

# CANADA PENSION PLAN INVESTMENT BOARD

## ***Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act and the UK's Modern Slavery Act – 2025 Report***

Canada Pension Plan Investment Board (**CPP Investments, we, us and our**) has published this report pursuant to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the **Canadian Act**) and the UK's *Modern Slavery Act* (the **UK Act**) (together, the **Acts**), the latter of which is being done on a voluntary basis. This report relates to the CPP Investments fiscal year which ended March 31, 2025 (the **Fiscal Year**). In the Fiscal Year, CPP Investments continued to adopt and implement existing due diligence and risk assessment processes to mitigate risks of forced labour, child labour and human trafficking.

### **ABOUT CPP INVESTMENTS**

CPP Investments is a Canadian federal Crown corporation created by the *Canada Pension Plan Investment Board Act* (S.C. 1997, c. 40) (the **CPPIB Act**). Under the CPPIB Act, all of the shares of CPP Investments are issued to the federal Minister of Finance and held on behalf of His Majesty in right of Canada.

CPP Investments is the professional investment management organization that invests Canada Pension Plan (**CPP**) funds not currently needed to pay benefits. CPP Investments' legislative mandate is to (i) assist the CPP in meeting its obligations to contributors and beneficiaries under the CPP; (ii) manage amounts transferred to CPP Investments pursuant to the *Canada Pension Plan* (R.S.C., 1985, c. C-8) in the best interests of CPP contributors and beneficiaries; and (iii) invest our 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 CPP and its ability to meet its financial obligations on any given business day. As at March 31, 2025, CPP Investments had total net assets under management valued at approximately C\$714 billion. Additional information regarding CPP Investments and our approach to sustainable investing is available in our most recent [Annual Report](#) as well as our [website](#).

As a global investment management organization, CPP Investments maintains a broad, diversified portfolio of assets, some of which may have filing requirements under the Acts. As the businesses, operations, risk profiles, policies of and actions taken by CPP Investments and our portfolio companies differ, we have had discussions with portfolio companies that we believe meet the criteria and have a filing obligation under one or both Acts, in order for them to report separately.

### **BUSINESS ACTIVITIES AND SUPPLY CHAIN**

**Investment Activities.** CPP Investments invests globally across multiple asset classes. We hold investments in approximately 55 countries and have over 340 global investment partners and invest in a wide range of companies, including ones with vast and complex supply chains that require

sophisticated responsible sourcing programs. At CPP Investments, sustainability-related factors, including human rights and responsible sourcing, are integrated into our risk-based investment and asset management frameworks.

For more detailed information about our investment activities, please refer to our [Annual Report](#).

**Employees.** CPP Investments employs a diverse team of over 2,000 employees across numerous global offices. Given the nature of our activities, our workplace consists of skilled and experienced employees. We also maintain rigorous hiring practices and transparency with respect to employment practices due to the size of our workforce and the systems and controls we have in place.

**Supply Chain.** CPP Investments generally does not procure goods other than those needed to support the operation of our offices, such as information technology and office equipment. The largest portion of CPP Investments' vendor spend is on professional services firms with skilled workforces, such as legal, accounting, tax, investment banking, information technology and other advisors and consultants to support our activities. To a lesser extent, our service vendors also include airlines, hotels, cleaning, property maintenance, security, courier services and food services.

## GOVERNANCE AND POLICIES

CPP Investments' approach to assessing and managing the risks of forced and child labour (together, **modern slavery**) and human trafficking in our business activities and supply chain involves incorporating sustainable business practices in our governance structures, and our investment and risk management processes.

### Governance

The CPP Investments' Board-approved Policy on Sustainable Investing (see below) sets out the principles that guide our approach to sustainable investing within the context of CPP Investments' legislative mandate. The Board delegates authority to the CEO and management to oversee the implementation of the policy. Management-level authorities lay out how the policy is applied throughout the investment life cycle and across asset classes where such considerations are material to the investment. Our Chief Sustainability Officer is responsible for overseeing the implementation of the firm-wide sustainability strategy, and chairs CPP Investments' Sustainable Investing Committee (**SIC**), which is a sub-committee of our senior management Investment Strategy and Risk Committee (**ISRC**). The SIC is comprised of senior individuals from across the organization and supports the ISRC's oversight of CPP Investments' approach to and consideration of sustainability-related risk.

The Governance Committee of CPP Investments is responsible for reviewing all major policies which govern CPP Investments' operations and material amendments thereto, including the Procurement Policy, the Anti-Corruption Policy, and the Proxy Voting Principles and Guidelines. With respect to the conduct and culture of CPP Investments, the Governance Committee is also responsible for: (a)

reviewing on an ongoing basis CPP Investments' conduct and culture, including the effectiveness of policies, procedures and programs in fostering a culture of ethics and integrity; (b) reviewing a report from the Conduct Review Advisor on his/her engagement during the year and advice on the organization's Code of Conduct; (c) monitoring, recommending amendments to, and annually reviewing, the Code of Conduct, Conflicts of Interest Policy and Personal Trading Policy; (d) reviewing reports from Management at least annually on, and be available to receive reports of, investigate and make recommendations in respect of significant conduct and culture issues that are brought before the Governance Committee, including with respect to reports made through the Whistleblower Hotline; and (e) where appropriate, refer matters to the Conduct Review Advisor for their advice.

## **Policies, Guidelines and Standards**

CPP Investments addresses modern slavery and human trafficking risks in our investment activities, employees and supply chain through the following policies, guidelines and standards:

### **Investment Activities.**

- CPP Investments' [Policy on Sustainable Investing](#) sets out the principles that guide CPP Investments' approach to sustainable investing within the context of CPP Investments' legislative mandate. This Policy is applied throughout the investment life cycle and across asset classes where such considerations are material to the investment.
- CPP Investments' [Proxy Voting Principles and Guidelines](#) provide public companies in which CPP Investments owns shares, guidance on how CPP Investments is likely to vote on matters put to shareholders, including sustainability-related risks.

### **Employees.**

- CPP Investments' [Code of Conduct](#) and [Guiding Principles](#) apply to all employees, directors, officers and certain third parties, and establish the values and expectations that are foundational to our culture and the standard of behaviour expected to ensure the highest ethical standards.
- Actual or possible violations of the Code of Conduct, including any misconduct or illegal or unethical behaviour, are required to be reported so appropriate action can be taken to review and address issues. There are several methods available to report matters, including through our Whistleblower Hotline.

### **Supply Chain.**

- CPP Investments' [Vendor Governance and Procurement Policy](#) outlines the principles that guide CPP Investments' approach to engaging and managing vendors. This Policy is applied throughout the procurement and vendor management life cycle ensuring performance management, risk mitigation, cost-effectiveness and accountability. It promotes transparency, integrity and fairness in all procurement activities while integrating considerations of environmental sustainability and social responsibility.
- *Source-to-Pay Process Standard* establishes the key principles, roles and responsibilities within CPP Investments for the identification, selection, onboarding, risk and performance

management and offboarding of vendors. It also establishes monitoring and reporting to support adherence to the standard. Before contracting and initiating any new engagement, whether with a new or existing vendor, an inherent risk assessment must be initiated through the use of a questionnaire. This assessment is vital for identifying and managing third-party risks, ensuring compliance with our standards and safeguarding our operations. In our fiscal year ending on March 31, 2024, the questionnaire sent to vendors was amended to specifically address modern slavery risk, and during the Fiscal Year, there were no engagements where modern slavery was identified as an inherent risk.

## **STEPS TAKEN TO REDUCE THE RISK OF MODERN SLAVERY AND HUMAN TRAFFICKING**

CPP Investments has put in place processes to identify and address the risk of modern slavery and human trafficking in our business activities and supply chain. During the Fiscal Year, we revised several key policies, including our Code of Conduct and Governance Committee Mandate, and made updates to our Vendor Governance and Procurement Policy to further strengthen our approach to responsible sourcing. We continue to implement the due diligence and risk assessment steps listed in our 2024 report.

### **Due Diligence**

**Investment Activities.** At CPP Investments, we strive to invest in companies that actively seek to improve their responsible sourcing programs. We aim to identify whether companies and their direct suppliers have a higher risk of potential exposure to modern slavery in their supply chains and, if so, whether further diligence and engagement is warranted to address gaps and identify mitigation strategies.

We require our private equity General Partners and external portfolio managers to complete our sustainability-related due diligence questionnaire at the beginning of a relationship with CPP Investments, which allows us to determine how our partners integrate these considerations into their investment activities.

When we conduct due diligence of our private investments with higher sustainability risk, we apply our Sustainability Due Diligence Framework for private markets and associated tools which help identify modern slavery and human trafficking risks, including:

- compliance with labour or human rights-related laws, standards or regulations and compliance with applicable anti-slavery regulations;
- minimum working age and systems to ensure adherence to the legal minimum wage;
- poor working conditions, including hours of work, and physical conditions;
- proper labour contracts;
- information on rights and conditions of employment;
- policies and practices to ensure that modern slavery and human trafficking are not taking place in the company and their subcontractors; and
- supply chain processes including selecting, working with and monitoring its key suppliers

to ensure responsible sourcing guidelines.

If elevated risks are identified, enhanced due diligence will be carried out and, where appropriate, mitigation plans implemented.

**Employees.** CPP Investments' workforce presents a lower risk of modern slavery and human trafficking given our reliance on skilled employees that are subject to rigorous hiring practices. CPP Investments' employees, directors, officers and certain third parties are required to acknowledge compliance with our Code of Conduct and Guiding Principles, at least annually.

**Supply Chain.** Our procurement process addresses modern slavery risk within our Third-Party Risk Management program. For direct vendors, we categorize their risk level on a five-point scale at the onset of an engagement. If a vendor is assessed to have high risk of modern slavery, based on factors such as sectors, geographies or other risk factors identified by the United Nations, they are flagged through our escalation framework and subject to enhanced due diligence. No vendors were rated as high risk for modern slavery in the Fiscal Year.

Additionally, our standard contracts require vendors to comply with modern slavery provisions, which were applied to new, renewed and amended engagements during the Fiscal Year.

## **RISK OF MODERN SLAVERY AND HUMAN TRAFFICKING IN BUSINESS ACTIVITIES AND SUPPLY CHAIN**

**Investment Activities.** CPP Investments has focused on the risks of modern slavery in certain sectors, and monitors developments in the risk areas described above to understand where we need to focus resources. For 10 years, we have engaged with our portfolio companies to address human rights as a focus area.

**Employees and Supply Chain.** As noted above, we do not believe there is heightened risk of modern slavery or human trafficking in our workforce, which consists of skilled employees engaged through rigorous hiring practices. We also do not believe that the supply chain for our internal operations carries a high risk of modern slavery or human trafficking given our activities. Most of our vendors are professional and business services firms that offer transaction advisory and due diligence services, and themselves have short, low-risk supply chains for these services.

## **REMEDIATION MEASURES**

With respect to active holdings in our investment portfolio, CPP Investments engages with our portfolio companies through our governance rights. We may conclude not to pursue or maintain investments in companies:

- if management's strategy or lack of engagement with sustainability-related issues (including human rights and responsible sourcing) undermines the long-term value or legal risk of the business;

- where brand and reputation considerations from sustainability-related factors may significantly adversely affect expected risk-adjusted returns; or
- for legal considerations.

The CPP Investments' Code of Conduct requires all employees, officers, directors and certain third parties to speak up and report any actual or possible violations of the Code of Conduct, including any misconduct or illegal or unethical behaviour. There are several methods to report including speaking to a manager, the Talent Department, Legal or Compliance colleagues, the Conduct Review Advisor or through the Whistleblower Hotline. The Hotline is available online, by telephone or by mail, globally and in several languages, 24/7. It is administered by a third party and reports may be made anonymously. Any reports received through the Hotline would be referred to the Legal and Compliance team for assessment and remediation, where necessary. CPP Investments takes speaking up seriously and does not tolerate retaliation in any form towards anyone who speaks up in good faith.

During the Fiscal Year, CPP Investments did not identify any instances of modern slavery or human trafficking, and as such, no remediation measures were required.

## **EMPLOYEE TRAINING**


CPP Investments' employees receive mandatory ongoing training on the culture, values and Guiding Principles that apply to all employees of CPP Investments and must complete the Code of Conduct training course and acknowledgement semi-annually. In the Fiscal Year, CPP Investments implemented a training module related to modern slavery, human trafficking and the Canadian Act, with the help of third-party experts in human rights issues and supply chain risks. This module is available to all employees and covers the risks and indicators associated with modern slavery and human trafficking, as well as expectations for our operations and investments.

## **ASSESSING EFFECTIVENESS**

CPP Investments' integrated risk framework considers key risks that could have a material impact on the ability to deliver on our mandate and achieve our strategic objectives. It is guided in part by the principle that we operate within our stated risk appetite by monitoring our risk exposures. We regularly review the effectiveness of our risk management activities over key risks, including sustainability-related factors such as human rights and responsible sourcing, and employ several mechanisms to monitor and report on those to our Investment Strategy & Risk Committee and the Risk Committee of the Board of Directors, among others. We also conduct a risk-based internal audit program, which from time to time involves auditing risks and controls associated with human rights practices.

## **APPROVAL AND ATTESTATION**

This report has been approved by the Board of Directors of Canada Pension Plan Investment Board pursuant to Section 11(4)(a) of the Canadian Act and Section 54(6) of the UK Act, as evidenced by the binding signature of the Chairperson of the Board.



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Name: Dean Connor

Title: Chairperson of the Board of Directors of Canada Pension Plan Investment Board

Date: May 30, 2025

I have the authority to bind the Canada Pension Plan Investment Board.