

CPPIB Green Bond Presentation



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Overview

- **The Canada Pension Plan (CPP) is Canada's ONLY MANDATORY NATIONAL PENSION PLAN**
- All Canadian employers, employees, and self-employed persons, except those in the Province of Quebec, make mandatory contributions to the CPP.
- **CPPIB** is the Canadian Federal Crown Corporation whose legislated mandate is to invest the net contributions to Canada's national pension plan.
- The fund is not subject to any withdrawal or redemption risk.
- The funds of the CPP invested by CPPIB are fully segregated from all government accounts.
- Current assets of C\$400 billion are projected to grow to C\$1.5 trillion by 2040*

**STANDARD
& POOR'S** AAA

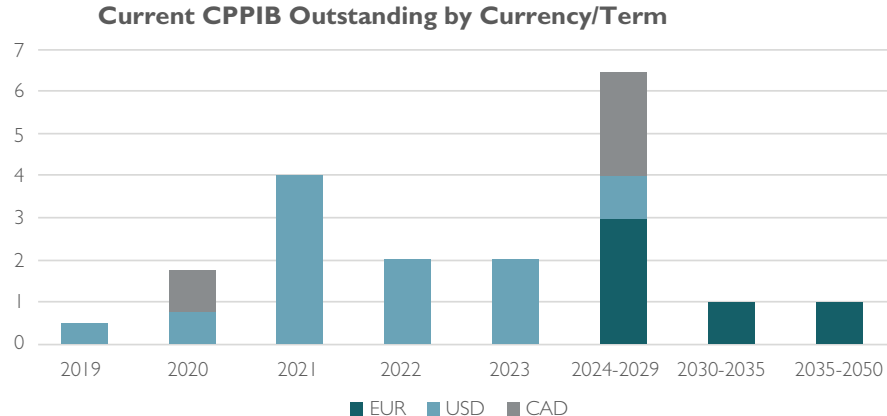
MOODY'S Aaa



* Report of the Chief Actuary of Canada (29th)

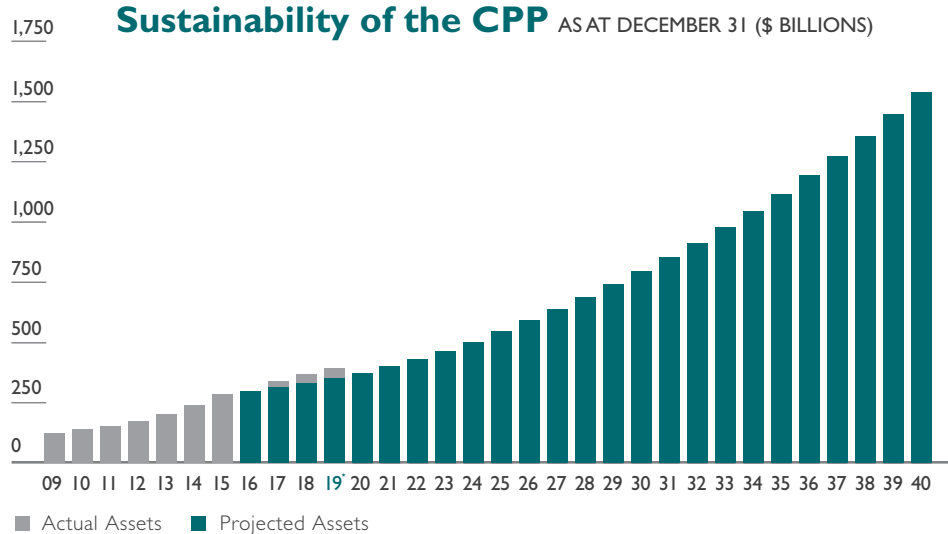
Debt Issuance Programmes

- CPPIB has been an issuer in the global debt markets since 2015
- CPPIB offers a Multi-currency, multi-platform Debt Issuance Programme
- Term Debt, Green Bonds and FRNs are offered in Benchmark format
- CPPIB offers US CP and ECP for liquidity management purposes
- Currencies include USD, EUR, GBP and CAD



Projected Assets of CPP Fund

- Current assets of C\$400.0 billion are projected to grow to C\$1.5 trillion by 2040*



The most recent triennial report by the Chief Actuary of Canada indicated that the CPP is sustainable over a 75-year projection period.

Projections of the CPP Fund, being the combined assets of the base and additional CPP accounts, are based on the nominal projections from the 29th Actuarial Report supplementing the 27th and 28th Actuarial Reports on the Canada Pension Plan as at December 31, 2015.

* Represents actual total Fund assets as at June 30, 2019.

Our Purpose



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At CPPIB, we view climate change as one of the world's most significant physical, social, technological and economic challenges. Given our exceptionally long investment horizon, we actively address climate change to increase and preserve economic value, in accordance with our mandate.

Investment Mandate



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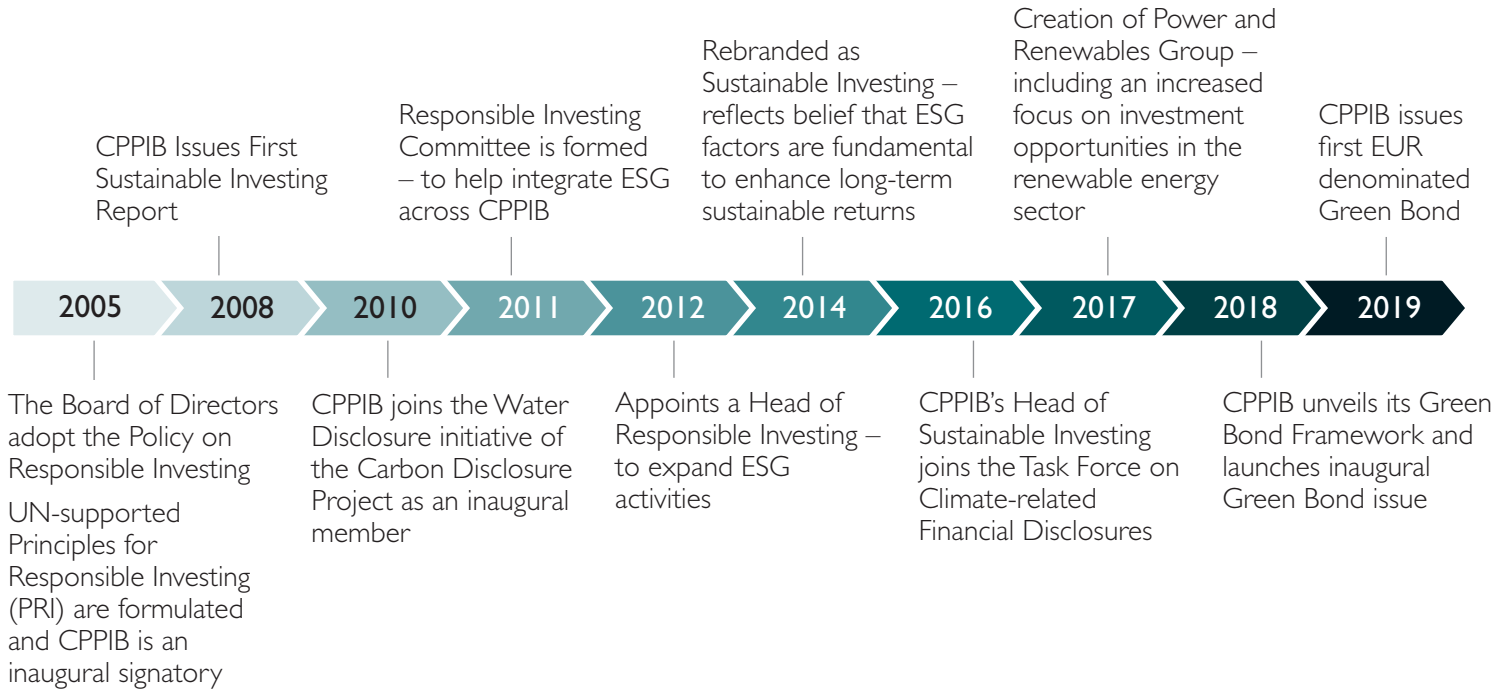
CPPIB employs approximately 1,660 people in eight global offices to fulfill CPPIB's "investment only" mandate.

Our "investment-only" mandate is:

*"to manage any amounts transferred to it [from the Canada Pension Plan]...in the best interests of the contributors and beneficiaries [of the Canada Pension Plan]" and **"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 and the ability of the Canada Pension Plan to meet its financial obligations on any given business day."** (s.5 CPPIB Act)*

As a result, investments are made without political direction or any other non-investment objectives.

Evolution of CPPIB's ESG Platform



CPPIB's Integrated Sustainable Investing Framework

Sustainable Investing Committee

- Oversees, reviews and approves sustainable investing matters, including policies, guidelines and strategies

CEO

- Sets tone and overall risk culture
- Engages with stakeholders on ESG issues

Sustainable Investing Group

- Works across the entire organization to help incorporate ESG into investment decision-making
- Supports CPPIB's role as an active and engaged owner

Investment Departments

- Required to integrate relevant ESG considerations into investment decision-making and asset management

Climate Change Steering Committee

- Considers ways to better assess climate change risk in our investment and asset management activities
- Recommends actions to develop and maintain decision-useful information and tools related to climate change considerations across CPPIB

Approach to Sustainable Investing

Engagement, Integration and Collaboration

Engagement

CPPIB's Sustainable Investing team has five engagement focus areas:



At CPPIB Engagement means:

Communicating with companies that we invest in or other key shareholders about enhancing ESG disclosure and practices.

Methods of Engagement:

- Proxy voting
- In-person meetings
- Formal correspondence

Approach to Sustainable Investing

Engagement, Integration and Collaboration

Integration

CPPIB incorporates risk and opportunities arising from potentially material ESG factors into investment decision-making processes and asset management activities.

Collaboration

CPPIB believes in the power of partnership and collaboration:

- We collaborate with organizations seeking improvements in transparency and standards on ESG
- We conduct research and participate in ESG-related regulation consultations and advocacy
- We frequently join with like-minded organizations on initiatives we believe will create positive long-term outcomes for ESG-related matters and investment performance

Why issue Green Bonds?



Finance CPPIB's expanding portfolio of green Eligible Investments



Diversify our investor base



Demonstrate to contributors, beneficiaries and stewards that as we work to fulfill our mandate, we consider and integrate environmental considerations into our investment decisions

The CPPIB Green Bond Framework

Developed in accordance with the Green Bond Principles (GBP) as set out by the International Capital Markets Association with a Second Opinion provided by CICERO

Used to Finance or Re-Finance Eligible Investments

Initial Eligible Investments with a 24 month lookback period, as well as any future commitments for those investments

Eligible Investments

- Renewable Energy
- Sustainable Water and Wastewater Management
- Green Buildings

Transparency & Reporting

CPPIB will periodically update investors with details of Eligible Investments as well as any Green Bond program developments

Details will be available on the Investor Relations section of the CPPIB website and included in CPPIB's annual Report on Sustainable Investing

Green Bond Eligible Investments made by CPPIB

Joint Venture with Votorantim Energia to invest in the Brazilian Power Generator Sector, initially acquiring two operational wind parks (Dec 2017)

- JV to establish power development projects in Brazil
- CPPIB conducted environmental due diligence to confirm that the wind projects' impact on bio-diversity meets all regulatory requirements and that they have received all the necessary environmental permits, certifications and approvals

Acquired a portfolio of six Canadian operating wind and solar power projects from NextEra Energy Partners, LP (April 2018)

- 100% interest in 396MW portfolio of renewable energy projects in Ontario
- CPPIB conducted Environmental, Social and Governance due diligence, in compliance with UN-supported Principles for Responsible Investment

Acquired a 50% interest in a high-quality portfolio of office properties from Oxford in 2016. The portfolio is managed by Oxford in a 50/50 JV and is located in Calgary and Toronto.

- 111 Richmond is a Class A LEED Platinum Toronto office building located in the northwest section of the Financial Core.
- In Calgary, Centennial Place and Eau Claire Tower are two Class AA properties developed by Oxford in the northern part of the downtown core, totalling 1.8 million square feet.

ReNew Power is India's largest renewable energy independent power producer in terms of total energy generation capacity, with assets in utility scale solar and wind, as well as distributed rooftop solar (March 2018)

- CPPIB minority equity investment to support the company as a long-term equity partner
- ReNew strives to maintain EHS standards and has received certifications of OHSAS 18001:2007 and ISO 14001:2015 for health and safety management and environment management systems at its power plants

Acquired 49% of Enbridge's interests in select North American onshore renewable power assets and 49% of Enbridge's interests in two German offshore wind projects (May 2018)

- JV with assets exclusively in renewable power and offshore wind
- CPPIB conducted Environmental, Social and Governance due diligence, in compliance with UN-supported Principles for Responsible Investment

Investment Groups with Green Bond Assets



The **Power & Renewables** group takes advantage of growing market opportunities as the energy sector transitions and global power demand grows for low-carbon energy alternatives. Renewables are becoming a more prominent part of the energy mix as deployment costs decrease and green technology becomes more mainstream.



The **Infrastructure** group invests in private and public-to-private infrastructure assets that have long term returns, strong regulatory elements and minimal substitution risk. These opportunities include essential electricity, water, gas and communications infrastructure, toll roads, bridges, tunnels, airports and ports.



The **Real Estate** group has a global mandate to invest in commercial real estate through direct joint ventures with best-in-class operating partners – the focus is on building a diversified portfolio of high quality properties that deliver stable and growing cash flows over the long term.



The **Active Equities** group invests globally in public and soon-to be public companies, as well as securities focused on long-horizon structural changes. AE is comprised of four investment groups: Active Fundamental Equities, Relationship Investments, Thematic Investing and Sustainable Investing.

Real Estate



294

TOTAL CERTIFIED GREEN BUILDINGS



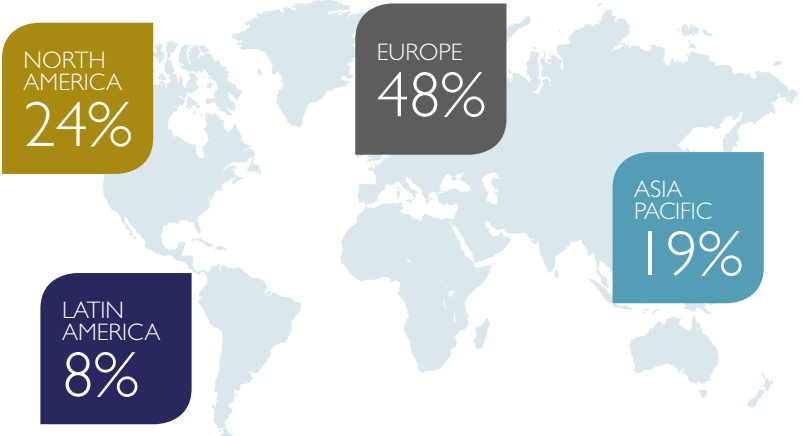
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COUNTRIES



10

PLATINUM LEED CERTIFIED BUILDINGS



* Percentages represent the location of 294 Green Buildings by region

Appendix

Amending Formula

Parliament cannot amend the CPPIB Act, or pass any other laws which directly or indirectly alter the CPPIB Act, without approval “of at least two thirds of the included provinces, having in the aggregate not less than two thirds of the population of all of the included provinces.” (CPP Act, s. 114 (4))

- This is the cornerstone of CPPIB’s legal structure.
- Changing the legislation governing the CPPIB requires the cooperation of the stewards – the federal and provincial finance ministers who oversee the CPP. This process is more onerous than the constitutional amending formula and requires agreement among the federal government and two-thirds of the provinces representing two-thirds of the population.
- The certainty around its legislative framework enables CPPIB to invest for the long term.

Triennial Review

- The Chief Actuary of Canada, an independent official within the Office of the Superintendent of Financial Institutions, prepares a report every three years setting out the results of an actuarial examination of the Canada Pension Plan based on the state of the Canada Pension Plan Account and the investments of CPPIB, including the minimum contribution rate required to sustain the Canada Pension Plan. (s. 115 CPP)
- In his most recent report (December 31, 2015), the Chief Actuary stated that “despite the projected substantial increase in benefits paid as a result of an aging population, the Plan is expected to be able to meet its obligations throughout the projection period (of 75 years).” (Actuarial Report, p.12)
- CPPIB's stewards (the federal and provincial finance ministers) review the financial state of the Canada Pension Plan every three years and may make recommendations as to whether contribution rates should be changed by regulation. (s. 113.1(1) CPP)

Minimum Assets Held

Under the statutory framework:

“No payment shall be made out of the Consolidated Revenue Fund under (Section 108 of the CPP) in excess of the total of:

- a) The amount of the balance to the credit of the Canada Pension Plan Account, and
- b) The fair market value of the assets of the Investment Board less its liabilities” (s.108(4) CPP)

Accordingly, Note holders have the assurance that CPPIB cannot be required to transfer amounts to fund CPP benefits if, after any such transfer, CPPIB would not be in a position to meet all of its obligations including under the Notes.

Collaboration Partners



Founding Members

CPPIB's Chairperson is a founding member of the 30% Club (Canada) and our President & CEO join upon assuming his role in 2016.

Group of business leaders committed to improving gender balance at all levels of organizations through voluntary actions.



Member

Independent, non-profit membership organization dedicated to working with investors, companies and regulators in the implementation of effective corporate governance practices throughout Asia.



Member

CPPIB's Head of Sustainable Investing is a member of the Public Policy Committee.

Organization promoting good governance in Canadian public companies.



Investor Signatory

Non-profit organization acting on behalf of over 800 institutional investors globally, encouraging companies to measure, disclose, manage and share climate change information. CPPIB also supports the CDP's Water program.



Associate Member

A member of CPPIB's Sustainable Investing group is a member of the Corporate Governance Advisory Council.

Non-profit association of pension funds, other employee benefit funds, endowments and foundations promoting good corporate governance and shareholder rights.



Supporting Investor

Multi-stakeholder organization which includes more than 95 institutional investors, promoting revenue transparency and accountability in the oil & gas and mining sectors.



Co-Founder

CPPIB's President & CEO is a member of FCLTGlobal's Board and Chairs its Finance and Audit Committee.

FCLTGlobal is a not-for-profit organization dedicated to developing practical tools and approaches that encourage long-term behaviours in business and investment decision-making.

Collaboration Partners CONT/...



Member

CPPIB's Head of Sustainable Investing is a member of the Hermes Equity Ownership Services Advisory Board.

Organization providing collaborative engagement services globally.



Member

Global organization aiming to raise standards of corporate governance worldwide.

Membership includes 600 leaders in corporate governance from 50 countries.



Founding Signatory

International network of the world's largest institutional investors working together to put its six Principles for Responsible Investment into practice.



Member

A member of CPPIB's Sustainable Investing group is a member of the Corporate Governance Committee.

Group of Canadian pension funds aiming to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries.



Member

A CPPIB advisor is a member of the Task Force.

Task Force established by the Financial Stability Board to develop voluntary, consistent climate-related financial disclosures by companies so as to provide decision-useful information to investors, lenders, insurers and other stakeholders.



Industry Partner

Independent international organization committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas. Incorporated as a not-for-profit foundation, the Forum is tied to no political, partisan or national interest.

Key Links*

Performance and Sustainability

Financial highlights

<http://www.cppib.com/en/our-performance/>

Quarterly and annual results

<http://www.cppib.com/en/our-performance/financial-results/>

Actuary and Special Exam Reports

<http://www.cppib.com/en/our-performance/exam-reports/>

Sustainability of the CPP

<http://www.cppib.com/en/our-performance/cpp-sustainability/>

Chief Actuary Reports

<http://www.osfi-bsif.gc.ca/Eng/oaca-bac/ar-ra/cpp-rpc/Pages/default.aspx>

Legislation and Regulations

Canada Pension Plan

<http://laws-lois.justice.gc.ca/eng/acts/C-8/>

Canada Pension Plan Regulations

http://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._385/

Canada Pension Plan Investment Board Act

<http://laws-lois.justice.gc.ca/eng/acts/C-8.3/>

Canada Pension Plan Investment Board Regulations

<http://laws-lois.justice.gc.ca/eng/regulations/SOR-99-190/page-1.html>

Sustainable Investing and Green Bond Issuance

Sustainable Investing Report

<http://www.cppib.com/en/how-we-invest/sustainable-investing/investing-reports/#/engagement>

CICERO Second Opinion

<http://www.cppib.com/documents/1826/2nd-Opinion-ENSO-CPPIB-110518-EN.pdf>

*These links are provided as information only and are not incorporated by reference in this presentation