencies, other potential candidates including applications in response to the Notice of Appointment opportunity, and the overall diversity of the Board.

Once agreed by the Board, qualified candidates for appointments and reappointments are provided to the Nominating Committee for Appointments to CPP Investments' Board of Directors. The Nominating Committee is constituted by the federal Minister of Finance. It considers recommended candidates and submits them to the federal Finance Minister. Following consultation with the participating provincial finance ministers, the federal Minister of Finance recommends Directors to the federal Governor in Council for appointment or reappointment.

Board composition

The Board maintains and regularly reviews a skills matrix to monitor the skills and experience necessary for the Board to supervise CPP Investments' business and activities and to identify any gaps in the Board's collective skill set. Directors are asked to identify their top five key areas of experience, recognizing that they have experience in other areas as well, in consultation with the Governance Committee.

The Board has determined that the governance, functional and industry experience of the Board, as well as its diversity, currently provide for the effective oversight of CPP Investments. Details of the competencies and diversity of the Board, as at March 31, 2022, are set out in the following table. CPP Investments Director biographies on pages 84 and 85 provide additional details of each Director's background and professional experience in support of these areas.

Board composition matrix

Skills and Experience[1]	Sylvia Chrominska	Dean Connor	Mark Evans	Ashleigh Everett	Tahira Hassan	Chuck Magro	John Montalbano	Heather Munroe-Blum	Barry Perry	Mary Phibbs	Boon Sim	Kathleen Taylor
Large-Scale Governance				✓				✓	✓		✓	✓
C-Suite Executive Leadership	✓	✓		✓	✓	✓	✓		✓	✓	✓	
Investment/Asset Management		✓	✓				✓		✓		✓	
Financial Services	✓			✓						✓		✓
Risk Management	✓	✓	✓			✓	✓	✓		✓		
Accounting/Finance					✓		✓		✓	✓		✓
Business Building and Transformation			✓	✓	✓	✓					✓	
Government/Regulatory/Public Policy		✓						✓				
Global Business	✓	✓	✓		✓	✓		✓		✓		✓
Talent Management/Compensation	✓			✓		✓	✓	✓	✓			✓
Technology and Data			✓		✓						✓	
Diversity												
Age[2]	70	65	64	65	68	52	57	71	57	64	59	64
Years on Board[2]	3	–	2	5	7	3	5	11	–	4	1	8
Gender	✓			✓	✓			✓		✓		✓
Non-Gender[3]					✓						✓	

1. Directors are asked to identify their top five key areas of experience, recognizing that they have experience in other areas as well, in consultation with the Governance Committee.
2. As of March 31, 2022.
3. Directors who self-identify in categories such as a visible minority, a person with a disability, indigenous or LGBTQ+, are noted in this category.

Board member orientation and development

The Board has an established orientation program for new Directors. This includes several comprehensive sessions which were held virtually this fiscal year due to the extended pandemic context. These involve discussion of the background, history and mandate of CPP Investments as well as its strategy, business planning process and current corporate and departmental priorities. Each new Director receives background material in advance and intensive interaction with Management during the orientation process. Directors are invited to attend supplemental orientation sessions to deepen their knowledge of the organization in specific areas.

Professional development for all Directors is a key focus for the Board because of the evolving responsibilities of directors and the unique nature of CPP Investments. Management provides ongoing presentations focused on our business and emerging global issues, which feature both internal and external speakers. The Board maintained its focus on Board and Director development throughout the extended virtual meeting format this year, continuing to incorporate development sessions and external speakers into the Board's meeting calendar. In fiscal 2022, the topics for these sessions included climate change, geopolitical and investment-related trends in China, and approach to portfolio construction.

A key education component for Board members is to develop an in-depth understanding of the various regions in which CPP Investments operates and invests. Prior to the COVID-19 pandemic, the Board periodically visited a CPP Investments international office in conjunction with one of its scheduled meetings to gain additional perspective on the challenges and implications of deploying capital on a global basis. The Board's ability to travel continued to be impeded in fiscal 2022, and a virtual 'offsite' meeting focused on the San Francisco region was held instead. Highlights of the offsite meeting included engagement with the CPP Investments teams in San Francisco as well as select local partners and portfolio companies. These sessions enhanced the Board's knowledge of strategic themes the San Francisco Bay Area is renowned for, such as technology investing and disruption, in addition to providing insights on broader economic and political trends in the United States.

Given CPP Investments' scale and breadth of activities, Directors are also encouraged to participate in relevant external development programs as a means of further enhancing their knowledge and skill sets.

A commitment to accountability

Procedures for the assessment of Board performance

The Board has an established annual process for evaluating its own performance and that of its committees, the Chairperson and each Director. Board evaluation topics include Board and Committee organization and culture, access to information, and oversight of strategy and risk. All assessments are currently conducted through confidential questionnaires. The full Board then reviews summaries of the evaluations. These summaries provide a basis for continuous improvement plans.

The Chairperson leads the confidential annual peer review. This is designed to assist each Director to identify self-development opportunities. It is also used to explore new Board and committee roles for individual Directors. After receiving relevant questionnaire feedback, the Chairperson meets formally with each Director. The Chairperson also checks in with each Director at least one more time formally during the year regarding feedback. The Board considers improvements to this process annually.

The Chair of the Governance Committee leads the confidential annual Chairperson review and, subject to the direction of the Board, provides feedback to the Chairperson.

A summary of the feedback obtained through the evaluations process is conveyed to the external Nominating Committee. It uses this information when considering the potential reappointment of CPP Investments Directors and the Chairperson when the ends of each of their current terms are approaching.

Directors' outside activities

To ensure independence among Directors, the Board of Directors monitors interlocking board and committee relationships, in line with leading governance practices. No CPP Investments Director currently serves on another public company board with another CPP Investments Director.

Directors are also expected to notify the Chairperson in advance if they plan to accept an appointment to another board or to an executive position to ensure that there are no conflicts with CPP Investments' activities and that Directors will continue to have sufficient time to devote to CPP Investments matters.

Directors' compensation

The Governance Committee of the Board is responsible for making recommendations with respect to Directors' compensation. Under the CPPIB Act, Directors are to receive such remuneration and benefits having regard to the remuneration and benefits received by persons having similar responsibilities and engaged in similar activities. This compensation consists of annual retainers, meeting fees, and travel and other allowances. Directors' compensation is reviewed at least every two years. Changes, if any, are recommended to the Board for approval.

In fiscal 2022, the Committee reviewed Directors' compensation with the assistance of an external advisor. The Committee's objective was to ensure CPP Investments remains competitive in recruiting and retaining outstanding directors in order to meet its statutory objectives, while taking into account the organization's public mandate, consistent with the Directors' Compensation Philosophy outlined on page 80. Based on director compensation benchmarking results, the Board approved increases in annual retainers for Directors as well as the Chairperson effective April 1, 2022. The Board also approved a meeting fee for the Chairperson for Board meetings in excess of ten meetings held in a fiscal year, as well as an annual retainer for the Chair of the Investment Strategy Committee, equal to the Chair retainer for other Board committees and intended to compensate the Investment Strategy Committee Chair for the additional responsibilities associated with the role.

The following table reflects changes to Directors' compensation which became effective April 1, 2022.

Directors' compensation for fiscal 2022 and fiscal 2023

	Fiscal 2022 ($)	Fiscal 2023 ($)
Annual Retainers		
Chairperson[1]	255,000	290,000
Director	80,000	100,000
Committee Chair, additional retainer	25,000	25,000
Meeting Fees		
Full meeting fee[2] (formerly "in person" meeting fee)	2,000	2,000
Partial meeting fee[3] (formerly "telephone" meeting fee)	1,000	1,000
Travel and Other Allowances (aggregate)		
More than 200 km	1,000	1,000
Crossing an international border	1,000	1,000
Annual allowance for Directors residing outside Canada	40,000	40,000

1. In the case of the Board Chairperson, compensation will continue to be a flat annual fee, recognizing the difference in the role of the Board Chairperson versus individual Directors. The Board Chairperson will, however, be eligible for the Committee Chair retainer, travel time reimbursement for regularly scheduled meetings and meeting fees for each meeting of the Board attended by the Chairperson in excess of 10 meetings in a fiscal year or in the event the Chairperson serves on an ad hoc committee or attends public meetings.
2. A meeting that is 90 minutes or more in length or that is otherwise assessed as warranting a full meeting in accordance with guidelines agreed by the Governance Committee.
3. A meeting that is less than 90 minutes in length or that is otherwise assessed as warranting a partial meeting in accordance with guidelines agreed by the Governance Committee.

CPP Investments Directors' compensation philosophy

Safeguarding the interests of CPP contributors and beneficiaries requires professional directors with the capabilities to ensure the effective stewardship and oversight of CPP Investments. The Board maintains a compensation approach that takes into account:

- Leading governance performance;
- The recruitment and retention of directors with extensive international experience and expertise in business, finance or investments; and
- The considerable time demands of the position.

An equitable balance between CPP Investments' commercial activities and public purpose promotes the selection of individuals who will reinforce the organization's unique culture.

CPP Investments Directors' compensation principles

I. Pay Neutrality

Compensation alone should not attract or detract desirable candidates.

- In reviewing the compensation of CPP Investments Directors, the Board's objective must be to set a reasonable "threshold" level of compensation, which neutralizes compensation so that it is not a significant favourable or unfavourable influence on the decision of a candidate in joining the CPP Investments Board.

II. Public Purpose

Canadian governments established CPP Investments with a purpose to serve millions of contributors to the compulsory CPP program. Directors' compensation should reflect a purpose distinct from other commercial organizations oriented to profits and stock price.

- While Directors' compensation should reflect the reality that both the workload and time commitment of a CPP Investments Directorship, and the expertise and experience required are comparable to private sector directorships, the total pay opportunity for CPP Investments Directors should reflect our public purpose.

III. Time Commitment

The compensation structure should recognize the differential in time commitment among Directors.

- The Board must contemplate and design a compensation structure that takes into account the fact that the CPP Investments Board is a true 'working board' with significant time and travel requirements. Directors are expected to be continuously engaged on organizational matters well beyond preparing for, and participating in, frequent Board and Committee meetings. The structure should recognize the incremental time, travel and meeting commitments expected of each Director, Committee Chairs and the unique role of the Board Chairperson.

IV. Relative Benchmark

CPP Investments is a complex global investment management organization and is correctly considered a peer relative to other major financial institutions and large companies globally.

- There is a highly competitive global market for top director talent and the Board must consider how candidates perceive the value proposition of being a CPP Investments Director to recruit and retain top governance talent. For compensation-benchmarking purposes, the Board should consider alternative directorship opportunities available to these candidates in four target talent markets: (1) Canadian pension funds and smaller Canadian asset managers; (2) TSX 100 boards and larger Canadian asset managers; (3) large Canadian banks and U.S./U.K. asset managers; and (4) international sovereign and pension funds.

V. Appropriate Discount to Benchmark

A full market-based level of compensation is not appropriate given CPP Investments' public purpose as described in Principle II.

- Upon review of the relative target talent markets for benchmarking purposes, an approximate 20% discount was applied during the review of compensation in fiscal 2022.

Board meetings and attendance

There were eight regularly scheduled Board meetings in fiscal 2022. In addition, there were five regularly scheduled Audit Committee meetings, five regularly scheduled Human Resources and Compensation Committee meetings, five regularly scheduled Governance Committee meetings, five regularly scheduled Risk Committee meetings, and eight regularly scheduled Investment Strategy Committee meetings. In addition, there were a number of special Board or Committee meetings held to address specific issues or approvals, some of which were scheduled at times where all Directors were not able to attend given pre-existing commitments.

All Board and Committee meetings were held by interactive videoconference due to the impact of the COVID-19 pandemic on Directors' ability to travel. The table below shows the number of meetings that each Director attended in fiscal 2022 relative to the number of meetings he or she could have attended.

Board meetings and attendance

Director	Board Meeting	Investment Strategy Committee	Audit Committee	Governance Committee	HRCC	Risk Committee
Heather Munroe-Blum[1]	14 / 14	11 / 12	6 / 6	7 / 7	9 / 9	6 / 6
Sylvia Chrominska	13 / 14	12 / 12	–	–	8 / 9	6 / 6
Mark Evans	13 / 14	11 / 12	–	–	9 / 9	6 / 6
Ashleigh Everett[2]	14 / 14	12 / 12	1 /1	7 / 7	1 / 1	–
Tahira Hassan[3]	13 / 14	12 / 12	–	7 / 7	2 / 2	6 / 6
Chuck Magro	9 / 14	9 / 12	5 / 6	4 / 7	7 / 9	–
John Montalbano[4]	14 / 14	12 / 12	6 / 6	–	4 / 4	6 / 6
Mary Phibbs[5]	14 / 14	12 / 12	6 / 6	1 / 1	1 / 1	6 / 6
Karen Sheriff[6]	3 / 4	4 / 4	–	1 / 1	3 / 4	–
Boon Sim[7]	13 / 14	10 / 12	6 / 6	7 / 7	1 / 1	–
Katie Taylor	14 / 14	12 / 12	6 / 6	–	9 / 9	–
Jo Mark Zurel[8]	4 / 4	4 / 4	1 / 1	–	–	2 / 2
Dean Connor[9]	10 / 10	8 / 8	1 / 1	6 / 6	–	4 / 4
Barry Perry[10]	10 / 10	8 / 8	5 / 5	–	5 / 5	–

1. Ex officio member of the Audit Committee, Governance Committee, HRCC and Risk Committee.
2. Attended Audit Committee and HRCC by invitation.
3. Attended HRCC by invitation.
4. Became Chair of Audit Committee effective August 12, 2021. Ceased to be member of HRCC effective August 4, 2021. Became ex officio member of the Risk Committee effective August 4, 2021.
5. Became Chair of Risk Committee effective August 4, 2021. Ceased to be Chair of Audit Committee effective August 12, 2021. Became ex officio member of the Audit Committee effective August 12, 2021. Attended HRCC by invitation.
6. Ceased to be a director effective July 31, 2021.
7. Attended HRCC by invitation.
8. Ceased to be a director effective August 4, 2021. Ex officio member of the Audit Committee.
9. Became a director effective August 4, 2021. Appointed to the Risk Committee, Governance Committee and Investment Strategy Committee effective August 4, 2021. Attended Audit Committee by invitation.
10. Became a director effective August 4, 2021. Appointed to the Audit Committee, HRCC and Investment Strategy Committee effective August 4, 2021.

During fiscal 2022, an ad hoc Director search committee was formed to consider potential candidates and recommend preferred candidates to the Governance Committee and the Board to replace Chuck Magro and Kathleen Taylor. Membership of the committee consists of Ashleigh Everett (Chair), Sylvia Chrominska, Dean Connor, Chuck Magro (until the confirmation of his resignation), Heather Munroe-Blum and Kathleen Taylor.

Directors' compensation for fiscal 2022

Based on the fee schedule in effect for fiscal 2022 and their attendance, individual compensation for each Director for fiscal 2022 was as follows:

Director	Annual Retainer ($)	Board and Committee Meeting Fees ($)	Public Meeting Fees ($)	Travel Fees ($)	Total Remuneration ($)
Heather Munroe-Blum	255,000	15,000	–	–	270,000
Sylvia Chrominska	105,000	76,000	–	–	181,000
Mark Evans	120,000	68,000	–	–	188,000
Ashleigh Everett	105,000	73,000	–	–	178,000
Tahira Hassan	80,000	76,000	–	–	156,000
Chuck Magro	80,000	65,000	–	–	145,000
John Montalbano[1]	95,927	74,000	–	–	169,927
Mary Phibbs[2]	145,538	69,000	–	–	214,538
Karen Sheriff	26,667	18,000	–	–	44,667
Boon Sim	120,000	65,000	–	–	185,000
Katie Taylor	80,000	76,000	–	–	156,000
Jo Mark Zurel	36,062	18,000	–	–	54,062
Dean Connor[3]	52,688	64,000	–	–	116,688
Barry Perry[4]	52,688	57,000	–	–	109,688

1. Became Chair of Audit Committee effective August 12, 2021. Ceased to be member of HRCC effective August 4, 2021. Became ex officio member of the Risk Committee effective August 4, 2021.
2. Became Chair of Risk Committee effective August 4, 2021. Ceased to be Chair of Audit Committee effective August 12, 2021. Became ex officio member of the Audit Committee effective August 12, 2021. Attended HRCC by invitation.
3. Became a director effective August 4, 2021. Appointed to the Risk Committee, Governance Committee and Investment Strategy Committee effective August 4, 2021. Attended Audit Committee by invitation.
4. Became a director effective August 4, 2021. Appointed to the Audit Committee, HRCC and Investment Strategy Committee effective August 4, 2021.

Diversity

Board diversity

CPP Investments believes that diversity, including gender diversity, is crucial to ensuring an effective Board of Directors with various perspectives and qualifications. The Board has adopted a written Board of Directors Diversity Policy. It reflects our long-standing belief that CPP Investments is best served by a Board with a wide array of skills, backgrounds, perspectives and ideas. For purposes of Board composition, diverse representation considerations include, but are not limited to, professional experience and expertise, age, gender, ethnicity, geographic background, disability status, sexual orientation and other personally defining dimensions.

The Board Diversity Policy applies to both the nomination of new candidates to serve as Directors as well as recommendations for existing Directors to be reappointed to the Board. Under the Policy, when assessing Board composition or identifying suitable candidates for appointment or reappointment, the Board or any search committee it establishes will have due regard to the benefits of ensuring diversity among the Directors. In particular, in furtherance of Board diversity it includes the objective of gender parity among Directors so that at least 40% are persons who self-identity as female and at least 40% are persons who self-identify as male. Currently, six of the usual complement of 12 CPP Investments Directors (50%) identify as female, including Heather Munroe-Blum who is the Chairperson.

The Board Diversity Policy does not include targets for the representation on the Board of other traditionally under-represented groups given the small size of the Board and the importance of considering a variety of factors for Director appointments and reappointments. Currently, 17% of Directors (two of the Board's usual 12) are members of visible minorities.

Any search firm engaged to assist the Board with the identification of candidates for nomination to the Board is directed to the Board Diversity Policy. The Governance Committee reviews the Board Diversity Policy and the Board's adherence to it annually.

Diversity of the Senior Management Team

The importance we place on diversity and inclusion in relation to our talent practices, outlined in the How We Pay for Performance section on page 34, applies equally at the executive level. The Board regularly considers diversity in pipeline discussions for senior leadership positions and implements development plans for top-performing diverse senior talent. The Board considers gender and non-gender diversity dimensions when appointing CPP Investments Officers.

The Senior Management Team is currently 33% female (5 of 15). CPP Investments is committed to ensuring that at least 30% of senior management positions are held by women. Currently, 3 of 15 (20%) of Senior Management Team members identify as a member of a minority group. We have not established specific representation targets beyond gender for the Senior Management Team due to the relatively small size of this group and our belief that efforts are best focused on furthering the strong talent pipeline at CPP Investments and considering a broad pool of candidates for senior leadership positions.

Conduct and culture

A culture of integrity and ethical conduct

The Board places utmost importance on fostering an inclusive culture of ethics and integrity throughout CPP Investments. It requires and expects Management to support the Board in setting the tone for a strong governance culture.

Code of Conduct and related policies

The Code of Conduct can be found on our website. It outlines what is expected of everyone at CPP Investments and our accountability to each other.

The Code sets out strict criteria for the acceptance by Directors and employees of any entertainment, gifts or special treatment. Such benefits must not create or appear to create a favoured position for actual or potential contractors or suppliers or any party with whom we do business.

It also deals with such matters as conflicts of interest, personal and professional conduct, confidentiality of proprietary information, and personal investments.

Related internal policies provide additional information on conflicts of interest and personal investments. These are intended to identify, manage and, where possible, eliminate conflicts of interest relating to Directors and employees. Conflicts of interest were anticipated in CPP Investments' legislation as a result of the need to recruit Directors and employees with financial and investment experience. Our policies are designed to ensure that Directors and employees act in the best interests of the organization. They must disclose any personal or business interests that might lead to a real, potential or perceived conflict of interest. Any involvement in relevant decision-making is prohibited, should those circumstances arise. Further, Directors are expected to resign from the Board if they take on executive responsibilities with an organization whose objectives and mandates may be, or might reasonably be perceived to be, in conflict with CPP Investments' objectives or mandate.

These policies also cover the personal trading of CPP Investments Directors and employees. They establish strict pre-clearance procedures and restrictions on personal trading in prescribed circumstances.

As part of the hiring process, new recruits must agree to comply with the Code of Conduct and related conduct policies. Collectively, these set a high standard for promoting ethical conduct and addressing conflicts of interest. Semi-annually, Directors and employees must reconfirm their compliance and employees must complete an online module to confirm their understanding of the Code and their ability to apply it in day-to-day decisions and actions. The Code also requires everyone at CPP Investments to report it if they become aware of a suspected breach.

Guiding Principles

Our Guiding Principles of Integrity, Partnership and High Performance are embedded in the Code of Conduct. CPP Investments holds annual sessions for all employees on the same day across all offices to renew their commitment to the Guiding Principles and to maintain the focus on this cornerstone of our culture.

When the Board hires or conducts annual performance reviews of the CEO, it considers the individual's leadership in promoting ethical conduct and championing a culture of Integrity, Partnership and High Performance. These factors are also relevant in the hiring and review of all employees.

Conduct Review Advisor

To augment the Code of Conduct, the Board of Directors has appointed an external Conduct Review Advisor to discuss Code of Conduct issues with Directors, employees and relevant third parties on a confidential basis. The Conduct Review Advisor also assists the Governance Committee on how the Code is applied and in reviewing it for any appropriate changes. Sheila Block, a distinguished Canadian litigation lawyer, currently holds this position. The Conduct Review Advisor submits a report and meets with the Board at least once a year to discuss the advisor's activities.

Board of Directors[1]

HEATHER MUNROE-BLUM,
O.C., O.Q., PH.D., F.R.S.C., CHAIRPERSON[1,2*,3*,4*,5*]

Corporate Director and Public Policy Scholar,
Montreal, Quebec
Director since December 2010.
Appointed Chairperson in October 2014.
Chairperson, Investment Strategy Committee.

Chairperson, the Gairdner Foundation; Co-founder/Co-Chair of the Canadian Children's Literacy Foundation (CCLF); Co-Chair, Leader's Council of McGill's Tanenbaum Open Science Institute. Former Principal and Vice Chancellor (President), McGill University; served among others, as Director of Royal Bank of Canada and Four Seasons Hotel. Officer of the Order of Canada; l'Ordre National du Québec; and Fellow of the Institute of Corporate Directors.

More than 25 years of executive leadership in higher education, health, public policy, and research and development; extensive board experience.

ASHLEIGH EVERETT[1,3]

Corporate Executive, Corporate Director,
Winnipeg, Manitoba
Director since February 2017.
Chairperson, Governance Committee.

Director of The Wawanesa Mutual Insurance Company. Former Director of the Bank of Nova Scotia, Manitoba Telecom Services, Member of the Premiers Enterprise Team (Manitoba), Director of Royal Canadian Securities Limited, Domo Gasoline Corporation Ltd., and L'Eau-1 Inc. Masters of Business Administration, Ivey School of Management, Western University.

Extensive board experience in the public telecom and finance sectors and more than 30 years of senior management experience in private property development and retail business operations.

SYLVIA CHROMINSKA[1,4,5]

Corporate Director, Stratford, Ontario
Director since September 2018.
Chairperson, Human Resources and
Compensation Committee.

Chairperson of the Human Resources and Compensation Committee of Wajax Inc. and ex officio board member of the Stratford Festival. Former Director of Scotiabank (Trinidad and Tobago), Emera Inc., Dofasco Inc. and Canadian Bankers Association. Honours Degree in Business Administration and Honourary Doctorate from Western University.

More than 30 years of banking experience, including executive positions in human resources and corporate credit risk, as well as extensive board experience.

TAHIRA HASSAN[1,3,5]

Corporate Director, Toronto, Ontario
Director since February 2015.

Non-executive Director of Ontario Shores Centre for Mental Health Sciences. Served as Director of Brambles Limited, Recall Holdings Limited, Dreyer's Grand Ice Cream Holdings Inc., and Dairy Partners America. Retired Senior Vice-President at Nestlé SA. Certified Management Accountant (Canada), Fellow of the Chartered Institute of Management Accountants (U.K.) and Chartered Global Management Accountant.

Over 45 years of business and board governance expertise, in multinational environments including lived-in experiences in Canada, the U.K., Switzerland and Pakistan.

DEAN CONNOR[1,3,5]

Corporate Director, Toronto, Ontario
Director since August 2021.

Trustee for the University Health Network and member of the Ivey Advisory Board. Former President & CEO of Sun Life Financial Inc. and President (Americas) of Mercer Human Resource Consulting. Qualified as a fellow of the Society of Actuaries and the Canadian Institute of Actuaries. Honours Business Administration Degree from the Ivey School of Business, Western University.

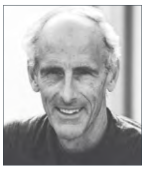
More than four decades of global experience in financial services and executive consulting.

CHUCK MAGRO[1,2,3,4]

Corporate Executive, Heritage Point, Alberta
Director since July 2018.
Retired from the Board on March 31, 2022.

CEO of Corteva Agriscience. Member of the Business Roundtable (USA) and board member of Crop Life International. Former Director of the Business Council of Canada, Chair of the Fertilizer Institute, Chair of Canpotex and Director of Nutrients for Life Foundation. Former President and CEO of Nutrien Ltd.

25 years of international business experience primarily in North and South America, Australia, Europe and Asia, as well as board experience.



WILLIAM 'MARK' EVANS[1,4,5]

Early-stage technology investor, London,
United Kingdom
Director since May 2019.

Spent the past 20 years working with early-stage technology entrepreneurs, following 15 years with a private financial services firm in Europe, Asia and the U.S. He has Economics degrees from Queen's University and the University of Oxford.

JOHN MONTALBANO, CFA[1,2,5*]

Corporate Director, Vancouver, British Columbia
Director since February 2017.
Chairperson, Audit Committee.

Director of AbCellera Biologics, Aritzia Inc., Eupraxia Pharmaceuticals, the Asia Pacific Foundation Board, Gairdner Foundation, Rideau Hall Foundation and Windmill Microlending. Former Vice Chairman of RBC Wealth Management, Chair of University of British Columbia, and CEO of RBC Global Asset Management. Chartered Financial Analyst. Leslie Wong Fellow of the UBC Portfolio Management Foundation. UBC B.Comm. (Hons).

Over 30 years working in asset management and extensive senior management experience.

1. The biographies provided include all Directors who served on the Board in fiscal 2022.

BARRY PERRY[1,2,4]

Corporate Director, Newfoundland & Labrador
Director since August 2021.

Director of Capital Power. Former President and CEO of Fortis and former Director of Fortis, ITC Holdings, UNS Energy, FortisBC Energy, FortisAlberta, Central Hudson Gas & Electric and Newfoundland Power. Bachelor of Commerce from Memorial University of Newfoundland. Member of the Association of Chartered Professional Accountants of Newfoundland and Labrador.

More than 30 years of executive and board experience in the utilities sector.

KATHLEEN TAYLOR, C.M., BA (HONS), JD, MBA[1,2,4]

Global Executive, Corporate Director, Toronto, Ontario
Director since October 2013.

Chair of the Board of Royal Bank of Canada; Chair-designate of the Board of Trustees of the Hospital for Sick Children; Chair of Altas Partners; Vice Chair of The Adecco Group; and a Director of Air Canada. Former President and CEO of Four Seasons Hotels and Resorts. Officer of the Order of Canada.

Almost 25 years of international experience building a global culture, overseeing major strategic and operations initiatives, as well as extensive board experience.

MARY PHIBBS[1,2*,5]

Corporate Director, London, United Kingdom
Director since May 2017.
Chairperson, Risk Committee.

Chairperson of Virgin Money Unit Trust Managers Limited. Former non-executive Director of Morgan Stanley International Limited and Novae Group plc, and former executive at Standard Chartered Bank plc and ANZ Banking Group. Bachelor of Science from the University of Surrey. Fellow of the Institute of Chartered Accountants (England and Wales) and Fellow of Chartered Accountants (Australia and New Zealand).

More than 40 years of international business, risk management and board experience.

JO MARK ZUREL[1,2*,5]

Chartered Professional Accountant, Corporate Director,
St. John's, Newfoundland and Labrador
Director since November 2012.
Retired from the Board in August 2021
after his term completed.

Chair of Highland Copper, Director of Major Drilling Group International Inc., Fortis Inc. and the ICD. Former Chair of the Atlantic Provinces Economic Council, the St. John's Board of Trade, Junior Achievement of Newfoundland and Labrador, and Newfoundland Power Inc. and former director of Fronteer Gold Inc.

Extensive investment industry and corporate director experience.

KAREN SHERIFF[1,3,4]

Corporate Executive, Halifax, Nova Scotia
Director since October 2012.
Retired from the Board in July 2021
after her term completed.

Director of BCE Inc./Bell Canada and Emera Inc. Former Director of Bell Aliant, Teknion Corporation and WestJet Airlines, and former President and CEO of Bell Aliant and Q9 Networks. Former executive at Bell Canada, Ameritech and United Airlines.

Extensive senior management experience and expertise in strategic priority setting of major corporations.

BOON SIM[1,2,3]

Corporate Director, New York, NY, United States
Director since July 2020.

Managing Partner of Artius Capital Partners. Former Director of WorldPay Inc. and Vantiv Inc. and former executive at Temasek International and Credit Suisse Group. Member of the Yale University School of Management Board of Advisors. Master of Science in Engineering from Massachusetts Institute of Technology and Master of Private & Public Management from Yale University.

More than 30 years of global experience in the finance and technologies industries and expertise in a range of high-growth sectors.

Committee membership:
1) Investment Strategy Committee
2) Audit Committee
3) Governance Committee
4) Human Resources and Compensation Committee
5) Risk Committee

* Ex officio member

Management's Responsibility for Financial Reporting

The Consolidated Financial Statements of Canada Pension Plan Investment Board (CPP Investments) have been prepared by Management and approved by the Board of Directors. Management is responsible for the integrity and reliability of the Consolidated Financial Statements and the financial information contained within the Annual Report. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the requirements of the *Canada Pension Plan Investment Board Act* (CPPIB Act) and the accompanying regulations. The financial information throughout the Annual Report is consistent with the Consolidated Financial Statements.

The Consolidated Financial Statements include certain amounts based on Management's judgments and best estimates where deemed appropriate. The significant accounting policies used are disclosed in Note 1 to the Consolidated Financial Statements or in the Notes to which the accounting policies relate.

CPP Investments develops and maintains systems of internal control and supporting procedures designed to provide reasonable assurance that assets are safeguarded and that transactions are properly recorded, authorized and are in accordance with the CPPIB Act, the accompanying regulations, the by-laws and investment policies of CPP Investments. The internal control framework includes a strong corporate governance structure, an enterprise risk management framework that identifies, monitors and reports on key risks facing the organization, a Code of Conduct, conflict of interest procedures and other policies, as well as management authorities and procedures that guide decision-making. The controls also include the establishment of an organizational structure that provides a well-defined division of responsibilities and accountability, the selection and training of qualified staff and the communication of policies, management authorities and procedures throughout the organization. The systems of internal control are further supported by a compliance management system to monitor CPP Investments' compliance with legislation, policies, management authorities and procedures and by internal and external auditors who review and evaluate internal controls in accordance with their respective annual audit plans approved by the Audit Committee.

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, the CPPIB Act and accompanying regulations. Management assessed the effectiveness of our internal control over financial reporting as of March 31, 2022 as part of our CEO/CFRO certification process as described on page 66 of Management's Discussion and Analysis in the 2022 Annual Report.

The Audit Committee assists the Board of Directors in discharging its responsibility to approve the Consolidated Financial Statements. The Audit Committee, consisting of independent directors, meets regularly with Management and the internal and external auditors to discuss the scope and findings of audits and other work they may be requested to perform from time to time, to review financial information and to discuss the adequacy of internal controls. The Audit Committee reviews the Consolidated Financial Statements and recommends them to the Board of Directors for approval.

CPP Investments' external auditor, Deloitte LLP, has conducted an independent audit of the Consolidated Financial Statements in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as it considers necessary to express an opinion in its Independent Auditor's Report. New this year, Deloitte LLP has also independently audited internal controls over financial reporting. For the full form audit opinion on CPP Investments' internal control over financial reporting, please refer to our website. The external auditor has full and unrestricted access to Management and the Audit Committee to discuss any findings related to the integrity and reliability of CPP Investments' financial reporting and the adequacy of internal control systems.

John Graham
President & Chief Executive Officer

Neil Beaumont, CPA, CA
Senior Managing Director & Chief Financial and Risk Officer

Toronto, Ontario
May 12, 2022

Investment Certificate

The *Canada Pension Plan Investment Board Act* (CPPIB Act) requires that a certificate be signed by a director on behalf of the Board of Directors, stating that the investments of CPP Investments held during the year were in accordance with the CPPIB Act and CPP Investments' investment policies, standards and procedures. Accordingly, the Investment Certificate follows.

John Montalbano
Chair of the Audit Committee on behalf of the Board of Directors

Toronto, Ontario
May 12, 2022

The investments of CPP Investments, held during the year ended March 31, 2022, were in accordance with the CPPIB Act and CPP Investments' investment policies, standards and procedures.

Independent Auditor's Report

To the Board of Directors of Canada Pension Plan Investment Board

Opinion

We have audited the consolidated financial statements of *Canada Pension Plan Investment Board* (CPP Investments), which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated statements of comprehensive income, changes in net assets and cash flows for the year then ended, and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies (collectively referred to as the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CPP Investments as at March 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

We have also audited, in accordance with the standards for audits of internal control over financial reporting set out in the CPA Canada Handbook – Assurance, CPP Investments' internal control over financial reporting as of March 31, 2022, in accordance with criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 16, 2022, expressed an unqualified opinion on CPP Investments' internal control over financial reporting.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (Canadian GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of CPP Investments in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing CPP Investments' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate CPP Investments or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CPP Investments' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CPP Investments' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CPP Investments to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, in our opinion, the transactions of CPP Investments that have come to our attention during our audit of the financial statements have, in all material respects, been in accordance with the *Canada Pension Plan Investment Board Act* (CPPIB Act) and the by-laws, as the case may be.

Further, in our opinion, the record of investments kept by CPP Investments Management, pursuant to paragraph 39(1)(c) of the CPPIB Act fairly presents, in all material respects, the information required by the CPPIB Act.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 16, 2022

Consolidated Financial Statements and Notes

Consolidated Balance Sheet

(CAD millions)	As at March 31, 2022	As at March 31, 2021
Assets		
Investments (Note 2)	$ 678,874	$ 595,952
Pending trades receivable	7,964	2,663
Premises and equipment	447	459
Other assets	390	311
Total assets	687,675	599,385
Liabilities		
Investment liabilities (Note 2)	123,304	98,158
Pending trades payable	24,168	3,191
Accounts payable and accrued liabilities	892	849
Total liabilities	148,364	102,198
Net assets	$ 539,311	$ 497,187
Net assets, represented by:		
Share capital	$ –	$ –
Accumulated net income	378,080	343,665
Accumulated net transfers from the Canada Pension Plan	161,231	153,522
Net assets	$ 539,311	$ 497,187

The accompanying Notes are an integral part of these Consolidated Financial Statements.

On behalf of the Board of Directors

Heather Munroe-Blum
Chairperson

John Montalbano
Chair of the Audit Committee

Consolidated Statement of Comprehensive Income

(CAD millions)	For the years ended March 31, 2022	March 31, 2021[1]
Income:		
Interest, dividends, and other income	$ 11,647	$ 8,884
Net gains on private investments (Note 1.7)	412	1,375
Net (losses) gains on public and other investments (Note 1.7)	(8,217)	33,042
Net gains on investment holding subsidiaries (Note 5)	32,476	43,500
	36,318	86,801
Expenses:		
Personnel	1,013	938
General and administrative (Note 13)	415	384
Management fees	20	18
Performance fees	38	23
Transaction-related	321	186
Taxes	232	272
Financing	(136)	1,036
	1,903	2,857
Net income and comprehensive income	$ 34,415	$ 83,944

1. Certain comparatives have been reclassified to conform to the current year's presentation.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Net Assets

(CAD millions)	Number of shares outstanding		Share capital		Accumulated net transfers from the Canada Pension Plan		Accumulated net income		Total net assets
As at April 1, 2020	10	$	–	$	149,867	$	259,721	$	409,588
Total net income for the year			–		–		83,944		83,944
Canada Pension Plan transfers:									
Transfers from the Canada Pension Plan			–		44,071		–		44,071
Transfers to the Canada Pension Plan			–		(40,416)		–		(40,416)
As at March 31, 2021	10	$	–	$	153,522	$	343,665	$	497,187
As at April 1, 2021	**10**	**$**	**–**	**$**	**153,522**	**$**	**343,665**	**$**	**497,187**
Total net income for the year			**–**		**–**		**34,415**		**34,415**
Canada Pension Plan transfers:									
Transfers from the Canada Pension Plan			**–**		**49,195**		**–**		**49,195**
Transfers to the Canada Pension Plan			**–**		**(41,486)**		**–**		**(41,486)**
As at March 31, 2022	**10**	**$**	**–**	**$**	**161,231**	**$**	**378,080**	**$**	**539,311**

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(CAD millions)	For the years ended March 31, 2022	March 31, 2021
Cash flows from operating activities		
Net income	$ 34,415	$ 83,944
Adjustments for non-cash items:		
Amortization of premises and equipment	61	60
(Gains) on debt financing liabilities (Note 11)	(4,137)	(3,751)
Adjustments for net changes in operating assets and liabilities:		
(Increase) in investments	(83,284)	(69,185)
(Increase) decrease in pending trades receivable	(5,301)	4,281
(Increase) in other assets	(1)	(18)
Increase (decrease) in investment liabilities	17,429	(26,958)
Increase (decrease) in pending trades payable	20,977	(2,511)
Increase in accounts payable and accrued liabilities	43	57
Net cash flows (used in) operating activities	(19,798)	(14,081)
Cash flows from financing activities		
Transfers from the Canada Pension Plan	49,195	44,071
Transfers to the Canada Pension Plan	(41,486)	(40,416)
Proceeds from debt financing liabilities (Note 11)	17,229	12,839
Repayment of debt financing liabilities (Note 11)	(5,375)	(11,034)
Net cash flows provided by financing activities	19,563	5,460
Cash flows from investing activities		
Acquisition of premises and equipment	(49)	(45)
Net cash flows (used in) investing activities	(49)	(45)
Effect of exchange rate changes on cash and cash equivalents	(90)	(488)
Net (decrease) in cash and cash equivalents	(374)	(9,154)
Cash and cash equivalents at the beginning of the year	13,969	23,123
Cash and cash equivalents at the end of the year	13,595	13,969
Cash and cash equivalents at the end of the year are comprised of:		
Cash and cash equivalents held for operating purposes[1]	303	225
Cash and cash equivalents held for investment purposes[2]	13,292	13,744
Total	$ 13,595	$ 13,969

1. Presented as a component of other assets on the Consolidated Balance Sheet.
2. Presented as a component of investments on the Consolidated Balance Sheet.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Schedule of Investment Portfolio

The schedule below provides information on investments and investment liabilities held by Canada Pension Plan Investment Board and its investment holding subsidiaries on a combined basis. The nature of these investments and investment liabilities is further described in Note 2.

(CAD millions)	As at March 31, 2022	As at March 31, 2021[2]
Cash and cash equivalents	$ 15,341	$ 14,532
Equities		
Public equities	159,385	175,083
Private equities	173,730	159,062
Total equities	333,115	334,145
Fixed income		
Bonds	108,319	98,560
Other debt	40,956	31,322
Money market securities	1,368	143
Total fixed income	150,643	130,025
Absolute return strategies	34,681	29,008
Infrastructure	45,600	39,954
Real estate	41,650	38,704
Investment receivables		
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	56,809	7,127
Derivative assets	2,933	3,636
Other	5,915	2,770
Total investment receivables	65,657	13,533
Total investments[1]	$ 686,687	$ 599,901
Investment liabilities		
Debt financing liabilities	49,507	39,997
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	43,629	33,150
Securities sold short	29,003	22,275
Derivative liabilities	4,775	3,004
Short-term secured debt	1,196	1,234
Other	929	2,052
Total investment liabilities[1]	129,039	101,712
Pending trades receivable[1]	8,525	3,077
Pending trades payable[1]	26,807	4,000
Net investments	$ 539,366	$ 497,266

1. Consists of all the financial assets and liabilities held by both Canada Pension Plan Investment Board and its investment holding subsidiaries. In contrast, the Consolidated Balance Sheet presents all financial assets and liabilities held by investment holding subsidiaries as investments. This results in a difference of $7,813 million (March 31, 2021 – $3,949 million), $5,735 million (March 31, 2021 – $3,554 million), $561 million (March 31, 2021 – $414 million) and $2,639 million (March 31, 2021 – $809 million) as compared to investments, investment liabilities, pending trades receivable and pending trades payable, respectively, as presented in the Consolidated Balance Sheet. Refer to Notes 1.2, 3.1 and 3.2 for further details.
2. Certain comparatives have been reclassified to conform to the current year's presentation.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Corporate information

Canada Pension Plan Investment Board (CPP Investments) was established in December 1997 pursuant to the *Canada Pension Plan Investment Board Act* (CPPIB Act). CPP Investments is a federal Crown corporation, all of the shares of which are owned by Her Majesty the Queen in right of Canada. The issued and authorized share capital of CPP Investments is $100 divided into 10 shares with a par value of $10 each.

CPP Investments is responsible for assisting the Canada Pension Plan (CPP) in meeting its obligations to contributors and beneficiaries under the legislation *Canada Pension Plan* (CPP Act). It is responsible for managing amounts that are transferred to it under Sections 108.1 and 108.3 of the CPP Act in the best interests of CPP beneficiaries and contributors. CPP Investments received its first funds for investing purposes from the CPP in March 1999. CPP Investments' assets are to be invested in accordance with the CPPIB Act, the regulations and CPP Investments' investment policies with a view to achieving a maximum rate of return without undue risk of loss, having regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day.

In December 2016, Royal Assent was given to Bill C-26 titled *An Act to Amend the Canada Pension Plan, the Canada Pension Plan Investment Board Act* and the *Income Tax Act*. These legislative amendments increase the amount of CPP contributions and the corresponding retirement pensions and other benefits that are paid on CPP contributions made after 2018. The CPP Act now defines two separate parts of the CPP. The "base CPP" refers to the benefits and contributions established before 2019. The "additional CPP" refers to the additional benefits and additional contributions that began on January 1, 2019. The assets attributable to the CPP's additional CPP account are accounted for separately from those of the base CPP account. Note 18 provides information on the net assets, net investments and net income of the base CPP account and additional CPP account. All references to "CPP Investments" mean base CPP and additional CPP together.

CPP Investments is exempt from Part I tax under paragraph 149(1)(d) of the *Income Tax Act* (Canada) on the basis that all of the shares of CPP Investments are owned by Her Majesty the Queen in right of Canada. Further, all of CPP Investments' wholly owned subsidiaries are exempt from Part I tax.

The Consolidated Financial Statements provide information on the net assets managed by CPP Investments and do not include the liabilities and other assets of the CPP.

CPP Investments' registered office is located at One Queen Street East, Toronto, Ontario, Canada.

The Consolidated Financial Statements were approved by the Board of Directors and authorized for issue on May 12, 2022.

1. Summary of significant accounting policies

AT A GLANCE

This Note describes significant accounting policies that are relevant to the Consolidated Financial Statements as a whole. Where an accounting policy is specific to one financial statement element, the policy is described in the Note to which it relates.

USE OF ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Consolidated Financial Statements requires Management to make estimates, judgments and assumptions that affect the amounts recognized for assets and liabilities, principally the valuation of financial instruments which are not actively traded. Uncertainty about these estimates, judgments and assumptions may result in outcomes that could require a material adjustment to the carrying amount of the affected assets or liabilities in the future.

1.1 Basis of presentation

These Consolidated Financial Statements present the financial position and the financial performance of CPP Investments in accordance with International Financial Reporting Standards (IFRS).

CPP Investments qualifies as an investment entity as it meets the following definition of an investment entity outlined in IFRS 10, *Consolidated Financial Statements* (IFRS 10):

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services. In the case of CPP Investments, we have one investor (more specifically, we invest amounts transferred from the CPP that are not required to pay current CPP benefits), but the funds are invested in the best interests of a wide group of individuals being the contributors and beneficiaries of the CPP.
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

No significant judgments or assumptions were made in determining that CPP Investments meets the definition of an investment entity as defined in IFRS 10.

Statement of compliance

The Consolidated Financial Statements of CPP Investments have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and the requirements of the CPPIB Act and the accompanying regulations.

1.2 Subsidiaries

CPP Investments qualifies as an investment entity and reports the results of its operations in accordance with IFRS 10. As a consequence, the Consolidated Financial Statements represent the results of operations of CPP Investments and its wholly owned subsidiaries that were created to provide investment-related services to support its operations. Operating subsidiaries of this nature include those that provide investment advisory services or subsidiaries that were created to provide financing to CPP Investments.

Wholly owned subsidiaries that are managed by CPP Investments to hold investments are referred to herein as investment holding subsidiaries. Such subsidiaries are not consolidated in these Consolidated Financial Statements but instead are measured and reported at fair value through profit and loss (FVTPL) in accordance with IFRS 9, *Financial Instruments* (IFRS 9). Fair value for unconsolidated investment holding subsidiaries is based on the fair value of the underlying investments, investment liabilities and pending trades held by the investment holding subsidiary together with its accumulated net income less dividends paid. The determination of the fair value of the underlying investments and investment liabilities is based on the valuation techniques and related inputs described in Note 2.

1.3 Associates and joint ventures

An associate is an entity in which CPP Investments or its investment holding subsidiaries has the ability to exercise significant influence over its decision-making.

Investments in joint ventures are those arrangements where CPP Investments or its investment holding subsidiaries have joint control of the arrangements.

CPP Investments is an investment entity and measures investments in its associates and joint ventures at FVTPL in accordance with IAS 28 *Investments in Associates and Joint Ventures* (IAS 28) and IFRS 9.

1.4 Financial instruments

Classification

CPP Investments classifies its financial assets and financial liabilities, in accordance with IFRS 9 as follows:

Financial assets

Financial assets are either classified at FVTPL or at amortized cost. The classification depends on: (a) the business model for managing the financial assets and (b) the cash flow characteristics of the financial assets. Financial assets are classified at FVTPL on the basis that they are part of a portfolio of investments which is managed to maximize returns without undue risk of loss and whose performance is evaluated on a fair value basis in accordance with investment strategies and risk management of CPP Investments. Financial assets classified at FVTPL include investments in equities, fixed income, absolute return strategies, infrastructure, real estate, securities purchased under reverse repurchase agreements, cash collateral pledged on securities borrowed and derivatives. Financial assets carried at amortized cost include cash and cash equivalents, pending trades receivable and other assets.

Financial liabilities

Financial liabilities are either classified at FVTPL or at amortized cost. A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative, or it is designated as such on initial recognition.

Financial liabilities at FVTPL are derivative liabilities and securities sold short. Financial liabilities designated at FVTPL include debt financing liabilities, securities and loans sold under repurchase agreements, cash collateral received on securities lent, short-term secured debt and other investment liabilities. Financial liabilities at amortized cost include pending trades payable and accounts payable and accrued liabilities.

Recognition

CPP Investments recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the financial instrument. Investments, investment receivables, investment liabilities, pending trades receivable and pending trades payable are recorded on a trade date basis.

Derecognition

A financial asset is derecognized under the following situations: (a) when the contractual rights to receive the cash flows from the financial asset expire, (b) when CPP Investments has transferred the financial asset and substantially all the risks and rewards of the asset, or (c) in cases where CPP Investments has neither retained nor transferred substantially all risks and rewards of the asset, it no longer retains control over the asset.

CPP Investments derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

Initial measurement

Financial assets and financial liabilities are measured on initial recognition at fair value.

Subsequent measurement

After initial measurement, financial assets and financial liabilities continue to be measured at fair value or amortized cost. Subsequent changes in the fair value of those financial assets and financial liabilities classified at fair value are recorded as gains or losses on the Consolidated Statement of Comprehensive Income.

1.5 Functional and presentation currency

CPP Investments' functional and presentation currency is the Canadian dollar, which is the currency of the primary economic environment in which it operates. CPP Investments' performance is evaluated and its liquidity is managed in Canadian dollars. Therefore, the Canadian dollar is considered to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

1.6 Foreign currency translation

Transactions, including purchases and sales of investments, and income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Investments and monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at each balance sheet date. Non-monetary items in a foreign currency are measured at historical cost and are translated using the exchange rates at the dates of the initial transactions.

Foreign currency transaction gains and losses on financial instruments classified at FVTPL are included with associated fair value gains and losses in the Consolidated Statement of Comprehensive Income.

1.7 Income

Interest, dividends, and other income

Interest and other income are recognized as earned. Dividend income is recognized on the ex-dividend date, which is when CPP Investments' right to receive the dividend has been established. Interest, dividends, and other income also includes dividend income received by CPP Investments from its investment holding subsidiaries.

Net gains and losses on private investments and net gains and losses on public and other investments

Net gains and losses on private investments is composed of realized and unrealized gains and losses from private equities, infrastructure and real estate. Net gains and losses on public and other investments is composed of realized and unrealized gains and losses from public equities, fixed income, absolute return strategies, derivatives and other.

Net gains and losses on investment holding subsidiaries

Net gains and losses on investment holding subsidiaries is composed of realized and unrealized gains and losses from investments in investment holding subsidiaries.

1.8 Expenses

Personnel expenses

Personnel expenses include salaries, incentives and benefits. Personnel expenses are expensed as incurred.

General and administrative expenses

General and administrative expenses include costs incurred for technology, data, professional services, premises and equipment, communications, auditor's remuneration, travel and directors' remuneration. General and administrative expenses are expensed as incurred.

Management fees

Management fees include payments to external managers who invest and manage capital committed by CPP Investments. Management fees are expensed as incurred.

Performance fees

Performance fees include payments to external managers when CPP Investments earns a return that exceeds a set rate of return. Performance fees are expensed as incurred.

Transaction-related expenses

Transaction-related expenses include incremental costs that are directly attributable to the acquisition, maintenance, restructuring or disposal of an investment. Such expenses include a variety of non-recurring expenses, including due diligence on potential investments, legal and tax advisory fees required to support transactions involving private market assets, or, in the case of public markets, custodial fees and commissions paid when trading securities. Transaction-related expenses are expensed as incurred.

Taxes

CPP Investments is exempt from income tax on its operations in Canada but is subject to taxes in a number of foreign jurisdictions and also incurs indirect taxes. Taxes in the income statement consists largely of taxes on dividends, interest income and capital gains related to investments in equities, debt and investment holding subsidiaries. The majority of these taxes are collected at source.

Withholding taxes, net of deductions for refundable amounts, are recognized at the same time as the related dividend or interest income. Refundable withholding tax is presented in the Consolidated Schedule of Investment Portfolio as Other investment receivables.

Other income tax, which is not collected at source, is recognized in the Consolidated Statement of Comprehensive Income in the same period as the related income or gain. Deferred tax on capital gains is recognized as a liability in the balance sheet within Other investment liabilities, based on the expected future payment when CPP Investments is in a gain position in the applicable market. Changes in the deferred tax liability in the year are recorded as an expense or recovery within Taxes in the Consolidated Statement of Comprehensive Income.

All uncertain tax positions, such as disputed withholding tax refunds, are assessed each reporting period.

Financing expenses

Financing expenses include interest and other costs that are incurred when borrowing funds or securities. Financing expenses are composed of expenses from debt financing liabilities, securities and loans sold under repurchase agreements, prime brokerage and other securities lending and borrowing transactions. Gains and losses associated with certain interest rate derivatives used as part of financing activities are also included in financing expenses. Financing expenses are expensed as incurred.

1.9 Current year adoption and future changes in accounting policies

Effective April 1, 2021, CPP Investments adopted Phase 2 amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts*, and IFRS 16 *Leases* (Amendments). The Amendments address issues affecting financial reporting as a result of changing the interest rate benchmark from the Interbank Offered Rates (IBORs) to alternative reference rates (ARRs) and provide specific financial statement disclosure requirements to outline the effect of the reform.

The transition from IBORs to ARRs will impact financial instruments referencing London Interbank Offered Rates (LIBOR) with a maturity date beyond June 30, 2023 for certain United States (U.S.) dollar LIBORs and December 31, 2021 for remaining LIBORs. The transition presents a number of risks, including updating systems and processes, amending contracts or existing fallback clauses, communicating with counterparties on IBOR reform. In order to manage those risks, CPP Investments has established an organization-wide program to manage and coordinate all aspects of the transition.

As at March 31, 2022, CPP Investments' exposures to financial instruments subject to LIBOR reform that have yet to transition to ARRs with a maturity date beyond June 30, 2023 for U.S. dollar LIBORs was $10 billion and $20 billion relating to non-derivatives (fair value) and derivatives (notional), respectively.

Other than the change in accounting policy noted above, there were no adoptions of newly issued IFRS standards, changes in existing standards or new interpretations during the year ended March 31, 2022 that had a material impact on the Consolidated Financial Statements. We are currently assessing the impact of new IFRS standards, changes in existing standards or new interpretations that have been issued but are not yet effective for CPP Investments.

2. Investments and investment liabilities

AT A GLANCE

All investments and investment liabilities are measured at fair value.

This Note describes the types of investments and investment liabilities held by CPP Investments and its investment holding subsidiaries and explains how Management determines their fair value.

ACCOUNTING POLICY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

CPP Investments manages the following types of investments and investment liabilities and determines fair value as described below.

2.1 Cash and cash equivalents

Cash includes cash on hand. Cash equivalents includes short-term deposits, commercial paper, bank accepted bills, floating rate deposit notes and treasury bills with a maturity of 90 days or less.

Cash and cash equivalents held for investment purposes are included in Investments on the Consolidated Balance Sheet and are presented separately on the Consolidated Statement of Cash Flows. Cash and cash equivalents for operating purposes are presented in Other assets on the Consolidated Balance Sheet and separately on the Consolidated Statement of Cash Flows.

Fair value is determined using cost, which, together with accrued interest, approximates fair value due to the short-term or floating rate nature of these assets.

2.2 Equities

Public equities

Public equity investments are generally made directly or through funds, including hedge funds.

Fair value for publicly traded equities, including equity short positions, is based on quoted market prices. Fair value for fund investments is generally based on the net asset value reported by the external administrators or managers of the funds.

Private equities

Private equity investments are generally made directly or through ownership in limited partnership funds.

Fair value for investments held directly is primarily determined using accepted industry valuation methods such as earnings multiples of comparable publicly traded companies or discounted cash flows. Significant inputs for these valuation methods include company-specific earnings before interest, taxes, depreciation and amortization (EBITDA), earnings multiples of comparable publicly traded companies, projected cash flows and discount rates using current market yields of instruments with similar characteristics. Recent market transactions, where available, are also used. In the case of investments held through a limited partnership fund, fair value is generally based on net asset value or relevant information reported by the general partner using similar accepted industry valuation methods.

2.3 Fixed income

Bonds

Bonds include non-marketable and marketable bonds. Non-marketable bonds and marketable bonds include government bonds issued by Canadian and foreign governments and corporate bonds.

Fair value for non-marketable Canadian provincial government bonds is calculated using discounted cash flows based on current market yields of instruments with similar characteristics. In the case of marketable bonds, including bond short positions, fair value is based on quoted prices or calculated using discounted cash flows based on benchmark yield curves and credit spreads pertaining to the issuer.

Other debt

Other debt includes investments in direct private debt, asset-backed securities, distressed mortgage funds, private debt funds, hedge funds and investments in royalty-related income streams.

Fair value for direct investments in private debt and asset-backed securities is based on quoted market prices, broker quotes or recent market transactions, if available. Where the market price is not available, fair value is calculated using discounted cash flows based on significant inputs such as projected cash flows and discount rates using current market yields of instruments with similar characteristics.

Fair value for fund investments is generally based on the net asset value as reported by the external administrators or managers of the funds.

In the case of investments in royalty-related income streams, fair value is primarily determined using discounted cash flows based on projected cash flows and discount rates using current market yields of instruments with similar characteristics.

Money market securities

Money market securities include term deposits, treasury bills, commercial paper and floating rate notes, all of which have a maturity date of over 90 days.

Fair value is determined using cost, which, together with accrued interest income, approximates fair value due to the short-term or floating rate nature of these securities.

2.4 Absolute return strategies

Absolute return strategies include investments in hedge funds whose objective is to generate positive returns regardless of market conditions, that is, returns with a low correlation to broad market indexes. The underlying securities of the funds could include, but are not limited to, equities, fixed income securities and derivatives.

Fair value for these fund investments is generally based on the net asset value as reported by the external administrators or managers of the funds.

2.5 Infrastructure

Infrastructure investments are generally made directly, but can also occur through limited partnership funds.

The fair value of these investments is primarily determined using discounted cash flows based on significant inputs including projected cash flows and discount rates using current market yields of instruments with similar characteristics.

Fair value for investments held through limited partnership funds are generally based on the net asset value as reported by the external managers of the funds.

2.6 Real estate

Real estate investments are generally made through direct private investments, or through ownership of real estate funds. Private real estate investments are managed by investment partners primarily through co-ownership arrangements.

Fair value for private real estate investments is determined using accepted industry valuation methods such as discounted cash flows. Significant inputs include projected cash flows, net operating income, discount and terminal capitalization rates. Fair value is also determined using net asset value provided by the investment partner.

Fair value for real estate funds is generally based on the net asset value reported by the external managers of the funds.

2.7 Securities purchased under reverse repurchase agreements and securities and loans sold under repurchase agreements

ACCOUNTING POLICY

Securities purchased under reverse repurchase agreements represent the purchase of securities with a simultaneous agreement to sell them back at a specified price at a specified future date and are accounted for as an investment receivable. The purchased securities under these agreements are not recognized on the Consolidated Balance Sheet. The fair value of securities to be resold under reverse repurchase agreements is monitored and additional collateral is obtained, when appropriate, to protect against credit exposure. In the event of counterparty default, CPP Investments has the right to liquidate the collateral held.

Securities and loans sold under repurchase agreements are accounted for as collateralized borrowing because they represent the sale of securities with a simultaneous agreement to buy them back at a specified price at a specified future date. The securities and loans sold under these agreements continue to be recognized on the Consolidated Balance Sheet with any changes in fair value recorded as gain (loss) on investments and investment holding subsidiaries.

Interest earned on reverse repurchase agreements is included in interest income. Interest incurred on repurchase agreements is included in financing expenses.

Reverse repurchase and repurchase agreements are carried at the amounts at which the securities or loans were initially acquired or sold, which, together with accrued interest income or expense, approximate fair value due to the short-term nature or variable interest rate of these agreements.

2.8 Securities borrowed and lent

ACCOUNTING POLICY

Securities borrowing and lending agreements are transactions in which CPP Investments borrows securities from or lends securities to third parties.

Borrowed securities are not recognized on the Consolidated Balance Sheet. Lent securities remain on the Consolidated Balance Sheet as CPP Investments retains substantially all of the risks and rewards of ownership of the transferred securities.

Collateral received or pledged is generally in the form of cash, equities or fixed income securities. Cash collateral received is accounted for as an investment liability while equities and fixed income securities received as collateral are not recognized on the Consolidated Balance Sheet. Cash collateral pledged is accounted for as an investment receivable, while securities collateral pledged by CPP Investments in securities borrowing agreements remain on the Consolidated Balance Sheet. Costs relating to securities borrowing and lending are included in financing expenses.

2.9 Derivative assets and liabilities

A derivative is a financial contract, the value of which is derived from the value of underlying assets, indexes, interest rates, currency exchange rates or other market-based factors. Derivatives are transacted through regulated exchanges, centrally cleared or negotiated in over-the-counter markets.

Fair value for exchange-traded derivatives, which includes futures, options and warrants, is based on quoted market prices. Fair value for over-the-counter derivatives, which includes forwards, swaps, options and warrants, is determined based on valuation techniques that make maximum use of inputs observed from markets such as option pricing models, discounted cash flows and consensus pricing from independent brokers and/or third-party vendors. Inputs used in these valuation techniques can include, but are not limited to, spot prices, price volatilities, currency exchange rates, interest rate curves and credit spreads. In determining fair value, consideration is also given to the credit risk of the counterparty.

CPP Investments uses the types of derivatives described below.

Futures and forwards

Futures are standardized contracts transacted on an exchange, whereas forwards are customized over-the-counter contracts negotiated between counterparties. Futures contracts may be cash-settled or require physical delivery of the underlying asset. Examples of futures and forwards are described below.

Equity futures are contractual obligations to purchase or sell a specified quantity of an equity index, a basket of stocks, or a single stock at a predetermined price and date in the future.

Foreign exchange forwards are contractual obligations negotiated between counterparties to purchase or sell a specified amount of foreign currencies at a predetermined price and date in the future.

Interest rate futures and forwards, including bond futures, are contractual obligations to purchase or sell a specified amount of an interest-rate-sensitive financial instrument(s) or index at a predetermined price and date in the future.

Commodity futures are contractual obligations to purchase or sell a specified quantity of a commodity, such as precious metals and energy-related products, at a predetermined price and date in the future.

Swaps

Swaps are over-the-counter contracts between two parties to exchange a series of cash flows. Examples of swaps are described below.

Equity-based swaps include equity swaps, volatility swaps, variance swaps and dividend swaps. Equity swaps are contracts where one counterparty agrees to pay or receive from the other, cash flows based on changes in the value of an equity index, a basket of stocks, or a single stock in exchange for a return based on a fixed or floating interest rate or the return on another instrument. Volatility and variance swaps are contracts where cash flows are exchanged based on the realized volatility or variance of an equity index, a basket of stocks, or a single stock compared to the fixed strike level specified in the contract. Dividend swaps are contracts where one party pays the other future dividend flows of a single stock or index in exchange for predefined fixed amounts at sequential intervals or at termination.

Interest rate-related swaps include bond swaps, interest rate swaps and cross-currency swaps. Bond swaps are contracts in which counterparties exchange the return on a bond, or group of such instruments, for the return on a fixed or floating interest rate or the return on another instrument. Interest rate swaps are contracts where counterparties exchange cash flows based on different interest rates applied to a notional amount in a single currency, with no exchange of a notional amount. Cross-currency swaps involve the exchange of both interest and notional amounts in two different currencies.

Credit default swaps are contracts that provide credit protection against a specified credit event such as the default or bankruptcy of the underlying financial instrument (referenced asset). The purchaser (buyer) pays a premium to the writer (seller) in return for payment, which is contingent on a credit event affecting the referenced asset. Credit default swaps require the writer to compensate counterparties for the decline in value of the referenced asset as a result of the occurrence of a specified credit event. The notional amount represents the maximum amount payable to these counterparties under these written credit default swap contracts.

Options and warrants

Options are contractual agreements where the seller (writer) gives the purchaser the right, but not the obligation, to buy or sell a specified amount of an equity, currency, interest rate, credit, commodity or other financial instrument at or before a specified future date at a predetermined price. The purchaser pays a premium to the seller for this right. Options can be transacted in standardized amounts on regulated exchanges or customized in over-the-counter markets.

Call or put options may require the writer to sell or purchase the underlying asset at a fixed date or at any time within a fixed future period. Due to the nature of these contracts, CPP Investments cannot reasonably estimate the potential maximum amount of future payments.

Warrants are transacted both over-the-counter and through exchanges. Under a warrant, the issuer gives the purchaser the right, but not the obligation, to buy a specified quantity of stock of the issuer at or before a specified future date at a predetermined price.

2.10 Debt financing liabilities

Debt financing liabilities consist of commercial paper payable, term debt and loans to provide CPP Investments with funding. Commercial paper payable is carried at the amount originally issued, which, together with accrued interest expense, approximates fair value due to the short-term nature of these liabilities. Fair value for term debt is based on quoted market prices. The fair value of loans is based on the discounted cash flows method or cost with accrued interest, where this approximates fair value. Interest expense and associated costs on debt financing liabilities are included in financing expenses.

2.11 Securities sold short

Securities sold short represent securities that are sold, but not owned, by CPP Investments. CPP Investments has an obligation to cover these short positions, which are accounted for as an investment liability based on the fair value of the securities sold. Collateral is pledged to the counterparty, as required. Interest and dividend expenses on securities sold short are included in Net (losses) gains on public and other investments.

2.12 Short-term secured debt

Short-term secured debt consists of cash advances from prime brokers that are fully collateralized by securities. The securities collateral pledged to the counterparty remains on the Consolidated Balance Sheet. Short-term secured debt is carried at the amounts at which the funding was initially transferred, which together with accrued interest, approximates fair value due to the short-term nature of the debt and variable interest rate. Interest expense on short-term secured debt is included in financing expenses.

3. Fair value measurement

AT A GLANCE

In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value can be significantly more complex and often subjective, requiring judgment.

This Note categorizes the fair value of investments and investment liabilities within the three levels of the fair value hierarchy. For fair value estimates that require significant judgment, the Note further provides the roll-forward of these investments during the year and the range of valuation techniques and inputs used.

Investments and investment liabilities owned by investment holding subsidiaries are indirectly held by CPP Investments. The fair value of each investment holding subsidiary is determined based on the fair value of the underlying investments held, net of any investment liabilities and pending trades together with its accumulated net income less dividends paid. Further detail on investment holding subsidiaries is provided in Note 3.2.

ACCOUNTING POLICY

The fair value of CPP Investments' investments and investment liabilities is categorized into the following fair value hierarchy based on the level of significant inputs used in the fair value measurement:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

SIGNIFICANT ESTIMATE

Level 3 investments consist of instruments held at fair value that are not traded or quoted in active markets. Fair value is, therefore, determined using valuation techniques that use models with unobservable inputs while maximizing the use of inputs observed from markets. The resulting values are particularly judgmental. Refer to Note 3.5 for the valuation techniques used to determine the fair value of Level 3 investments.

3.1 Fair value hierarchy of investments and investment liabilities held directly by CPP Investments

(CAD millions)	As at March 31, 2022 Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$ –	$ 13,292	$ –	$ 13,292
Equities				
Public equities[1]	139,496	3,342	–	142,838
Private equities	–	1,679	6,446	8,125
Total equities	139,496	5,021	6,446	150,963
Fixed income				
Bonds	56,027	48,351	–	104,378
Other debt	–	713	4,163	4,876
Money market securities	–	1,368	–	1,368
Total fixed income	56,027	50,432	4,163	110,622
Absolute return strategies	–	17,723	809	18,532
Infrastructure	–	–	10,548	10,548
Real estate	–	–	10,325	10,325
Investment receivables				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	–	56,809	–	56,809
Derivative assets	–	2,852	–	2,852
Other[2]	–	5,375	–	5,375
Total investment receivables	–	65,036	–	65,036
Investments in investment holding subsidiaries (Note 3.2)	–	–	299,556	299,556
Total investments	$ 195,523	$ 151,504	$ 331,847	$ 678,874
Investment liabilities				
Debt financing liabilities	43,916	250	–	44,166
Securities sold under repurchase agreements and cash collateral received on securities lent	–	43,461	–	43,461
Securities sold short	29,003	–	–	29,003
Derivative liabilities	102	4,673	–	4,775
Short-term secured debt	–	1,196	–	1,196
Other[2]	–	677	26	703
Total investment liabilities	73,021	50,257	26	123,304
Pending trades receivable[3]	–	7,964	–	7,964
Pending trades payable[3]	–	24,168	–	24,168
Net investments	$ 122,502	$ 85,043	$ 331,821	$ 539,366

(CAD millions)	As at March 31, 2021[4] Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$ –	$ 13,744	$ –	$ 13,744
Equities				
Public equities[1]	154,995	3,889	45	158,929
Private equities	–	172	11,485	11,657
Total equities	154,995	4,061	11,530	170,586
Fixed income				
Bonds	54,941	39,824	–	94,765
Other debt	–	1,049	2,709	3,758
Money market securities	–	143	–	143
Total fixed income	54,941	41,016	2,709	98,666
Absolute return strategies	–	15,734	1,012	16,746
Infrastructure	–	–	8,037	8,037
Real estate	–	–	9,556	9,556
Investment receivables				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	–	7,127	–	7,127
Derivative assets	–	3,515	–	3,515
Other[2]	–	2,269	–	2,269
Total investment receivables	–	12,911	–	12,911
Investments in investment holding subsidiaries (Note 3.2)	–	–	265,706	265,706
Total investments	$ 209,936	$ 87,466	$ 298,550	$ 595,952
Investment liabilities				
Debt financing liabilities	36,449	–	–	36,449
Securities sold under repurchase agreements and cash collateral received on securities lent	–	33,150	–	33,150
Securities sold short	22,275	–	–	22,275
Derivative liabilities	45	2,957	–	3,002
Short-term secured debt	–	1,234	–	1,234
Other[2]	–	2,048	–	2,048
Total investment liabilities	58,769	39,389	–	98,158
Pending trades receivable[3]	–	2,663	–	2,663
Pending trades payable[3]	–	3,191	–	3,191
Net investments	$ 151,167	$ 47,549	$ 298,550	$ 497,266

1. Includes investments in funds.
2. Included in other investment receivables and other investment liabilities is cash pledged as collateral of $2,662 million (March 31, 2021 – $1,142 million) and cash held as collateral of $538 million (March 31, 2021 – $1,955 million) on over-the-counter derivative transactions, respectively.
3. Cash and cash equivalents, pending trades receivable and payable are measured at amortized cost, which approximates fair value.
4. Certain comparatives have been reclassified to conform to the current year's presentation.

3.2 Supplemental information on fair value hierarchy relating to investment holding subsidiaries

The following table presents the fair value hierarchy of the underlying investments and investment liabilities held by investment holding subsidiaries. For further details on the nature and purpose of investment holding subsidiaries, refer to Note 1.2.

	As at March 31, 2022			
(CAD millions)	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$ –	$ 2,049	$ –	$ 2,049
Equities				
Public equities[1]	11,104	5,411	32	16,547
Private equities	–	2,816	162,789	165,605
Total equities	11,104	8,227	162,821	182,152
Fixed income				
Bonds	–	3,941	–	3,941
Other debt	–	7,965	28,115	36,080
Total fixed income	–	11,906	28,115	40,021
Absolute return strategies	–	14,203	1,946	16,149
Infrastructure	–	–	35,052	35,052
Real estate	–	–	31,325	31,325
Investment receivables				
Derivative assets	–	81	–	81
Other	–	540	–	540
Total investment receivables	–	621	–	621
Total investments held by investment holding subsidiaries	$ 11,104	$ 37,006	$ 259,259	$ 307,369
Investment liabilities				
Debt financing liabilities	–	5,191	150	5,341
Loans sold under repurchase agreements	–	168	–	168
Other	–	16	210	226
Total investment liabilities held by investment holding subsidiaries	–	5,375	360	5,735
Pending trades receivable[2]	–	561	–	561
Pending trades payable[2]	–	2,639	–	2,639
Investments in investment holding subsidiaries	$ 11,104	$ 29,553	$ 258,899	$ 299,556

(CAD millions)	As at March 31, 2021[3] Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$ –	$ 788	$ –	$ 788
Equities				
Public equities[1]	8,629	7,485	40	16,154
Private equities	–	7,385	140,020	147,405
Total equities	8,629	14,870	140,060	163,559
Fixed income				
Bonds	–	3,795	–	3,795
Other debt	–	5,467	22,097	27,564
Money market securities	–	–	–	–
Total fixed income	–	9,262	22,097	31,359
Absolute return strategies	–	10,576	1,686	12,262
Infrastructure	–	–	31,917	31,917
Real estate	–	–	29,148	29,148
Investment receivables				
Derivative assets	–	121	–	121
Other	–	501	–	501
Total investment receivables	–	622	–	622
Total investments held by investment holding subsidiaries	$ 8,629	$ 36,118	$ 224,908	$ 269,655
Investment liabilities				
Debt financing liabilities	–	3,311	237	3,548
Loans sold under repurchase agreements	–	–	–	–
Derivative liabilities	–	2	–	2
Other	–	4	–	4
Total investment liabilities held by investment holding subsidiaries	–	3,317	237	3,554
Pending trades receivable[2]	–	414	–	414
Pending trades payable[2]	–	809	–	809
Investments in investment holding subsidiaries	$ 8,629	$ 32,406	$ 224,671	$ 265,706

1. Includes investments in funds.
2. Cash and cash equivalents, pending trades receivable and payable are measured at amortized cost, which approximates fair value.
3. Certain comparatives have been reclassified to conform to the current year's presentation.

3.3 Transfers between Level 1 and Level 2

Transfers between levels in the fair value hierarchy are deemed to have occurred at the end of the reporting period. During the year ended March 31, 2022, transfers from Level 1 to Level 2 included $105 million of investments and $24 million of investment liabilities held directly by CPP Investments (during the year ended March 31, 2021 – $103 million and nil, respectively). During the year ended March 31, 2022, transfers from Level 2 to Level 1 included $587 million of investments and $24 million of investment liabilities held directly by CPP Investments (during the year ended March 31, 2021 – $104 million and nil, respectively). Transfers between Level 1 and Level 2 depend on the availability of quoted market prices in active markets and valuation techniques using inputs other than quoted prices that are observable.

3.4 Level 3 reconciliation

The following presents the reconciliations for investments included in Level 3 of the fair value hierarchy:

	For the year ended March 31, 2022							
(CAD millions)	Fair value as at April 1, 2021	Gain (loss) included in income	Purchases	Sales[1]	Transfers into Level 3	Transfers out of Level 3	Fair value as at March 31, 2022	Change in unrealized gains (losses) on investments still held at March 31, 2022[2]
Investments								
Equities								
Public equities	$ 45	$ (3)	$ –	$ (42)	$ –	$ –	$ –	$ –
Private equities	11,485	238	824	(1,887)	21	(4,235)	6,446	45
Total equities	11,530	235	824	(1,929)	21	(4,235)	6,446	45
Fixed income								
Other debt	2,709	16	2,780	(1,534)	192	–	4,163	(58)
Absolute return strategies	1,012	15	–	(218)	–	–	809	(27)
Infrastructure	8,037	1,179	2,199	(867)	–	–	10,548	710
Real estate	9,556	876	506	(613)	–	–	10,325	809
Investments in investment holding subsidiaries[3]	265,706	32,476	2,704	(1,330)	–	–	299,556	32,476
Total investments	$ 298,550	$ 34,797	$ 9,013	$ (6,491)	$ 213	$ (4,235)	$ 331,847	$ 33,955
Investment liabilities								
Other	–	–	26	–	–	–	26	–
Net investments	$ 298,550	$ 34,797	$ 8,987	$ (6,491)	$ 213	$ (4,235)	$ 331,821	$ 33,955

	For the year ended March 31, 2021[4]							
(CAD millions)	Fair value as at April 1, 2020	Gain (loss) included in income	Purchases	Sales[1]	Transfers into Level 3	Transfers out of Level 3	Fair value as at March 31, 2021	Change in unrealized gains (losses) on investments still held at March 31, 2021[2]
Investments								
Equities								
Public equities	$ 33	$ 13	$ –	$ (1)	$ –	$ –	$ 45	$ 14
Private equities	8,586	3,587	589	(1,429)	152	–	11,485	3,612
Total equities	8,619	3,600	589	(1,430)	152	–	11,530	3,626
Fixed income								
Other debt	2,552	243	1,967	(1,902)	–	(151)	2,709	(41)
Absolute return strategies	1,534	(78)	237	(776)	95	–	1,012	(140)
Infrastructure	7,622	867	25	(477)	–	–	8,037	867
Real estate	14,469	(2,526)	357	(2,744)	–	–	9,556	(2,392)
Investments in investment holding subsidiaries[3]	220,229	43,500	2,841	(864)	–	–	265,706	43,500
Total investments	$ 255,025	$ 45,606	$ 6,016	$ (8,193)	$ 247	$ (151)	$ 298,550	$ 45,420
Investment liabilities								
Other	–	–	–	–	–	–	–	–
Net investments	$ 255,025	$ 45,606	$ 6,016	$ (8,193)	$ 247	$ (151)	$ 298,550	$ 45,420

1. Includes return of capital.
2. Included in income. Includes or excludes investments transferred into or out of Level 3, respectively.
3. Purchases relating to investment holding subsidiaries represent capital contributions or net loan funding provided to these subsidiaries. Sales relating to investment holding subsidiaries represent return of capital or payment of dividends from these subsidiaries.
4. Certain comparatives have been reclassified to conform to the current year's presentation.

Transfers into and out of Level 3 were primarily due to changes in the availability of market observable inputs used to determine fair value and are deemed to have occurred at the end of the reporting period.

3.5 Level 3 – Significant unobservable inputs

The table below presents the fair value of investments directly held by CPP Investments, valuation techniques used to determine their fair values, and the ranges and weighted averages of unobservable inputs.

Investment holding subsidiaries are also classified as Level 3 in the fair value hierarchy. The fair value is largely driven by Level 3 investments, for which the valuation techniques, ranges and weighted averages of unobservable inputs are included below. However, certain investments held by the investment holding subsidiaries are based on quoted prices in active markets (Level 1) or valued using observable inputs (Level 2). These amount to $11,104 million (March 31, 2021 – $8,629 million) and $29,553 million (March 31, 2021 – $32,406 million), respectively. Refer to Note 3.2 for further details on Level 1 and Level 2 investments relating to investment holding subsidiaries. As each investment holding subsidiary is largely composed of Level 3 investments, the entire subsidiary is classified as Level 3.

	As at March 31, 2022					
	Fair value of investments held by:					
(CAD millions)	CPP Investments	Investment holding subsidiaries	Primary valuation techniques used[1]	Significant unobservable inputs	Range of input values[2]	Weighted average[2]
Cash and cash equivalents	$ –	$ 2,049	Cost with accrued interest	–	–	–
Public equities						
Direct	–	11,449	Quoted market price	–	–	–
Fund investments	–	5,098	Net asset value provided by investment manager	–	–	–
Private equities						
Direct	6,433	73,818	Earnings multiples of comparable companies	EBITDA multiple	8.9X–22.0X	15.4X
			Discounted cash flow	Discount rate	6.7%–16.4%	10.7%
	11	16,361	Net asset value provided by investment manager	–	–	–
Fund investments	2	75,426	Net asset value provided by investment manager	–	–	–
Bonds	–	3,941	Quoted market prices or discounted cash flow using observable inputs	–	–	–
Other debt						
Direct private debt	187	29,879	Discounted cash flow	Discount rate	4.0%–31.5%	8.3%
	–	1,401	Net asset value provided by investment manager	–	–	–
Asset-backed securities	3,766	538	Comparable pricing	Price	74.5%–103.4%	98.3%
Fund investments	210	4,262	Net asset value provided by investment manager	–	–	–
Absolute return strategies						
Fund investments	809	16,149	Net asset value provided by investment manager	–	–	–
Infrastructure						
Direct	10,548	35,000	Discounted cash flow	Discount rate	7.1%–13.3%	8.7%
Fund investments	–	52	Net asset value provided by investment manager	–	–	–
Real estate						
Direct	8,715	5,003	Discounted cash flow	Discount rate	4.8%–14.3%	6.6%
				Terminal capitalization rate	3.8%–11.5%	5.3%
	1,534	24,807	Net asset value provided by investment partner	–	–	–
Fund investments	76	1,515	Net asset value provided by investment manager	–	–	–
Investment receivables						
Derivative assets	–	81	Option model	–	–	–
Other	–	540	Cost with accrued interest	–	–	–
Investment liabilities						
Debt financing liabilities	–	5,341	Cost with accrued interest	–	–	–
			Discounted cash flow	Discount rate	3.1%–3.7%	3.3%
Loans sold under repurchase agreements	–	168	Cost with accrued interest	–	–	–
Other[3]	26	226	Discounted cash flow	Expected cash flows	–	–
Pending trades net receivable/(payable)	–	(2,078)	Amortized cost	–	–	–
Total	$ 32,265	$ 299,556				

(CAD millions)	As at March 31, 2021[4] Fair value of investments held by: CPP Investments	Investment holding subsidiaries	Primary valuation techniques used[1]	Significant unobservable inputs	Range of input values[2]	Weighted average[2]
Cash and cash equivalents	$ –	$ 788	Cost with accrued interest	–	–	–
Public equities						
Direct	–	9,635	Quoted market price	–	–	–
Fund investments	45	6,519	Net asset value provided by investment manager	–	–	–
Private equities						
Direct	11,324	72,051	Earnings multiples of comparable companies	EBITDA multiple	9.0X–64.3X	25.4X
			Discounted cash flow	Discount rate	7.1%–32.9%	10.9%
	14	14,360	Net asset value provided by investment manager	–	–	–
Fund investments	147	60,994	Net asset value provided by investment manager	–	–	–
Bonds	–	3,795	Quoted market prices or discounted cash flows using observable inputs	–	–	–
Other debt						
Direct private debt	137	21,187	Discounted cash flow	Discount rate	3.7%–30.0%	7.6%
	–	1,420	Net asset value provided by investment manager	–	–	–
Asset-backed securities	2,550	693	Comparable pricing	Price	81.4%–109.2%	99.3%
Fund investments	22	4,264	Net asset value provided by investment manager	–	–	–
Absolute return strategies						
Fund investments	1,012	12,262	Net asset value provided by investment manager	–	–	–
Infrastructure						
Direct	8,037	31,891	Discounted cash flow	Discount rate	7.2%–14.1%	8.3%
Fund investments	–	26	Net asset value provided by investment manager	–	–	–
Real estate						
Direct	8,286	5,988	Discounted cash flow	Discount rate	5.3%–14.3%	6.7%
				Terminal capitalization rate	3.8%–11.0%	5.5%
	1,205	20,599	Net asset value provided by investment partner	–	–	–
Fund investments	65	2,561	Net asset value provided by investment manager	–	–	–
Investment receivables						
Derivative assets	–	121	Option model	–	–	–
Other	–	501	Cost with accrued interest	–	–	–
Investment liabilities						
Debt financing liabilities	–	3,548	Cost with accrued interest	–	–	–
			Discounted cash flow	Discount rate	2.5%–3.1%	2.8%
Derivative liabilities	–	2	Discounted cash flow	–	–	–
Other[3]	–	4	Cost with accrued interest	–	–	–
Pending trades net receivable/(payable)	–	(395)	Amortized cost	–	–	–
Total	**$ 32,844**	**$ 265,706**				

1. May include certain recently acquired investments held at cost, which approximates fair value.
2. The range of input values represents the highest and lowest inputs used to value the investments in a particular asset class. The weighted average of the input values is calculated based on the relative fair values of the investments within the asset class. The diversity of investments reported within each asset class, such as the geographic location and industry sector of the investments, may result in certain ranges of inputs being wide and unevenly distributed across the range.
3. Primarily includes fees payable and contingent considerations related to investments.
4. Certain comparatives have been reclassified to conform to the current year's presentation.

3.6 Sensitivity analysis of valuations using unobservable inputs

Significant changes in any of the above unobservable inputs would result in a significantly higher or lower fair value measurement. The interrelationship of significant unobservable inputs and fair value measurement for the most significant key inputs identified in the table above is as follows:

- An increase (decrease) in the EBITDA multiple will result in a higher (lower) fair value.
- An increase (decrease) in the discount rate and terminal capitalization rate will result in a lower (higher) fair value.

The fair values of the investments classified within Level 3 of the fair value hierarchy in Note 3.1 and 3.2 are based on accepted industry valuation methods that may include the use of estimates made by Management, appraisers or both where significant judgment is required. The use of valuation methods based on reasonable alternative assumptions could have a significant impact on the resulting fair values. With all other variables held constant, the use of reasonable alternative assumptions would result in a decrease of $8,600 million (March 31, 2021 – $9,000 million) or an increase of $10,100 million (March 31, 2021 – $9,500 million) in net assets. This sensitivity analysis is subject to the exercise of judgment and excludes investments where fair values are provided by investment managers as the underlying assumptions used are not available to CPP Investments.

4. Derivatives

AT A GLANCE

CPP Investments enters into a variety of derivatives to manage its exposure to currency exchange, credit, interest and other market risks, and to adjust the exposure in its assets and asset classes.

The fair values, notional amounts and contractual maturities of all derivative financial instruments are set out in Note 4.1 and 4.2. Through these breakdowns, information is provided regarding the extent to which different types of derivatives are used.

4.1 Fair value of derivatives

Derivatives generate positive or negative value, as the value of underlying assets, indexes, interest rates, currency exchange rates or other market-based factors change such that the previously contracted terms of the derivative transactions have become more or less favourable than what can be negotiated under current market conditions for contracts with the same terms and remaining period to expiry.

The derivative-related market risk is a component of the total portfolio market risk, which is managed through the Integrated Risk Policy described in Note 7.

The maximum exposure to credit risk is represented by the positive fair value of the derivative and is normally a small fraction of the contract's notional amount. Negotiated over-the-counter derivatives generally present greater credit exposure than exchange-traded contracts. Credit risk on exchange-traded or centrally cleared contracts is limited because these transactions are either executed on regulated exchanges, or settled through well-capitalized clearing houses that assume the obligation of the writer of a contract and guarantee their performance.

The fair value of derivative contracts held by CPP Investments and its investment holding subsidiaries is as follows:

(CAD millions)	As at March 31, 2022 Positive fair value	As at March 31, 2022 Negative fair value	As at March 31, 2021 Positive fair value	As at March 31, 2021 Negative fair value
Equity contracts				
Futures	$ –	$ –	$ –	$ –
Swaps	1,722	(3,741)	2,231	(2,267)
Options:				
Over-the-counter – purchased	19	–	1	–
Over-the-counter – written	–	(122)	–	(85)
Warrants	80	–	121	–
Total equity contracts	1,821	(3,863)	2,353	(2,352)
Foreign exchange contracts				
Forwards	729	(307)	406	(370)
Options:				
Over-the-counter – purchased	80	–	50	–
Over-the-counter – written	–	(44)	–	(45)
Total foreign exchange contracts	809	(351)	456	(415)
Interest rate contracts				
Futures	–	–	–	–
Forwards	–	–	–	–
Swaps	43	(257)	763	(53)
Options:				
Over-the-counter – purchased	224	–	29	–
Over-the-counter – written	–	(175)	–	(109)
Total interest rate contracts	267	(432)	792	(162)
Credit contracts				
Credit default swaps:				
Over-the-counter – purchased	1	(3)	2	(11)
Over the counter – written	32	(6)	32	(5)
Options:				
Over-the-counter – purchased	3	–	1	–
Over-the-counter – written	–	(18)	–	(14)
Total credit contracts	36	(27)	35	(30)
Commodity contracts				
Futures	–	–	–	–
Options:				
Exchange-traded – written	–	(102)	–	(45)
Total commodity contracts	–	(102)	–	(45)
Total[1]	$ 2,933	$ (4,775)	$ 3,636	$ (3,004)

1. Includes $80 million (March 31, 2021 – $121 million) relating to warrants and $1 million (March 31, 2021 – $2 million) relating to interest rate swaps transacted by investment holding subsidiaries.

4.2 Notional amounts of derivatives by terms to maturity

Notional amounts of derivatives represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts. They are not recorded as assets or liabilities on the Consolidated Balance Sheet. Notional amounts do not necessarily represent the amount of potential market risk or credit risk arising from derivatives.

The terms to maturity of the notional amounts for derivatives held by CPP Investments and its investment holding subsidiaries are as follows:

	Terms to maturity					
	As at March 31, 2022					As at March 31, 2021
(CAD millions)	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total	Total
Equity contracts						
Futures	$ 6,929	$ 36	$ –	$ –	$ 6,965	$ 5,034
Swaps	113,393	3,447	1	–	116,841	136,170
Options:						
Over-the-counter – purchased	824	–	–	–	824	11
Over-the-counter – written	6,391	–	–	–	6,391	4,637
Warrants	–	7	63	–	70	59
Total equity contracts	127,537	3,490	64		131,091	145,911
Foreign exchange contracts						
Forwards	42,001	73	–	–	42,074	41,182
Options:						
Over-the-counter – purchased	1,330	1,206	–	–	2,536	2,107
Over-the-counter – written	7,531	–	–	–	7,531	9,364
Total foreign exchange contracts	50,862	1,279	–	–	52,141	52,653
Interest rate contracts						
Futures	15,648	192	–	–	15,840	5,606
Forwards	–	–	–	–	–	3,926
Swaps	8,309	57,501	23,377	21,338	110,525	76,921
Options:						
Over-the-counter – purchased	6,158	–	–	–	6,158	3,431
Over-the-counter – written	9,705	–	–	–	9,705	8,484
Total interest rate contracts	39,820	57,693	23,377	21,338	142,228	98,368
Credit contracts						
Credit default swaps:						
Over-the-counter – purchased	1,561	60,540	1,905	148	64,154	43,933
Over-the-counter – written	2,443	74,454	23,931	1	100,829	76,556
Options:						
Over-the-counter – purchased	999	–	–	–	999	2,181
Over-the-counter – written	8,462	–	–	–	8,462	10,727
Total credit contracts	13,465	134,994	25,836	149	174,444	133,397
Commodity contracts						
Futures	7,300	–	–	–	7,300	5,134
Options:						
Exchange-traded – written	1,596	–	–	–	1,596	1,225
Total commodity contracts	8,896	–	–	–	8,896	6,359
Total[1]	$ 240,580	$ 197,456	$ 49,277	$ 21,487	$ 508,800	$ 436,688

1. Includes $69 million (March 31, 2021 – $59 million) relating to warrants and $65 million (March 31, 2021 – $67 million) relating to interest rate swaps transacted by investment holding subsidiaries.

5. Net gains on investment holding subsidiaries

AT A GLANCE

Wholly owned subsidiaries that are managed by CPP Investments to hold investments are referred to as investment holding subsidiaries. Income and expenses borne by the investment holding subsidiaries are presented below and comprise the net gains on investment holding subsidiaries in accordance with IFRS 10.

	For the years ended	
(CAD millions)	**March 31, 2022**	March 31, 2021[1]
Income:		
Interest, dividends, and other income	**$ 7,952**	$ 4,455
Net gains on private investments	**28,982**	34,900
Net gains on public and other investments	**1,643**	9,084
	38,577	48,439
Expenses:		
Transaction-related	**246**	209
Taxes	**60**	839
Financing	**120**	114
	426	1,162
Net gains before dividends paid to CPP Investments	**38,151**	47,277
Dividends paid to CPP Investments	**5,675**	3,777
Net gains on investment holding subsidiaries	**$ 32,476**	$ 43,500

1. Certain comparatives have been reclassified to conform to the current year's presentation.

6. Segment information

ACCOUNTING POLICY

CPP Investments has six investment departments for which the operating results are regularly reviewed for resource allocation and performance assessment purposes. These departments represent operating segments under IFRS 8, *Operating Segments*. Segment results include items that are directly attributable to a segment as well as those that are allocated on a reasonable basis.

6.1 Investment segments

CPP Investments' purpose is to manage amounts transferred to it under Sections 108.1 and 108.3 of the CPP Act in the best interests of CPP beneficiaries and contributors. This requires investing its assets with a view to achieving a maximum rate of return without undue risk of loss. Investments are managed by six departments as described below.

- **Total Fund Management –** Responsible for the Fund's strategic and tactical portfolio design, capital allocations to investment strategies, and the management of exposures, leverage and liquidity. As part of these activities, Total Fund Management invests the Balancing Portfolio, the remaining portion of net investments after excluding assets managed by the other investment departments, in global public securities. Total Fund Management leads the ongoing execution of the Total Portfolio Investment Framework and ensures that the Fund's investing activities collectively produce a total portfolio that seeks to maximize long-term returns without undue risk.
- **Capital Markets and Factor Investing –** Includes both externally managed hedge funds and internally managed active strategies that invest globally in public equities, fixed income, currencies and commodities. Most Capital Markets and Factor Investing strategies are constructed as market neutral portfolios.
- **Active Equities –** Leverages its structural comparative advantages and developed sources of edge to exploit opportunities through proprietary company-specific fundamental research in the global public equity markets. Active Equities' fundamental insights yield a collection of high-conviction, single-company investments that are assembled into a highly concentrated long/short, market-neutral portfolio.
- **Credit Investments –** Invests in both public and private credit and credit-like products globally. This includes investments across corporate, consumer and real assets credit along the credit rating spectrum, with the exception of sovereign bonds.

- **Private Equity –** Invests in a wide range of private equity assets globally, both directly and with partners. Private Equity seeks return premiums by investing in less liquid assets and focusing on long-term value creation through commitments to funds, secondary markets and direct investments in private companies.
- **Real Assets –** Invests in real estate, infrastructure, as well as both conventional and renewable energy assets globally. Its portfolio delivers a combination of income and capital growth to the Fund, while also providing cash flows that increase with inflation over time.

6.1.1 Net income by investment segment

The table below illustrates the income and expenses incurred by each investment department.

	For the year ended March 31, 2022							
(CAD millions)	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment	Total
Income (loss):	$ (270)	$ 3,584	$ (4,052)	$ 3,621	$ 23,051	$ 14,743	$ (4,359)	$ 36,318
Expenses[1]**:**								
Personnel	107	130	162	136	223	255	–	1,013
General and administrative	75	67	75	48	70	80	–	415
Management fees[2]	–	490	27	30	597	150	(1,274)	20
Performance fees[3]	–	938	4	2	1,347	95	(2,348)	38
Transaction-related[4]	87	27	98	56	82	217	(246)	321
Taxes[4]	28	10	73	21	94	66	(60)	232
Financing[5]	179	–	–	41	55	20	(431)	(136)
	$ 476	$ 1,662	$ 439	$ 334	$ 2,468	$ 883	$ (4,359)	$ 1,903
Net income (loss)	$ (746)	$ 1,922	$ (4,491)	$ 3,287	$ 20,583	$ 13,860	$ –	$ 34,415

	For the year ended March 31, 2021[6]							
(CAD millions)	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment	Total
Income:	$ 34,974	$ 6,463	$ 2,970	$ 2,743	$ 36,055	$ 8,605	$ (5,009)	$ 86,801
Expenses[1]**:**								
Personnel	116	140	138	114	192	238	–	938
General and administrative	75	67	64	45	59	74	–	384
Management fees[2]	–	480	15	22	754	148	(1,401)	18
Performance fees[3]	–	1,128	–	–	930	230	(2,265)	23
Transaction-related[4]	64	42	77	24	75	113	(209)	186
Taxes[4]	44	9	156	18	43	841	(839)	272
Financing[5]	1,221	–	–	13	34	63	(295)	1,036
	$ 1,520	$ 1,866	$ 450	$ 236	$ 2,087	$ 1,707	$ (5,009)	$ 2,857
Net income	$ 33,454	$ 4,597	$ 2,520	$ 2,507	$ 33,968	$ 6,898	$ –	$ 83,944

1. Includes expenses borne by CPP Investments and its investment holding subsidiaries in relation to the respective departments.
2. Includes costs incurred within funds of $1,274 million (March 31, 2021 – $1,401 million).
3. Includes costs incurred within funds of $2,348 million (March 31, 2021 – $2,265 million).
4. Adjustments consist of expenses borne by investment holding subsidiaries, which are reclassified into income.
5. Represents financing expenses borne by CPP Investments and its investment holding subsidiaries as described in Note 1.8 of $(16) million (March 31, 2021 – $1,150 million), as well as the notional interest expense from derivatives (primarily swaps and futures) used to generate additional leverage for CPP Investments of $311 million (March 31, 2021 – $181 million). Together these amounts reflect the total leverage-related expenses used by Management to monitor the cost of Total Fund Leverage, as described in Note 10.2.
6. Certain comparatives have been reclassified to conform to the current year's presentation.

6.1.2 Net investments by investment segment

(CAD millions)	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Total
	Net investments[1]						
As at:							
March 31, 2022	**$ 228,176**	**$ 3,413**	**$ (2,705)**	**$ 53,672**	**$ 134,170**	**$ 122,640**	**$ 539,366**
March 31, 2021[2]	222,339	2,218	(569)	43,761	125,140	104,377	497,266

1. Net investments excludes net corporate liabilities of $55 million (March 31, 2021 – $79 million).
2. Certain comparatives have been reclassified to conform to the current year's presentation.

6.2 Geographic information

Net investments are presented in the table below based on the region to which they have primary economic exposure:

(CAD millions)	Canada	U.S.	Asia Pacific	Europe	Latin America	Total
	Net investments[1]					
As at:						
March 31, 2022	**$ 85,183**	**$ 196,199**	**$ 141,199**	**$ 86,427**	**$ 30,358**	**$ 539,366**
March 31, 2021[2]	78,283	187,462	134,382	75,923	21,216	497,266

1. Includes debt financing liabilities of $6,401 million, $19,387 million, $1,460 million, and $22,259 million (March 31, 2021 – $4,092 million, $16,779 million, $532 million, and $18,594 million), based on the currencies of the issuances, in Canada, the U.S., Asia Pacific, and Europe, respectively.
2. Certain comparatives have been reclassified to conform to the current year's presentation.

7. Risk management

AT A GLANCE

The base CPP Investment Portfolio and additional CPP Investment Portfolio (collectively the Investment Portfolios) are exposed to a variety of investment risks which are managed through the Integrated Risk Policy. The underlying risk categories, exposures and the related risk management techniques are described in the following Notes:

- Note 8 – Market risk
- Note 9 – Credit risk
- Note 10 – Liquidity and leverage risk

Any references to the investment activities and risk exposures of CPP Investments also include those of its unconsolidated investment holding subsidiaries.

The ongoing impact of COVID-19 and evolving geopolitical landscape continue to have widespread impacts around the world, including an increase in market volatility. Throughout this volatile environment, CPP Investments continues to remain within all risk limits established by its Board of Directors, including limits related to market, credit, liquidity and leverage risks.

7.1 Introduction

CPP Investments manages and mitigates investment risks in accordance with the Integrated Risk Policy (Policy). This Policy establishes accountability of the Board of Directors, the various committees, including the Risk Committee, and departments to manage investment-related risks. The Policy is updated and approved by the Board of Directors at least once every fiscal year, and contains risk appetite (in the form of limits, statements and targets) and risk management provisions that govern investment decisions in accordance with the mandate of CPP Investments.

Upper and lower absolute risk limits are included within the Policy, and these govern the amount of total investment risk that CPP Investments can take in the Investment Portfolios. CPP Investments monitors potential investment losses in the Investment Portfolios daily and reports to the Board of Directors on at least a quarterly basis. The target equity content for each of the base CPP Investment Portfolio and additional CPP Investment Portfolio is assessed using an equity/debt risk equivalence ratio, which is the proportion of equity versus debt in a simple two-asset reference portfolio that would give the same market and credit risk as that of the applicable Investment Portfolio. Each Investment Portfolio's ratio must be within the Board of Directors' approved absolute risk limits.

7.1.1 Independent risk oversight

The risk group (Risk) within CPP Investments reports to the Chief Financial and Risk Officer. The function is responsible for assessing, monitoring and ensuring management of the Investment Portfolios is consistent with the established risk appetites. This oversight is exercised through independent control and support functions. Investment departments are accountable for managing risk within prescribed risk appetites.

7.1.2 Investment risk measures

A suite of measures is used to estimate the risk of loss from small, moderate and significant market moves over various time horizons. In addition to industry standard market and credit risk models, CPP Investments uses proprietary models to assess potential losses to the portfolio over longer time horizons. Furthermore, a number of trading desk-specific risk measures are tracked that are related to the specific nature of the strategy.

7.1.3 Stress scenario analysis

To complement the suite of potential loss measures used to monitor the Investment Portfolios, CPP Investments further examines the potential impact of extreme but plausible adverse market events. Scenario analysis considers the effect of various market stress events, including potential geopolitical or adverse economic events, using a bottom-up approach that considers the effect of parameter shocks across the entire portfolio. Generally, the forecasted timeline considered is one year in order to appropriately include the effect of the public market shocks on private asset valuations. These assessments are reported to both Senior Management and the Board of Directors.

7.1.4 Model validation

The model validation function within Risk independently validates strategically important portfolio construction and risk management models as well as valuation methodologies within the main investment systems. A risk-based approach is used to establish the frequency and depth of the validation activities, with increased focus on higher risk models.

7.2 Total fund risk

A suite of risk measures is used within CPP Investments to monitor and assess the risk profile of the Investment Portfolios. Regular risk reports are provided to Senior Management and the Board of Directors to support the governance of the various dimensions of investment risk to which the Investment Portfolios are exposed. The Policy includes limits around portfolio composition. The target level of market risk, expressed in terms of an equity/debt risk equivalence ratio, of the base CPP Investment Portfolio is currently set at 85%/15%, while the additional CPP Investment Portfolio target level is set at 55%/45%.

Plan adjustment risk is a central concept in CPP Investments' portfolio design and risk governance activities. It is defined as the probability of a material increase to the Minimum Contribution Rates applicable to CPP contributors, based solely on investment return performance over various time horizons. It is an overarching measure that is impacted by market, credit, liquidity and leverage risk.

Other key investment risk governance measures include:

- Market risk: The equity/debt risk equivalence ratio, which is the proportion of equity (versus debt) in a simple two-asset reference portfolio that would give the same market and credit risk as that of the applicable Investment Portfolio.
- Potential investment losses: The reported loss of the Investment Portfolios over a one-year horizon is not expected to exceed the established limit 19 times out of 20. The potential loss of the Investment Portfolios over a five-year horizon is also measured and monitored by Management.
- Active risk: The potential underperformance arising from differences between the compositions of each Investment Portfolio and an internally developed comparator portfolio. This measure was introduced as part of the Policy that became effective April 1, 2021.
- Liquidity and leverage risk measures, which are further described in Note 10.

The monitoring of adherence to investment risk limits is conducted independent of the investment departments by Risk using both industry standards and internally developed risk models. The tables below provide a summary of the key investment risk governance measures of the Investment Portfolios.

		As at March 31, 2022	As at March 31, 2021
	Limit	base CPP	base CPP
Plan adjustment risk[1,2]	n/a	**16%**	17%
Market risk	80–90%	**85%**	85%
Potential investment loss:			
One-year horizon[3]	20%	**18%**	18%
Five-year horizon[1,3]	n/a	**19%**	20%
Active risk[4]	450 bps	**427 bps**	n/a

		As at March 31, 2022	As at March 31, 2021
	Limit	additional CPP	additional CPP
Plan adjustment risk[1,2]	n/a	**18%**	16%
Market risk	50–60%	**55%**	54%
Potential investment loss:			
One-year horizon[3]	14%	**13%**	12%
Five-year horizon[1,3]	n/a	**15%**	15%
Active risk[4]	450 bps	**381 bps**	n/a

1. Effective April 1, 2021, this measure is not a risk limit within the Policy but remains a central concept in portfolio design and risk governance activities.
2. Effective March 31, 2022, this measure includes the expected dollar value-add in the return assumptions. March 31, 2021 values have been restated to reflect this inclusion.
3. Percentage of investment value.
4. Represented in basis points (bps).

7.2.1 Stress scenarios and results

As part of ongoing monitoring, CPP Investments performs scenario analysis to quantify the impact of potential stress events and identify potential vulnerabilities that may not be fully captured by standard risk models. This includes how severe market and geopolitical events could affect the Investment Portfolios. Below are examples of scenarios that are run and monitored on a regular basis:

- A repeat of the Global Financial Crisis (GFC) of 2008 – CPP Investments estimates that if an event like the GFC were to recur, the reported value of the Investment Portfolios would decline by approximately 15% or $80 billion, unchanged in percentage terms from the previous year. This estimated loss is within our risk appetite.
- Severe Stress scenario – A hypothetical scenario that aggregates several historical market stress events. This scenario also removes the foreign currency gains typically realized in past market stress events where losses were partially offset by the depreciation of the Canadian dollar against the U.S. dollar. If this more extreme scenario were to happen, CPP Investments estimates that it would result in losses of approximately 21% or $111 billion, relatively unchanged in percentage terms from the previous year. While this stress scenario is less plausible, it highlights the sensitivity of returns to foreign currency fluctuations and is actively monitored to ensure the estimated loss broadly remains within our risk appetite.
- Comprehensive Capital Analysis and Review (CCAR) – An extreme stress scenario that is externally used to assess the capital adequacy of the largest U.S.-based bank holding companies. CPP Investments has implemented the CCAR stress parameters into the stress loss estimates. CPP Investments estimates that the reported value of the Investment Portfolios would decline by approximately 46% or $248 billion, relatively unchanged in percentage terms from the prior year analysis. While the parameters used in this scenario are likely overly punitive in the context of an investment fund, CPP Investments believes it is still a useful scenario to consider.

Ad hoc analysis is also performed on various plausible stress scenarios based on current global events, such as potential impacts of inflation or the effects on the global economy and CPP Investments' investments from Russia's invasion of Ukraine. The resulting potential loss estimates are actively monitored to ensure the Investment Portfolios remain within stated risk appetites.

8. Market risk

Market risk is the risk that the fair value of an investment or investment liability will fluctuate because of changes in market prices and rates.

CPP Investments uses a tiered structure of limits to govern market risk by controlling the size of risk exposures. Limits include the use of equity/debt risk equivalence ratios of the two Investment Portfolios as well as various limits to reduce the probability that none of the individual investment departments' market risks grow faster than originally anticipated. Market risk is also incorporated as a component of potential investment loss measures in Note 7.2. These measures are supplemented with drawdown or reported loss triggers that highlight any public market strategies that are experiencing losses outsized to their estimated market risk levels. More granular limits are also used in certain cases that are investment program-specific and are tailored to the way that the strategies are managed on a daily basis. Examples of such granular limits and measures include: DV01 which measures the possible loss/gain in the investment strategy as a result of 1 basis point increase/decrease in interest rate yield curves; and divergence limits that track the risks against their respective benchmarks.

Investment departments are expected to stay within their limits but are allowed to request increases to management level limits. Any limit excesses are processed according to established escalation guidelines.

Market risk includes equity risk, interest rate risk, credit spread risk and currency risk. The sensitivity of these risks is summarized in each respective Note.

8.1 Equity risk

Equity risk is the risk that the fair value of an investment or investment liability will fluctuate because of changes in equity prices, which is a significant source of risk of the Investment Portfolios. The table below presents the instantaneous effect of a 1% decrease/increase in the S&P 500 Index on loss/profit of public equity investments, with all other variables held constant. This calculation assumes that equities other than the S&P 500 Index would move in accordance with their historical behaviour conditional on a 1% decrease/increase in the S&P 500 Index.

(CAD millions)	As at March 31, 2022	As at March 31, 2021
	Impact of 1% decrease in the S&P 500 Index	
Loss on public equity investments	$ 1,218	$ 1,184

8.2 Interest rate risk

Interest rate risk is the risk that the fair value of an investment or investment liability will fluctuate because of changes in market interest rates. The Investment Portfolios are exposed to interest rate risk primarily through holdings of fixed income securities, certain investment liabilities and interest rate derivatives.

8.2.1 Interest rate risk sensitivity

With all other variables held constant, a 1 basis point increase/decrease in nominal risk-free rates would result in a decrease/increase in the value of investments directly impacted by interest rate changes as follows:

(CAD millions)	As at March 31, 2022	As at March 31, 2021
Maturity	Impact of increase of 1 basis point on net assets[1]	
Within 1 year	$ 1	$ 1
1 to 5 years	(19)	(23)
6 to 10 years	(22)	(18)
Over 10 years	(64)	(49)
Total	$ (104)	$ (89)

1. This sensitivity primarily applies to debt instruments and interest-rate-sensitive derivatives.

The Investment Portfolios' sensitivity to various countries' risk-free rates is as follows:

Region	As at March 31, 2022	As at March 31, 2021
U.S.	43%	50%
Canada	30	31
Europe	10	–
China	6	6
United Kingdom	6	4
Other	5	9
Total	100%	100%

8.3 Credit spread risk

Credit spread risk is the difference in yield on certain securities compared to a comparable risk-free security (i.e., government issued) with the same maturity date. Credit spread risk is the risk that the fair value of these securities will fluctuate because of changes in credit spread. With all other variables held constant, an increase in credit spread rates would result in a decrease in net investments.

(CAD millions)		As at March 31, 2022		As at March 31, 2021
	Impact of 1 basis point widening of credit spread			
Decrease in net investments	$	30	$	34

8.4 Currency risk

The Investment Portfolios are exposed to currency risk through holdings of investments or investment liabilities in various foreign currencies. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value or future cash flows of these investments and investment liabilities.

8.4.1 Currency risk exposures

The net currency exposures after allocating foreign currency derivatives, in Canadian dollars, are as follows:

(CAD millions)	As at March 31, 2022			As at March 31, 2021		
Currency		Net exposure	% of total[1]		Net exposure	% of total[1]
U.S. dollar	$	296,341	55%	$	280,198	56%
Euro		39,127	7		31,580	6
Chinese renminbi		25,953	5		23,391	5
British pound sterling		16,828	3		16,238	3
Other		73,927	14		73,636	15
Total foreign exposure		452,176	84		425,043	85
Canadian dollar		87,190	16		72,223	15
Total	$	539,366	100%	$	497,266	100%

1. May not reflect actual percentage of total due to rounding.

With all other variables and underlying values held constant, a 10% appreciation/depreciation of the Canadian dollar against all other currencies would result in a decrease/increase in net investments by $45,218 million (March 31, 2021 – $42,504 million).

9. Credit risk

Credit risk represents the potential permanent loss of investment value due to direct or indirect counterparty exposure to a defaulted entity and/or financial losses due to deterioration of an entity's credit quality. The Investment Portfolios' credit risk arises primarily through its investments in non-investment grade entities. The carrying amounts of these investments as presented in the Consolidated Schedule of Investment Portfolio represent the maximum direct credit risk exposure at the Balance Sheet date. Credit risk is also incorporated as a component of potential investment loss measures in Note 7.2.

9.1 Counterparty exposures

The fair value of debt securities and over-the-counter derivatives exposed to credit risk, by credit rating category and without taking account of any collateral held or other credit enhancements, is as follows:

	As at March 31, 2022							
(CAD millions) Credit rating	Bonds[1]	Cash equivalents[1]	Money market securities[1]	Reverse repurchase agreements[1]	Over-the-counter derivatives	Other debt[1,2]	Total	% of Total[3]
AAA	$ 18,460	$ 116	$ 250	$ –	$ –	$ 1,990	$ 20,816	10%
AA	40,440	4,673	100	21,486	639	1,130	68,468	33
A	26,175	5,420	1,018	26,878	1,928	410	61,829	29
BBB	15,290	–	–	7,814	284	2,917	26,305	12
BB	5,107	–	–	–	–	2,512	7,619	4
B	3,413	–	–	–	–	17,266	20,679	10
CCC/CC/D	608	–	–	–	–	3,126	3,734	2
Total	$ 109,493	$ 10,209	$ 1,368	$ 56,178	$ 2,851	$ 29,351	$ 209,450	100%

	As at March 31, 2021							
(CAD millions) Credit rating	Bonds[1]	Cash equivalents[1]	Money market securities[1]	Reverse repurchase agreements[1]	Over-the-counter derivatives	Other debt[1,2]	Total	% of Total[3]
AAA	$ 18,540	$ 150	$ –	$ –	$ –	$ 1,031	$ 19,721	14%
AA	39,915	7,804	80	1,063	152	1,037	50,051	36
A	24,880	4,316	63	2,414	2,785	307	34,765	25
BBB	9,891	–	–	2,587	578	2,464	15,520	11
BB	3,234	–	–	–	–	2,844	6,078	4
B	2,219	–	–	–	–	9,212	11,431	8
CCC/CC/D	644	–	–	–	–	1,732	2,376	2
Total	$ 99,323	$ 12,270	$ 143	$ 6,064	$ 3,515	$ 18,627	$ 139,942	100%

1. Includes accrued interest.
2. Includes direct investments in private debt and asset-backed securities.
3. May not reflect actual percentage of total due to rounding.

In addition to the above, the Investment Portfolios are indirectly exposed to credit risk on the underlying securities of fund investments.

CPP Investments limits credit risk on over-the-counter contracts through a variety of means, including dealing only with authorized counterparties that meet the minimum credit rating and limiting the maximum exposures to any individual counterparty, and the use of master netting agreements and collateral.

Credit risk exposure is mitigated on certain financial assets and financial liabilities, which have conditional offset rights in the event of default, insolvency, or bankruptcy. For securities purchased under reverse repurchase agreements, securities and loans sold under repurchase agreements and over-the-counter derivatives, collateral is collected from or pledged to counterparties to manage credit exposure (see Note 15). In addition, in the event of default, amounts with a specific counterparty are settled on a net basis under master netting and collateral agreements, such as the Global Master Repurchase Agreement and the International Swaps and Derivatives Association Netting Agreements (see Note 12).

9.2 Credit value-at-risk

In addition to incorporating credit risk within the potential investment loss measures as described in Note 7.2, a standalone measure for losses due to defaults and credit rating migration is also monitored. A Monte Carlo simulation that incorporates likelihood of default, credit rating migration and recovery in the event of default for underlying investments is adopted to quantify this dimension of risk. Credit value-at-risk, at a 95% confidence level, implies there is a 5% chance that the underlying investments in the Investment Portfolios will lose more than the amounts shown below, expressed as a percentage of each Investment Portfolio, in any given year due to default and credit migration risk.

	As at March 31, 2022		As at March 31, 2021	
(CAD millions)	base CPP	additional CPP	base CPP	additional CPP
Credit value-at-risk	3.4%	2.3%	3.4%	2.2%

10. Liquidity and leverage risk

10.1 Liquidity risk

Liquidity risk is defined as the risk of incurring unacceptable losses while obtaining the funds needed to: (i) meet payment obligations as they become due, (ii) fund new investments, or (iii) rebalance the portfolio in periods of stress. The liquidity coverage ratio measures the amount of available liquid securities relative to CPP Investments' investment obligations and obligations to transfer funds to CPP over various time horizons including any 10-day period.

	Limit	As at March 31, 2022	As at March 31, 2021
Liquidity coverage ratio	1.0x	**2.9x**	6.2x

Liquidity risk is impacted by the use of various forms of leverage which CPP Investments uses to manage certain other risks and enhance fund returns. The use of leverage is governed directly through leverage measures as outlined in Note 10.2.

Liquidity risk is managed by investing certain assets in a liquid portfolio of publicly traded equities, money market securities and marketable bonds. It is supplemented by the ability to raise funds through activities such as the issuance of commercial paper and term debt and transacting in securities sold under repurchase agreements. CPP Investments also maintains unsecured credit facilities to meet potential liquidity requirements. There were no credit facilities drawn as at March 31, 2022 and March 31, 2021.

(CAD millions)	As at March 31, 2022	As at March 31, 2021
Unsecured credit facilities held	**$ 1,500**	$ 3,000

10.2 Leverage risk

Leverage risk is the risk that excessive financial obligations heighten market and liquidity risks during periods of stress. Leverage risk is monitored by recourse and non-recourse measures. Recourse leverage (formerly total financing liabilities) is a notional-based measure of leverage with direct recourse to CPP Investments which represents the net amount of financing used by CPP Investments to increase its investment exposure. Non-recourse leverage represents the debt issued through our investment holding subsidiaries that only have recourse to certain investments held within these subsidiaries. Together, recourse leverage and non-recourse leverage constitute 'Total Fund Leverage'. Effective April 1, 2022, the Board approved a limit of 45% of net assets for recourse leverage.

	As at March 31, 2022	As at March 31, 2021
Recourse leverage	**22.6%**	17.8%
Non-recourse leverage	**1.0%**	0.7%

For the year ended March 31, 2022, expenses of $175 million (March 31, 2021 – $1,217 million) and $120 million (March 31, 2021 – $114 million) were incurred on recourse leverage of $121,839 million (March 31, 2021 – $88,279 million) and non-recourse leverage of $5,341 million (March 31, 2021 – $3,548 million), respectively. Together, these expenses make up CPP Investments' total leverage-related expenses incurred on Total Fund Leverage (as disclosed in Note 6.1.1).

10.3 Terms to maturity

10.3.1 Terms to maturity of non-derivative investments held directly by CPP Investments

(CAD millions)	Terms to maturity As at March 31, 2022 Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total[2]	Average effective yield	As at March 31, 2021 Total[2]	Average effective yield
Non-marketable bonds								
Canadian provincial government	$ 849	$ 4,893	$ 915	$ 11,315	$ 17,972	3.3%	$ 20,561	2.6%
Marketable bonds								
Government of Canada	–	3,999	1,902	1,398	7,299	2.4	6,337	1.1
Canadian provincial government	–	1,556	2,227	2,993	6,776	3.2	7,370	2.5
Canadian government corporations	–	1,518	571	306	2,395	2.9	2,584	1.6
Foreign government	1,124	13,360	14,711	23,528	52,723	2.6	45,736	2.1
Corporate bonds	812	6,054	5,880	4,467	17,213	3.5	12,177	2.6
Other debt								
Private debt[1]	187	–	–	–	187	–	137	–
Asset-backed securities	–	936	1,454	1,376	3,766	1.8	2,550	1.8
Securities purchased under reverse repurchase agreements	56,178	–	–	–	56,178	–	6,062	0.2
Cash collateral pledged on securities borrowed	631	–	–	–	631	n/a	1,065	n/a
Total	$ 59,781	$ 32,316	$ 27,660	$ 45,383	$ 165,140	n/a	$ 104,579	n/a

1. Includes direct investments that are classified as debt. Excludes fund investments.
2. Represents fair value.

10.3.2 Terms to maturity of non-derivative investments held by investment holding subsidiaries

The following table presents supplemental information relating to the terms to maturity of investments held by investment holding subsidiaries.

(CAD millions)	Terms to maturity As at March 31, 2022 Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total[2]	Average effective yield	As at March 31, 2021[3] Total[2]	Average effective yield
Marketable bonds								
Corporate bonds	$ –	$ 1,047	$ 2,894	$ –	$ 3,941	7.0%	$ 3,795	4.8%
Other debt								
Private debt[1]	1,956	11,560	13,910	863	28,289	6.5	19,621	5.8
Asset-backed securities	–	48	269	221	538	7.8	693	3.4
Total	$ 1,956	$ 12,655	$ 17,073	$ 1,084	$ 32,768	n/a	$ 24,109	n/a

1. Includes direct investments that are classified as debt. Excludes fund investments.
2. Represents fair value.
3. Certain comparatives have been reclassified to conform to the current year's presentation.

10.3.3 Terms to maturity of non-derivative investment liabilities held directly by CPP Investments

	Terms to maturity									
	As at March 31, 2022							As at March 31, 2021		
(CAD millions)	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total[3]	Fair value	Weighted average interest rate	Total[3]	Fair value	Weighted average interest rate
Securities sold under repurchase agreements	$ 35,740	$ –	$ –	$ –	$ 35,740	$ 35,747	(0.1)%	$ 30,502	$ 30,489	0.1%
Cash collateral received on securities lent	7,714	–	–	–	7,714	7,714	n/a	2,661	2,661	n/a
Securities sold short[1,2]	29,003	–	–	–	29,003	29,003	n/a	22,275	22,275	n/a
Debt financing liabilities	2,564	19,856	16,240	7,510	46,170	44,166	1.2	35,623	36,449	0.8
Short-term secured debt	1,196	–	–	–	1,196	1,196	0.6	1,234	1,234	0.2
Total	$ 76,217	$ 19,856	$ 16,240	$ 7,510	$ 119,823	$ 117,826	n/a	$ 92,295	$ 93,108	n/a

1. Considered repayable within one year based on the earliest period in which the counterparty could request payment under certain conditions.
2. Includes equities sold short for which the average interest rate is not applicable.
3. Represents contractual amounts.

10.3.4 Terms to maturity of non-derivative investment liabilities held by investment holding subsidiaries

The following table presents supplemental information relating to the terms to maturity of investment liabilities held by investment holding subsidiaries.

	Terms to maturity									
	As at March 31, 2022							As at March 31, 2021		
(CAD millions)	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total[1]	Fair value	Weighted average interest rate	Total[1]	Fair value	Weighted average interest rate
Loans sold under repurchase agreements	$ –	$ 168	$ –	$ –	$ 168	$ 168	2.9%	$ –	$ –	–%
Debt financing liabilities	84	4,108	215	891	5,298	5,341	2.6	3,519	3,548	3.2
Total	$ 84	$ 4,276	$ 215	$ 891	$ 5,466	$ 5,509	n/a	$ 3,519	$ 3,548	n/a

1. Represents contractual amounts.

11. Reconciliation of debt financing liabilities

The following table provides a reconciliation of debt financing liabilities issued by CPP Investments arising from financing activities:

(CAD millions)	For the years ended March 31, 2022	For the years ended March 31, 2021
Balance, beginning of year	$ 36,449	$ 38,395
Proceeds	17,229	12,839
Repayments	(5,375)	(11,034)
Non-cash changes in fair value[1]	(4,137)	(3,751)
Balance, end of year	**$ 44,166**	$ 36,449

1. Includes foreign exchange gains of $1,087 million (March 31, 2021 – $3,211 million).

12. Financial instruments – rights of offset

ACCOUNTING POLICY

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Financial Statements if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The following table presents the effect of offsetting for derivatives and repurchase and reverse repurchase agreements that are subject to master netting arrangements or similar agreements that meet the criteria for offsetting. The table also presents the amounts that are subject to enforceable netting arrangements but do not qualify for offsetting. Amounts that do not qualify for offsetting include agreements that only permit outstanding transactions with the same counterparty to be offset in an event of default or occurrence of certain predetermined events.

For certain derivatives, the gross amounts subject to netting arrangements include the daily settlement of variation margin which is netted against the fair value of the derivatives. As a result, these derivatives are not subject to netting arrangements and are not included in the table below.

	As at March 31, 2022					
				Less: Amounts subject to master netting or similar arrangements but not presented net		
(CAD millions)	Gross amounts subject to netting arrangements	Less: Amounts offset in Consolidated Financial Statements	Net amount presented in the Consolidated Schedule of Investment Portfolio	Subject to agreements	Securities and cash collateral[3]	Net exposure
Securities purchased under reverse repurchase agreements	$ 56,178	$ –	$ 56,178	$ (17,480)	$ (38,698)	$ –
Cash collateral on securities borrowed	771	(140)	631	–	(631)	–
Derivative assets[1]	2,933	–	2,933	(2,162)	(771)	–
Total investment receivables	$ 59,882	$ (140)	$ 59,742	$ (19,642)	$ (40,100)	$ –
Securities and loans sold under repurchase agreements[2]	$ 35,915	$ –	$ 35,915	$ (17,480)	$ (18,435)	$ –
Cash collateral on securities lent	7,854	(140)	7,714	–	(7,714)	–
Derivative liabilities[1]	4,775	–	4,775	(2,162)	(2,613)	–
Total investment payables	$ 48,544	$ (140)	$ 48,404	$ (19,642)	$ (28,762)	$ –

(CAD millions)	As at March 31, 2021 Gross amounts subject to netting arrangements	Less: Amounts offset in Consolidated Financial Statements	Net amount presented in the Consolidated Schedule of Investment Portfolio	Less: Amounts subject to master netting or similar arrangements but not presented net Subject to agreements	Securities and cash collateral[3]	Net exposure
Securities purchased under reverse repurchase agreements	$ 6,062	$ –	$ 6,062	$ (3,800)	$ (2,262)	$ –
Cash collateral on securities borrowed	1,065	–	1,065	–	(1,065)	–
Derivative assets[1]	3,636	–	3,636	(1,997)	(1,639)	–
Total investment receivables	$ 10,763	$ –	$ 10,763	$ (5,797)	$ (4,966)	$ –
Securities and loans sold under repurchase agreements[2]	$ 30,489	$ –	$ 30,489	$ (3,800)	$ (26,689)	$ –
Cash collateral on securities lent	2,661	–	2,661	–	(2,661)	–
Derivative liabilities[1]	3,004	–	3,004	(1,997)	(1,007)	–
Total investment payables	$ 36,154	$ –	$ 36,154	$ (5,797)	$ (30,357)	$ –

1. Includes $80 million (March 31, 2021 – $121 million) relating to warrants in derivative assets and $1 million relating to interest rate derivative receivables (March 31, 2021 – $2 million relating to interest rate derivative liabilities) transacted by investment holding subsidiaries.
2. Includes $168 million (March 31, 2021 – nil) relating to loans sold under repurchase agreements transacted by investment holding subsidiaries.
3. Securities and cash collateral exclude over-collateralization. Certain amounts of collateral are restricted from being sold or repledged in the normal course of business. Refer to Note 15 for the collateral disclosure.

13. General and administrative expenses

General and administrative expenses consist of the following:

(CAD millions)	For the years ended **March 31, 2022**	March 31, 2021
Information technology and data services	**$ 178**	$ 158
Professional services	**115**	115
Amortization of premises and equipment	**61**	60
Premises and equipment	**26**	21
Communications	**20**	14
Auditor's remuneration	**6**	9
Travel and accommodation	**6**	2
Directors' remuneration	**2**	2
Other	**1**	3
Total	**$ 415**	$ 384

14. Related-party transactions

Related parties of CPP Investments include unconsolidated subsidiaries, joint ventures, and associates. All related-party investments are measured at fair value.

Unconsolidated subsidiaries include 252 wholly owned investment holding subsidiaries (see Note 1.2) (March 31, 2021 – 226) managed by CPP Investments. The 252 investment holding subsidiaries are incorporated as follows: 174 in Canada (March 31, 2021 – 155), 34 in the U.S. (March 31, 2021 – 29), 20 in Australia (March 31, 2021 – 20), six in Hong Kong (March 31, 2021 – six), and 18 in other jurisdictions (March 31, 2021 – 16). CPP Investments provides financial or other support to these investment holding subsidiaries to fund their day-to-day operations and investment activities under loan agreements or shareholders' resolutions, as needed.

In addition, CPP Investments owns interests in unconsolidated subsidiaries that are themselves investments. These investments, some of which may be wholly owned, are controlled through ownership rights directly or indirectly by CPP Investments. CPP Investments holds, or indirectly holds, investments in associates and joint ventures which are also related parties of CPP Investments.

Related-party transactions consist of investments and income primarily in public and private equities, bonds, other debt, funds, infrastructure and real estate. These transactions are measured at fair value and will, therefore, have the same impact on net assets and net income as those investment transactions with unrelated parties.

Related-party transactions with consolidated subsidiaries are eliminated upon consolidation.

14.1 Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of CPP Investments, consisting of the Senior Management Team and the Board of Directors.

Compensation of key management personnel of CPP Investments is as follows:

(CAD millions)	For the years ended March 31, 2022	For the years ended March 31, 2021
Short-term employee compensation and benefits	$ 28	$ 25
Other long-term compensation and benefits	24	28
Total	**$ 52**	$ 53

15. Collateral

Collateral transactions are conducted to support investment activities under terms and conditions that are common and customary to collateral arrangements. These arrangements may be transacted by CPP Investments or its investment holding subsidiaries in their normal course of business.

15.1 Collateral held and pledged directly by CPP Investments

The net fair value of collateral held and pledged directly by CPP Investments was as follows:

(CAD millions)	As at March 31, 2022	As at March 31, 2021
Third-party assets held as collateral on[1]:		
Reverse repurchase agreements	$ 55,897	$ 6,056
Derivative transactions	538	2,049
Securities lent[2,4]	8,935	3,292
Own and third-party assets pledged as collateral on:		
Repurchase agreements	(35,518)	(30,457)
Securities borrowed[3,4]	(32,298)	(25,027)
Short-term secured debt[5]	(1,429)	(1,502)
Derivative transactions	(10,634)	(3,545)
Debt financing liabilities	(535)	–
Total	**$ (15,044)**	$ (49,134)

1. The fair value of collateral sold or repledged as at March 31, 2022 was $16,233 million (March 31, 2021 – $3,148 million).
2. The fair value of securities lent as at March 31, 2022 was $9,054 million (March 31, 2021 – $3,252 million).
3. The fair value of securities borrowed as at March 31, 2022 was $21,888 million (March 31, 2021 – $20,670 million) of which $21,752 million (March 31, 2021 – $20,091 million) was used for short selling activity.
4. Cash collateral payable on the balance sheet of $7,714 million (March 31, 2021 – $2,661 million) consists of collateral receivable of $140 million and collateral payable of $7,854 million that qualify for netting (March 31, 2021 – nil and $2,661 million, respectively).
5. Represents securities pledged as collateral on short-term cash borrowings from prime brokers.

15.2 Supplemental information on collateral relating to investment holding subsidiaries

The net fair value of collateral held and pledged directly by investment holding subsidiaries was as follows:

(CAD millions)		As at March 31, 2022		As at March 31, 2021[4]
Own and third-party assets pledged as collateral on:				
Repurchase agreements	$	**(292)**	$	–
Securities borrowed[1,2]		**(8,469)**		(4,752)
Derivative transactions[2]		**(574)**		(347)
Private equities[3]		**(10,156)**		(9,493)
Debt financing liabilities		**(10,037)**		(7,864)
Total	$	**(29,528)**	$	(22,456)

1. The fair value of securities borrowed as at March 31, 2022 was $4,967 million (March 31, 2021 – $2,976 million) of which $4,967 million (March 31, 2021 – $2,976 million) was used for short selling activity.
2. The cash collateral at the prime brokers may be used for securities borrowed and derivatives transacted by broker.
3. Collateral on loans represents securities pledged as collateral on loan borrowings of the investees.
4. Certain comparatives have been reclassified to conform to the current year's presentation.

16. Commitments

CPP Investments and its investment holding subsidiaries have entered into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at March 31, 2022, the unfunded commitments for CPP Investments and its investment holding subsidiaries totalled $1,083 million (March 31, 2021 – $1,057 million) and $54,064 million (March 31, 2021 – $44,244 million), respectively.

17. Guarantees and indemnifications

17.1 Guarantees

As part of certain investment transactions, CPP Investments and its investment holding subsidiaries agreed to guarantee, as at March 31, 2022, up to $228 million (March 31, 2021 – $505 million) and $7,006 million (March 31, 2021 – $6,128 million), respectively, to other counterparties in the event certain investee entities default under the terms of loan and other related agreements, or fail to perform under specified non-financial contractual obligations.

17.2 Indemnifications

CPP Investments provides indemnifications to its officers, directors, certain others and, in certain circumstances, to various counterparties and other entities. CPP Investments may be required to compensate these indemnified parties for costs incurred as a result of various contingencies such as changes in laws, regulations and litigation claims. The contingent nature of these indemnification agreements prevents CPP Investments from making a reasonable estimate of the maximum potential payments CPP Investments could be required to make. To date, CPP Investments has not received any material claims nor made any material payments pursuant to such indemnifications.

18. Base CPP and additional CPP

AT A GLANCE

As a result of legislative amendments in December 2016, the CPP Act defines two separate parts of the CPP:

1. base CPP – the part of the CPP that existed before January 1, 2019; and
2. additional CPP – the additional part of the CPP that came into effect on January 1, 2019.

The following Note discloses the net assets, net investments and net income of CPP Investments' base CPP account and additional CPP account.

18.1 Changes in net assets

Pursuant to Sections 108.1 and 108.3 of the CPP Act, the CPPIB Act and an administrative agreement between Her Majesty the Queen in right of Canada and CPP Investments, amounts not required to meet specified obligations of the CPP are transferred weekly to CPP Investments. The funds originate from employer and employee contributions to the CPP.

CPP Investments remits cash to the CPP as required, including the periodic return, on at least a monthly basis, of funds required to meet CPP benefits and expenses. The accumulated transfers from/to the CPP and its two parts, the base CPP and additional CPP, as well as their accumulated net income since inception, are as follows:

	Accumulated net transfers from CPP			Accumulated net income			
(CAD millions)	base CPP	additional CPP	Total	base CPP	additional CPP	Total	Total net assets
As at April 1, 2020	$ 147,544	$ 2,323	$ 149,867	$ 259,706	$ 15	$ 259,721	$ 409,588
Total net income for the year	–	–	–	83,536	408	83,944	83,944
Transfers from CPP	40,537	3,534	44,071	–	–	–	44,071
Transfers to CPP	(40,416)	–	(40,416)	–	–	–	(40,416)
As at March 31, 2021	$ 147,665	$ 5,857	$ 153,522	$ 343,242	$ 423	$ 343,665	$ 497,187
As at April 1, 2021	**$ 147,665**	**$ 5,857**	**$ 153,522**	**$ 343,242**	**$ 423**	**$ 343,665**	**$ 497,187**
Total net income for the year	**–**	**–**	**–**	**34,268**	**147**	**34,415**	**34,415**
Transfers from CPP	**43,005**	**6,190**	**49,195**	**–**	**–**	**–**	**49,195**
Transfers to CPP	**(41,486)**	**–**	**(41,486)**	**–**	**–**	**–**	**(41,486)**
As at March 31, 2022	**$ 149,184**	**$ 12,047**	**$ 161,231**	**$ 377,510**	**$ 570**	**$ 378,080**	**$ 539,311**

18.2 Net assets of base CPP and additional CPP

The net assets of CPP Investments' base CPP and additional CPP accounts are as follows:

	As at March 31, 2022			As at March 31, 2021		
(CAD millions)	**base CPP**	**additional CPP**	**Total**	base CPP	additional CPP	Total
Cash and cash equivalents held for investment purposes	**$ 13,123**	**$ 169**	**$ 13,292**	$ 13,650	$ 94	$ 13,744
Net investments other than cash and cash equivalents	**513,629**	**12,445**	**526,074**	477,344	6,178	483,522
Net investments	**526,752**	**12,614**	**539,366**	490,994	6,272	497,266
Premises and equipment	**436**	**11**	**447**	448	11	459
Other assets[1]	**383**	**7**	**390**	307	4	311
Accounts payable and accrued liabilities	**877**	**15**	**892**	842	7	849
Net assets	**$ 526,694**	**$ 12,617**	**$ 539,311**	$ 490,907	$ 6,280	$ 497,187

1. Includes cash held for operating purposes.

18.3 Schedule of investment portfolio for base CPP and additional CPP

The table below provides details of the investments and investment liabilities for CPP Investments' base CPP and additional CPP accounts:

	As at March 31, 2022		
(CAD millions)	base CPP	additional CPP	Total[1]
Cash and cash equivalents	$ 15,140	$ 201	$ 15,341
Equities			
Public equities	156,962	2,423	159,385
Private equities	171,089	2,641	173,730
Total equities	328,051	5,064	333,115
Fixed income			
Bonds	102,314	6,005	108,319
Other debt	40,333	623	40,956
Money market securities	1,287	81	1,368
Total fixed income	143,934	6,709	150,643
Absolute return strategies	34,154	527	34,681
Infrastructure	44,907	693	45,600
Real estate	41,017	633	41,650
Investment receivables			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	55,945	864	56,809
Derivative assets	2,888	45	2,933
Other	5,797	118	5,915
Total investment receivables	64,630	1,027	65,657
Total investments	$ 671,833	$ 14,854	$ 686,687
Investment liabilities			
Debt financing liabilities	48,754	753	49,507
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	42,965	664	43,629
Securities sold short	28,562	441	29,003
Derivative liabilities	4,702	73	4,775
Short-term secured debt	1,178	18	1,196
Other	915	14	929
Total investment liabilities	127,076	1,963	129,039
Pending trades receivable	8,395	130	8,525
Pending trades payable	26,400	407	26,807
Net investments	$ 526,752	$ 12,614	$ 539,366

(CAD millions)	As at March 31, 2021 base CPP	additional CPP	Total[1,2]
Cash and cash equivalents	$ 14,432	$ 100	$ 14,532
Equities			
Public equities	173,682	1,401	175,083
Private equities	157,789	1,273	159,062
Total equities	331,471	2,674	334,145
Fixed income			
Bonds	95,474	3,086	98,560
Other debt	31,072	250	31,322
Money market securities	142	1	143
Total fixed income	126,688	3,337	130,025
Absolute return strategies	28,776	232	29,008
Infrastructure	39,634	320	39,954
Real estate	38,395	309	38,704
Investment receivables			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	7,070	57	7,127
Derivative assets	3,607	29	3,636
Other	2,735	35	2,770
Total investment receivables	13,412	121	13,533
Total investments	$ 592,808	$ 7,093	$ 599,901
Investment liabilities			
Debt financing liabilities	39,676	321	39,997
Securities sold under repurchase agreements and cash collateral received on securities lent	32,885	265	33,150
Securities sold short	22,097	178	22,275
Derivative liabilities	2,980	24	3,004
Short-term secured debt	1,224	10	1,234
Other	2,036	16	2,052
Total investment liabilities	100,898	814	101,712
Pending trades receivable	3,052	25	3,077
Pending trades payable	3,968	32	4,000
Net investments	$ 490,994	$ 6,272	$ 497,266

1. Presented using the same basis as the Consolidated Schedule of Investment Portfolio, which is different from that of the Consolidated Balance Sheet. Refer to the Consolidated Schedule of Investment Portfolio for further details.
2. Certain comparatives have been reclassified to conform to the current year's presentation.

18.4 Net income of base CPP and additional CPP

Details of net income of CPP Investments' base CPP and additional CPP accounts are as follows:

	For the years ended					
	March 31, 2022			March 31, 2021[1]		
(CAD millions)	base CPP	additional CPP	Total	base CPP	additional CPP	Total
Income:						
Interest, dividends, and other income	$ 11,532	$ 115	$ 11,647	$ 8,836	$ 48	$ 8,884
Net gains on private investments	407	5	412	1,362	13	1,375
Net (losses) gains on public and other investments	(7,799)	(418)	(8,217)	32,979	63	33,042
Net gains on investment holding subsidiaries	32,005	471	32,476	43,198	302	43,500
	36,145	173	36,318	86,375	426	86,801
Expenses:						
Personnel	1,000	13	1,013	932	6	938
General and administrative	408	7	415	380	4	384
Management fees	20	–	20	18	–	18
Performance fees	37	1	38	23	–	23
Transaction-related	317	4	321	185	1	186
Taxes	229	3	232	271	1	272
Financing	(134)	(2)	(136)	1,030	6	1,036
	1,877	26	1,903	2,839	18	2,857
Net income and comprehensive income	$ 34,268	$ 147	$ 34,415	$ 83,536	$ 408	$ 83,944

1. Certain comparatives have been reclassified to conform to the current year's presentation.

Ten-Year Review[1]

	For the year ended March 31									
($ billions)	**2022**	2021	2020	2019	2018	2017	2016	2015	2014	2013
CHANGE IN NET ASSETS										
Net income	**34**	84	12	32	37	34	9	41	30	16
Net contributions	**8**	3	6	4	2	4	5	5	6	6
Increase in net assets	**42**	87	18	36	39	38	14	46	36	22
NET ASSETS	**539**	497	410	392	356	317	279	265	219	183

($ billions)	**2022**	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Equities	**146**	145	113	130	140	120	104	90	69	59
Private Equities	**170**	153	117	106	81	67	54	49	41	32
Fixed Income	**40**	48	48	39	38	48	46	63	59	52
Credit	**86**	67	51	36	22	18	17	17	11	9
Real Estate	**49**	43	46	48	46	40	37	31	26	20
Infrastructure	**48**	41	35	33	29	24	21	15	13	11
NET ASSETS	**539**	497	410	392	356	317	279	265	219	183
Net Assets – base CPP	**527**	491	408	392	356	317	279	265	219	183
Net Assets – additional CPP	**12**	6	2	0[2]	–	–	–	–	–	–
NET RETURN (%)										
base CPP	**6.9%**	20.5%	3.1%	8.9%	11.5%	11.8%	3.4%	18.2%	16.0%	9.7%
additional CPP	**2.8%**	11.6%	4.2%	5.0%	–	–	–	–	–	–
TOTAL FUND	**6.8%**	20.4%	3.1%	8.9%	11.5%	11.8%	3.4%	18.2%	16.0%	9.7%

1. The net asset table aligns with the Asset Class Mix within the Management's Discussion & Analysis.
2. Net assets for additional CPP were $423 million.

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