

Annual Report 2024

CPP||investments

25 YEARS OF INVESTING

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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 financially sustainable for the long term, safeguarding the best interests of CPP contributors and beneficiaries for generations.

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

We diversify our investment portfolio by asset class and geography as we seek to build a Fund that is resilient as it grows over time.

Our fiscal 2024 performance

Fiscal year ended March 31, 2024

NET ASSETS

\$632.3B

NET RETURN

8.0%

NET INCOME

\$46.4B

Chairperson's report

Dear fellow Canada Pension Plan contributors and beneficiaries,

It's a great pleasure to provide this annual update on the activities of CPP Investments for fiscal 2024. Our activities this past year were set against the backdrop of three key themes: significant geopolitical tensions, in some cases involving war, the rise of artificial intelligence, and an escalating global effort to combat climate change. Interest rates remained elevated as central banks focused on reducing inflation. These tensions impacted confidence and affected the global economy and financial markets, creating uncertainty for many Canadians.



Dean Connor Chairperson

In an uncertain world, Canadians can all the more appreciate the soundness of the Canada Pension Plan, and that soundness depends on investment results. CPP Investments delivered solid investment returns in fiscal 2024, and long-term performance remains strong with a 10-year net nominal return of 9.2% per annum. In addition, the CPP Fund has reached a new high at \$632.3 billion, surpassing initial projections by several years.

Oversight of long-term strategy

This year, we mark the 25th anniversary of CPP Investments. Over this time, the organization has evolved into a sophisticated investment organization, with net assets of \$632.3 billion and investments that reach across more than 50 global markets, including \$74 billion invested here in Canada.

Many Canadians aren't aware of this, but CPP Investments is acknowledged globally as the gold standard for pension investment management. Our success is directly linked to the foresight of its founding leaders who designed a governance structure that allowed the organization to invest with a clear, single mandate – and to do so professionally and independent of government.

As an organization that serves generations of Canadians, we must keep progressing. This past year, the Board reviewed and approved the next stage of CPP Investments' evolving strategy – harnessing the organization's collective capabilities – while adapting to the changing environment and the growing size and complexity of the Fund. The Board is confident that this will keep us on the right path to continue to deliver strong, sustainable long-term returns for current and future CPP contributors and beneficiaries.

As part of its oversight, the Board provides constructive challenge to Management, particularly regarding significant investment decisions, risk management and alignment with our mandate. This includes a focus on sound cost management for the value being generated. In fiscal 2024, CPP Investments' operating expense ratio of 27.5 basis points was well below the five-year average of 28.3 basis points.

We also engaged with Management on topics that are critical for the Fund's success, such as Generative AI, sustainability and how we can best leverage our comparative advantages. We reviewed topics of public discourse in Canada that have the potential to impact CPP Investments, including the idea raised by the Government of Alberta to set up an Alberta Pension Plan, and the debate around Canadian pension funds' investments in Canada. As a Board, we support the organization's continued commitment to transparency and engagement on these matters, as well as sharing our perspectives on what we believe is in the best interests of contributors and beneficiaries. We are not policymakers, yet have a responsibility to share our perspectives – based on 25 years of investing the Fund – on what works and what could have lasting, even irreversible, consequences.

Engagement with business activities

The Board oversees the organization's risk policy, which defines our risk appetite, risk categories, and risk limits. We work closely with the Chief Risk Officer and other members of Management to review and approve the risk policy and monitor the risk exposures and performance of the Fund.

The Board also has oversight on the effectiveness of the Senior Management Team. This year, we were pleased to see Manroop Jhooty appointed as Senior Managing Director, Head of Total Fund Management. We also supported a change in role of the Chief Investment Officer (CIO), aligning all investment departments under the CIO.

We recognize the importance of engaging with global business and value the opportunity to meet with our employees, partners and stakeholders in different regions. In September 2023, we held our first in-person regional Board meeting since the pandemic, in London in the United Kingdom. We were impressed by the quality and professionalism of our European team and appreciated the opportunity to interact with partners and stakeholders in the region. The message from our external investment partners was clear: we are a partner of choice because of our talented team and our patient, considered capital.

Board renewal and appointments

We seek to maintain the highest standards of performance and accountability, while ensuring the continuity and diversity of our Directors. This is top of mind for the Board as we manage our renewal.

In October 2023, Nadir Mohamed joined our Board of Directors. Mr. Mohamed was formerly President & CEO of Rogers Communications and is a highly experienced board director, currently serving on the board of Cineplex Inc. and as Chair of Alignvest Management Corp. and DMZ Ventures.

We confirmed the reappointments of four Board members for another term: Ashleigh Everett, John Montalbano, Mary Phibbs and Boon Sim. They have all made significant contributions to the Board and the organization, and I am grateful for their continued service and dedication.

On behalf of the entire Board, I would like to express my sincere gratitude to Dr. Heather Munroe-Blum, who served on the Board with distinction since 2010, and as Chairperson since 2014. She led the Board through a diverse set of opportunities and challenges as CPP Investments grew the CPP Fund from just over \$130 billion in 2010 to where we are today. We thank Heather for her innumerable contributions to CPP Investments, including shaping the integrity, high performance and globally recognized governance standards we have today. It was a true honour to be appointed to succeed Heather, and I take on this role with a deep sense of responsibility, knowing that more than 22 million Canadians are counting on us.

Looking ahead to the next 25 years

I would like to thank President & CEO John Graham, our excellent Senior Management Team, and the employees of CPP Investments for their unwavering dedication and exceptional collaboration this year. Their hard work and commitment to the fundamental purpose of CPP Investments have been instrumental in our success. I would also like to extend my gratitude to my fellow Board members for their commitment, insights and support in my first year as Chairperson.

Over CPP Investments' first 25 years, we have built a strong foundation for this institution. Looking ahead, given our talent, our strategy and our governance, I have high confidence in CPP Investments' ability to deliver on our purpose, benefiting generations of Canadians for years to come.



Dean Connor
Chairperson

President's Message

Dear Contributors and Beneficiaries,

As we celebrate the 25th anniversary of CPP Investments, we reflect with pride on the journey that began with a clear mission: to manage the funds entrusted to us in the best interest of Canadian contributors and beneficiaries. Our commitment to this responsibility has been steadfast over the years, yielding strong investment returns and enhancing the financial security in retirement of 22 million Canadians. Twenty-five years on, we continue to generate solid returns by remaining focused on the long term and on building diversified portfolios with robust governance and risk management. This year, we once again delivered the results needed to sustain the CPP for generations to come.



John Graham President & CEO

The CPP Fund will continue to meet challenges as they arise. For example, as Canada's population ages, more Canadians will begin to rely on the benefits they receive from the CPP. Today, over a fifth of Canadians are nearing retirement age (between 55 and 64 years old). This is the highest proportion in Canadian history. That challenge inspires us every day. As I tell my neighbours and friends, you can be confident the CPP will be there for you when you retire. Below is an update on some of our fiscal 2024 activities.

Our performance

The CPP Fund's net income (after all costs) in the latest fiscal year was \$46.4 billion and our 10-year returns remain strong at 9.2%. The Fund grew to \$632.3 billion as of March 31, 2024, and is projected to hit \$1 trillion in assets in the next eight years. This past year we were recognized as one of the world's highest performing public pension funds by

Global SWF, a data platform that tracks public pension plans, in recognition of our long-term performance. In addition, Canada's Chief Actuary concluded that the CPP is financially sustainable for at least the next 75 years.

Our results were delivered amid an unusual year for global capital markets. We witnessed strong economic growth in the U.S., despite the pressures of inflation and higher interest rates. The result was a U.S. stock market that soared to new heights, fuelled largely by technology stocks. This exuberance in equities was reflected in the performance of our Reference Portfolio, which is a basket of global stocks – composed of about 50% U.S. equities – and bonds that we use to represent our market-risk appetite. The value of this portfolio increased by 19.9% over the fiscal year, compared to our portfolio's 8.0% return.

We expect that some will see the difference between these two returns and suggest that the CPP Fund would have been better off mimicking this basket of publicly traded securities. We share the aspiration for the highest possible performance, but our results must be measured over the long term and not just a single year. When considering our performance across market swings, both up and down, we are confident in our approach.

Evolving our leadership

Our Board of Directors approved an evolution of our corporate strategy, which sets our course for the next several years. Our strategy provides the destination for where and how we compete to deliver superior investment performance (see page 14). In addition, we are energized by new initiatives across the organization that are laying the groundwork for increased efficiencies, collaboration, and investment returns.

As part of our strategy evolution, we reorganized our leadership to better manage the size, complexity, and growth of the CPP Fund. We have separated the roles of Chief Investment Officer (CIO) and Head of Total Fund Management to allow for more dynamic management of our portfolio, as well as balance sheet management and tactical positioning. Our Chief Investment Officer, Edwin Cass, now oversees all investment departments. That includes Total Fund Management, which is now headed by Manroop Jhooty, the newest member of our Senior Management Team.

Finally, we welcomed new appointments to our Board of Directors. Dean Connor, who has been a key member of our Board since August 2021, was named Chairperson. Mr. Connor succeeds Dr. Heather Munroe-Blum, our Chairperson since 2014. We thank Dr. Munroe-Blum for her leadership over the last decade. Nadir Mohamed, former President & CEO of Rogers Communications, joined the Board late last year.

Addressing public discourse surrounding the CPP

As the CPP Fund grows, CPP Investments has increasingly become a part of the public discourse on the best way to bolster the financial security of future generations. This includes whether public pension plans are investing enough in Canada and whether Alberta should withdraw from the CPP.

With the CPP Fund's long history of strong financial performance, the case is clear for sticking with a well-established global investment strategy. But I also deeply respect the right of Albertans to ask questions, seek information, and make their own informed choices about their pensions. That is why we created a website (YourCPP.ca) with the facts about our national pension model. What I return to time and again, is that when it comes to pensions, there is strength in numbers. Pooling contributions from more than 22 million Canadians helps protect the CPP Fund from market volatility and changing demographics. We use our scale as a competitive edge to gain access to transactions around the world that help grow the CPP Fund. There are also advantages in the CPP's portability, as it allows Canadians access to their CPP pension wherever they choose to retire.

The case is also clear for investing in Canada, which is why 12% of our portfolio is invested here. To put that into perspective, Canada makes up just 3% of global GDP. We invest four times more than Canada's global economic weight because we recognize the excellent investment opportunities in our home market. At the same time, our mandate is to maximize returns without undue risk, taking into consideration the factors that affect the funding of the plan. That requires careful diversification — a key element of a resilient pension plan, and one of our core investment beliefs. Our contributors live and work in Canada, but to restrict their money to that single market would undermine the long-term sustainability of the Fund.

Transaction highlights

This year, our investments have seen significant growth. We increased our investment in Pattern Energy Group, one of the world's largest developers and operators of wind and solar energy in North America, by US\$905 million. We invested \$197 million in financing to support CapVest Partners' acquisition of Recochem, a leading global manufacturer and distributor of auto aftermarket and household fluids headquartered in Canada.

Our first infrastructure commitment in Italy involves an agreement to invest up to \$2.9 billion dollars in NetCo, Italy's largest fixed telecoms network, which is expected to close in the summer of 2024. As an active, global infrastructure investor, we currently hold 29 investments, including toll roads, ports, utilities and digital assets across 13 countries in both developed and emerging markets.

Lastly, we made a profitable exit from our stake in the wind farms Hohe See and Albatros. This sale earned us proceeds of \$374 million after costs, yielding returns that greatly exceeded our initial projections.

Marking a milestone

We are proud of our quarter-century of delivering strong and sustainable returns for Canadians. For a person, 25 is young adulthood, a time filled with determination and optimism for the future. This is exactly how I feel about CPP Investments right now — we've had a quarter century of superb growth and resilience, but we have much more to achieve in the decades ahead.

To reach our goals for the CPP Fund, we will need a highly sophisticated team and strategic focus. Even more important, we will need to remain flexible and nimble. The world changes quickly. The skills investment firms relied on only a decade ago are no longer enough to excel under current conditions. To maintain our momentum and grow stronger, we must evolve our organization into an investing machine built for a rapidly changing global economy. I am confident our active but patient approach to investing, combined with a focus on continual improvement, will deliver a resilient portfolio for the next 25 years, and beyond.

I'd like to thank all our contributors and beneficiaries for your trust in allowing us to build one of the pillars of your retirement income. You can be sure we will do our best to earn your trust each and every day.

Sincerely,



John Graham
President & CEO

25 years of investing for Canadians

CPP Investments was created to invest and grow the CPP Fund to help build a foundation for Canadians' retirement security.

In 1999, CPP Investments received the first transfer of \$12 million to invest in capital markets. At that time, the Chief Actuary of Canada projected that the Fund would grow to \$392 billion by the end of 2023. The projection made then only applies to the base CPP assets.

Over the next 25 years of investing, CPP Investments made strategic decisions that set the Fund on the path to exceed those early projections by more than \$150 billion, due in large part to the net income we have earned on investments.

Contributors and beneficiaries

22M+

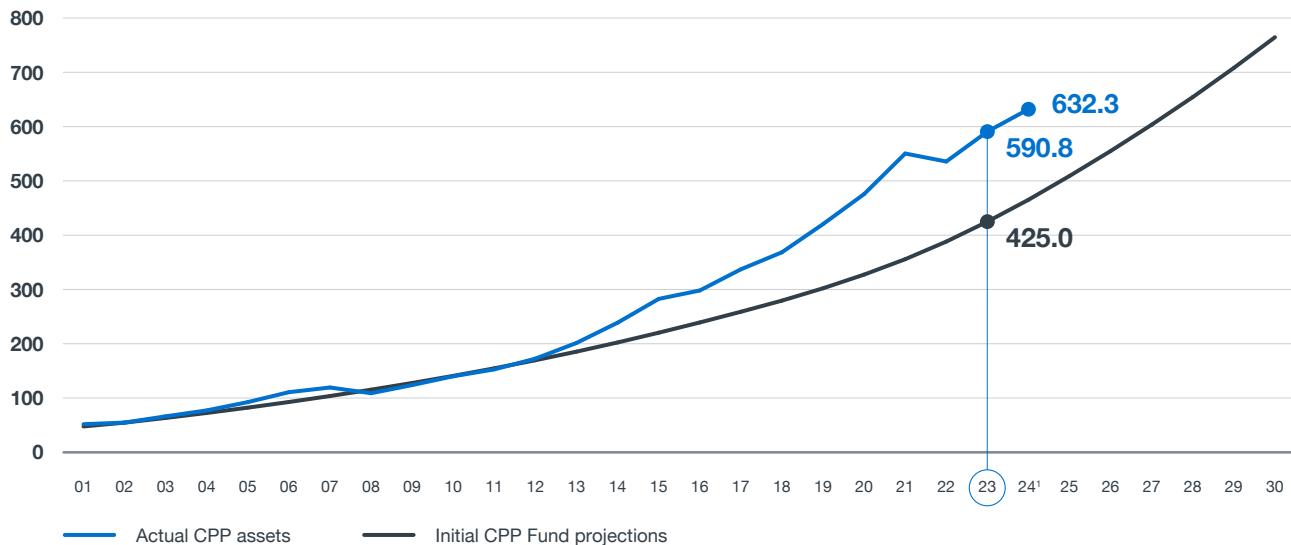
Cumulative net income since inception in 1999

\$432.4B

Our active management strategy and total portfolio approach have enabled accelerated growth of the CPP Fund, surpassing \$600 billion several years ahead of the initial reported projections, as set out in the chart below.

Initial CPP Fund projections compared to actual CPP Fund assets

As at December 31 (\$ billions)



Initial projections of CPP Fund assets comprise the projections from the 18th Actuarial Report on the Canada Pension Plan (as at December 31, 2000) combined with the projections of the additional CPP Fund assets from the 30th Actuarial Report on the Canada Pension Plan (as at December 31, 2018). The Fund's actual results have exceeded the Office of the Chief Actuary's initial assumptions partly due to strategic changes to our investment approach over this 25-year period.

1. Actual CPP Fund assets as at March 31, 2024

Investing for the long term

Our investment strategy is rooted in the multi-generational nature of our mandate, capturing financially sustainable growth over the long term.

Headquartered in Toronto, Canada, our global team of 2,125 employees seek the best investment opportunities across asset classes and engage with world-class partners to drive long-term value for the Fund.

Countries where we hold investments

56

Global investment partners

328

The Office of the Chief Actuary is an independent federal body that provides checks and balances on the future costs of the CPP, monitoring long-term financial 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. The most recent report, published in December 2022, reconfirmed that both parts of the CPP are financially sustainable at the legislated contribution rates as of December 31, 2021, for at least the next 75 years.

10-year net income
\$336.7B

10-year net nominal return
9.2%

10-year net real return
6.5%

Projection of Fund Assets

As at December 31 (\$ billions)



The chart above illustrates the combined projections of assets from the Chief Actuary's 31st 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 Chief Actuary's Report projects the total Fund will reach \$3.6 trillion (\$2.0 trillion when value is adjusted for expected inflation).

1. Represents actual total net assets as at March 31, 2024.

Global Leadership

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

John Graham
President & Chief Executive Officer



Maximilian Biagosch
Senior Managing Director,
Global Head of Real Assets &
Head of Europe



Edwin Cass
Senior Managing Director &
Chief Investment Officer



Andrew Edgell
Senior Managing Director &
Global Head of Credit Investments



Kristina Fanjoy
Senior Managing Director &
Chief Financial Officer



Frank Ieraci
Senior Managing Director &
Global Head of Active Equities
and Investment Science



Manroop Jhooty
Senior Managing Director &
Head of Total Fund Management



Suyi Kim
Senior Managing Director &
Global Head of Private Equity



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



Geoffrey Rubin
Senior Managing Director &
One Fund Strategist



Priti Singh
Senior Managing Director &
Global Head of Capital Markets
and Factor Investing



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



Kristen Walters
Senior Managing Director &
Chief Risk Officer



Jon Webster
Senior Managing Director &
Chief Operating Officer



Learn more about the CPP Investments Senior Management Team on our [website](#).

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 or the Plan) remain financially sustainable for the long term. We prudently invest the amounts the CPP transfers to us, 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.” We manage all amounts the CPP transfers to us in the best interests of CPP contributors and beneficiaries, helping to ensure the CPP is there for current and future generations.

The total assets we manage, net of liabilities, are referred to as the “Fund”. It is critical that we manage the Fund in a way that has regard to the risks and socio-economic 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 and investment returns generated by CPP Investments support the payment of 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 members 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 participating provincial governments have oversight of CPP Investments, they do not direct how or where the CPP Fund is invested; 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. In this special examination, the independent 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, 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 financial sustainability of the Fund. 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, net asset exposures, investment activities, approach to sustainable investing, governance, costs, key risks and compensation;
- Issuing quarterly reports of performance;
- Providing timely disclosure of material new investments, assets sold, and corporate developments;
- Holding public meetings every two years in participating provinces. We last held public meetings in 2022 and the next series of public meetings are taking place through 2024;
- Delivering speeches, making presentations and issuing reports through the CPP Investments [Insights Institute](#). These cover 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 starting on page 79 and on 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 seek to ensure that 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

The Office of the Chief Actuary is an independent federal body. Every three years, it provides a formal review that evaluates the financial sustainability of the CPP over a period of at least 75 years. The review states expectations for net returns and 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 [31st Actuarial Report](#) – was conducted as at December 31, 2021 and tabled in the House of Commons in December 2022. It covered both parts of the CPP – the base CPP and the additional CPP. The report concluded that the CPP is financially sustainable for at least the next 75 years at the legislated contribution rates.

The next actuarial review will be performed in calendar year 2025 and will cover the status of both the base and the additional CPP as at December 31, 2024.

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 also be found on our [website](#).

How We Generate Value

Our comparative 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. We believe that 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.

Our inherent 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, we believe that the strategic choices we make as an organization afford us three further key advantages:

Internal expertise and brand – Our expertise, local knowledge, brand and reputation allow us to access attractive opportunities across the globe, in both private and public markets. Our team, located across our 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.

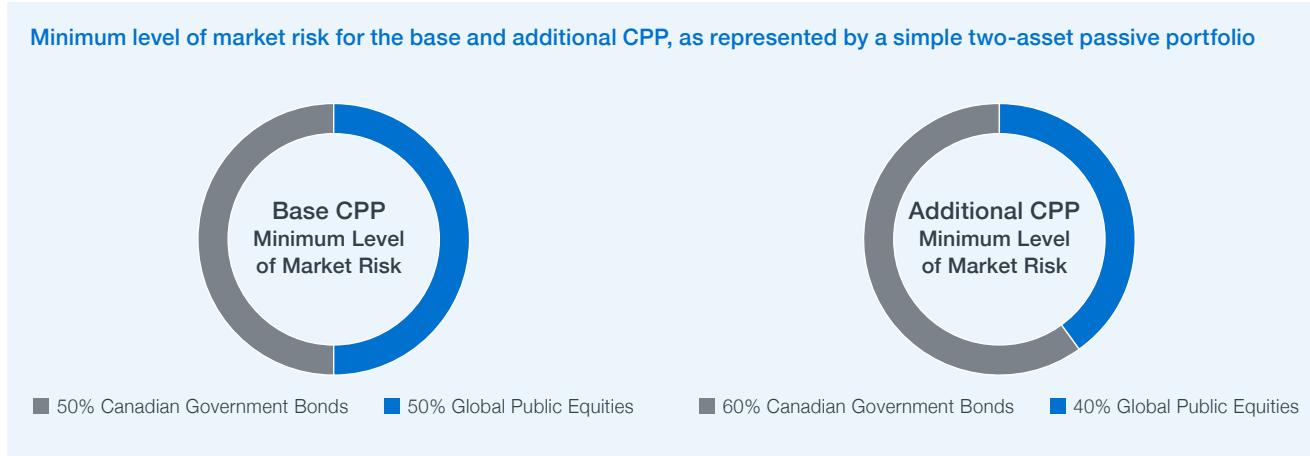
Expert partners and relationships – Through our scale and other advantages, we are able to engage the specialized resources and expertise of many external partners globally. Our internal expertise allows us to build deep relationships with these long-term partners to maximize value for the Fund. Our 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 risk-return 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 level of market risk.

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. We estimate a minimum level of market risk for the Fund that would be sufficient to generate the returns needed to help support the long-term financial sustainability of the CPP. To measure this minimum required level of market risk, we conceive it as being based on a simple two-asset portfolio of global public equities and Canadian government bonds. Canadian government bonds refers to both federal and provincial government bonds. This risk level takes into account the current legislated contribution rates and CPP Investments' long-term expectations for returns of these assets. The approach applies to both the base CPP and additional CPP.



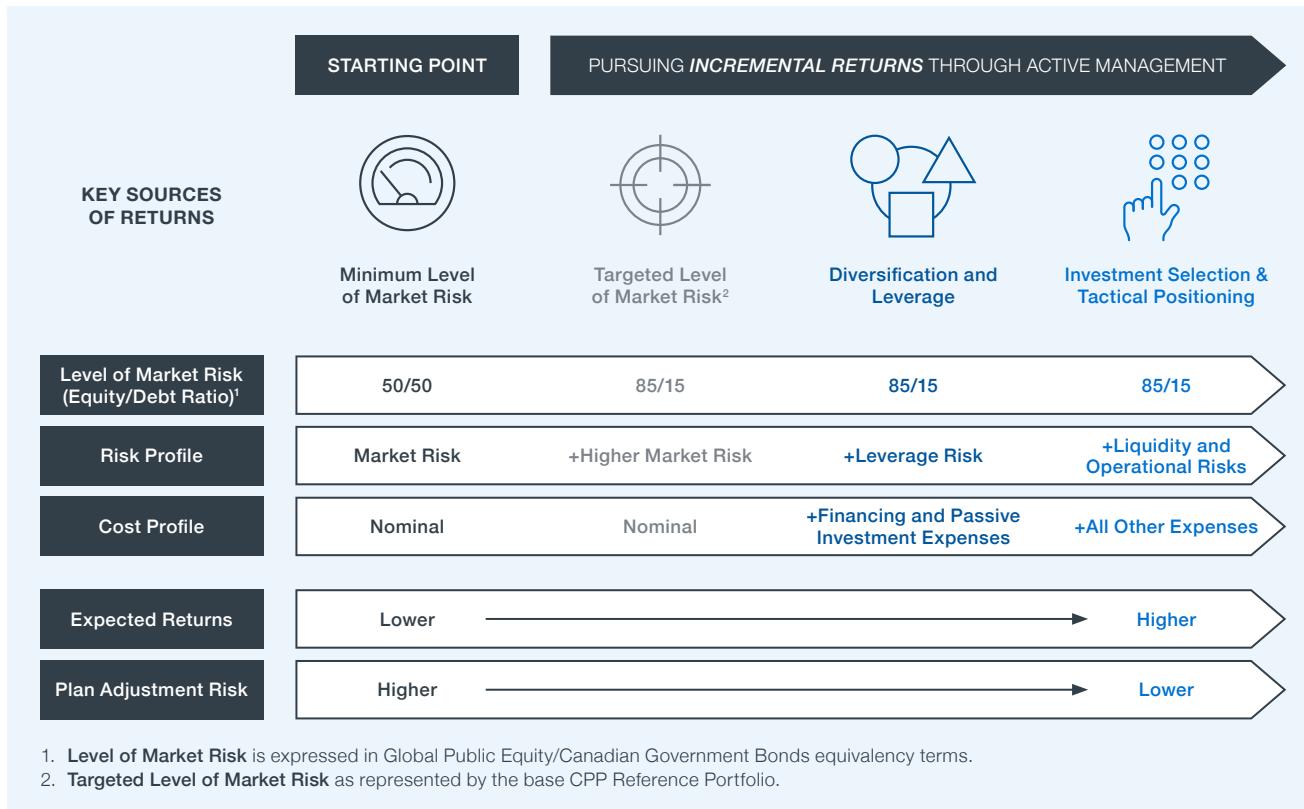
We believe that passively investing in these portfolios would allow the Fund to generate the minimum investment returns required to help sustain the base and additional CPP at the current legislated contribution rates. While this may help to maintain the long-term financial sustainability of the CPP, simply generating minimum returns would not be sufficient to deliver on our mandate to maximize Fund returns without undue risk of loss. Nor would it be in the best interests of the CPP's contributors and beneficiaries. 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.



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 we should diversify the Fund supported by leverage, as well as what active investment strategies we should allocate assets to, and what 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. Refer to page 15 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. “Plan adjustment risk” shown below is the probability of a material increase to the Minimum Contribution Rates (MCRs) applicable to CPP contributors, caused solely by our investment performance.



We recognize that while many active investors seek above-market, risk-adjusted returns, few consistently achieve them. Seeking additional sources of return through active management increases our cost and the risks we face, including leverage, liquidity, operational, legal and regulatory risks. 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

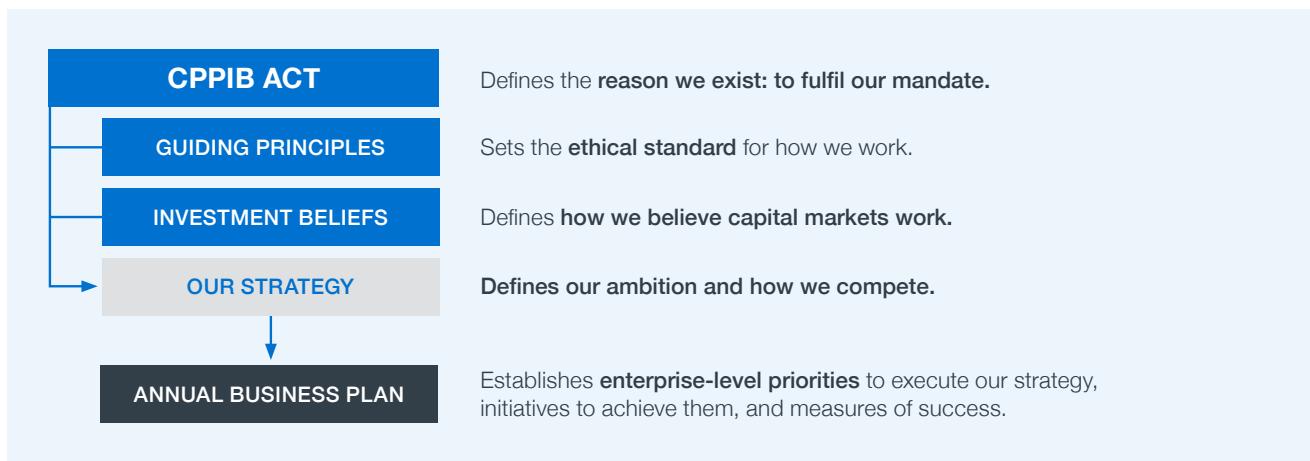
returns on an integrated basis. We believe this can help us more objectively analyze how value was generated from our past decisions and inform how we can make better decisions in the future. In turn, we take additional steps in pursuit of incremental returns where we expect they will help lower the CPP plan adjustment risk. 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, as calculated by the Office of the Chief Actuary in their triennial reviews (refer to page 41 for additional details on plan adjustment risk). We believe that pursuing additional sources of returns allows us to do our part in furthering the long-term financial sustainability of the CPP by delivering on our mandate to maximize returns without undue risk of loss having regard to the factors that may affect the funding of the CPP.

How We Develop and Implement Strategy

In the last five years, CPP Investments has grown from \$392.0 billion to \$632.3 billion in net assets and reached our targeted level of active management for the Fund. This growth and maturation have occurred against a backdrop of rapidly changing macroeconomic and geopolitical conditions, as well as an increasingly competitive investing environment.

In fiscal 2024, we evolved our strategy to respond to these changing internal and external conditions. We continue to believe that our inherent and developed advantages allow us to deliver leading investment performance for CPP contributors and beneficiaries, but the way we exploit those advantages must adapt to a rapidly changing environment. By ensuring we harness the power of our entire organization in everything we do, we can make the greatest possible use of these advantages when investing and managing the Fund in the best interests of contributors and beneficiaries.

As with everything we do, our strategy is informed by the CPPIB Act, our Guiding Principles, and our Investment Beliefs. This strategy defines our ambition to remain a leading global institutional investor and sets out how we will compete to achieve that ambition.



The core of our strategy is a set of five principles that define how we will develop and draw upon the entirety of our organization to achieve our ambition:

- We embrace our purpose** by making decisions for lasting impact rather than short-term results, and by demonstrating our depth of care and conviction through our transparency.
- We develop, align and empower our people** by delegating decisions to where the information and expertise resides.
- We make decisions that are optimized for total Fund performance.**
- We relentlessly pursue our ambition** by prioritizing what makes us a better, differentiated investment organization and by setting clear objectives that directly serve our ambition.
- We constantly sharpen our edge** by thinking ahead, constantly learning and pursuing excellence in all that we do.

Embracing these principles and translating them into specific choices in our investing and operational strategies will align the organization around our sources of advantage to dynamically allocate capital and maximize returns with a resilient, financially sustainable portfolio. These principles are reflected in the design and execution of our investment approach, our risk framework, our approach to costs and compensation, and the objectives we set for ourselves each year. In the following sections we discuss these topics in further detail.

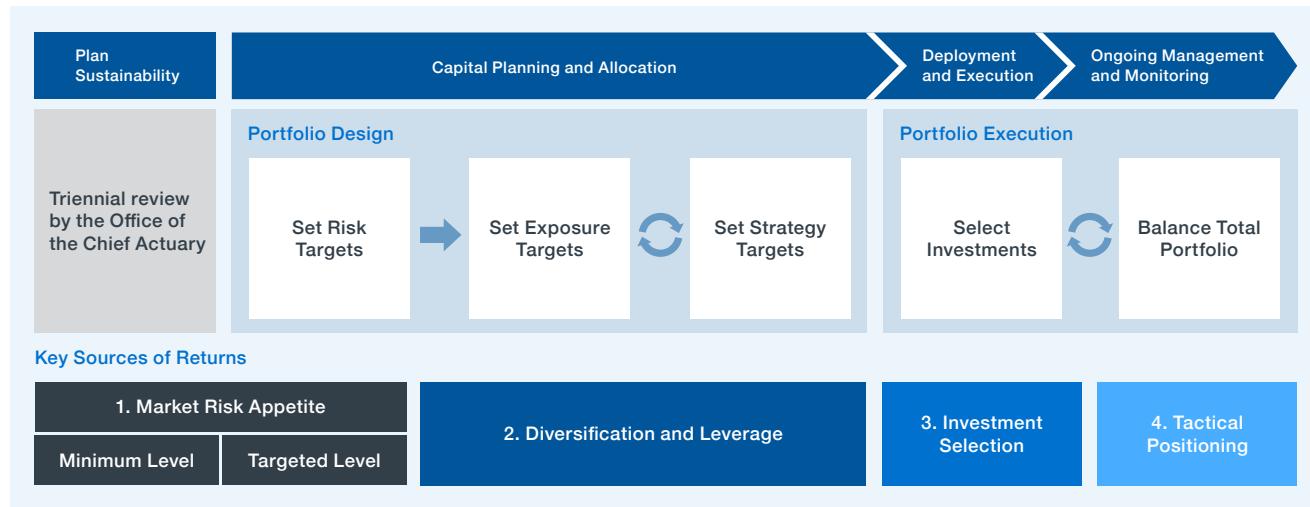
How We Design and Execute Our Investment Approach

Our investment approach is designed to deliver on our mandate. Accordingly, we have developed 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 at the minimum risk.

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 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](#).

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

1. Market risk appetite

The foundation of an investment strategy for any portfolio is to determine a prudent and appropriate market risk appetite. As discussed on page 12, we start our process by estimating the minimum level of market risk that would generate sufficient investment returns to help maintain the long-term financial 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 the information contained in the OCA's Actuarial Report along with our own internal return

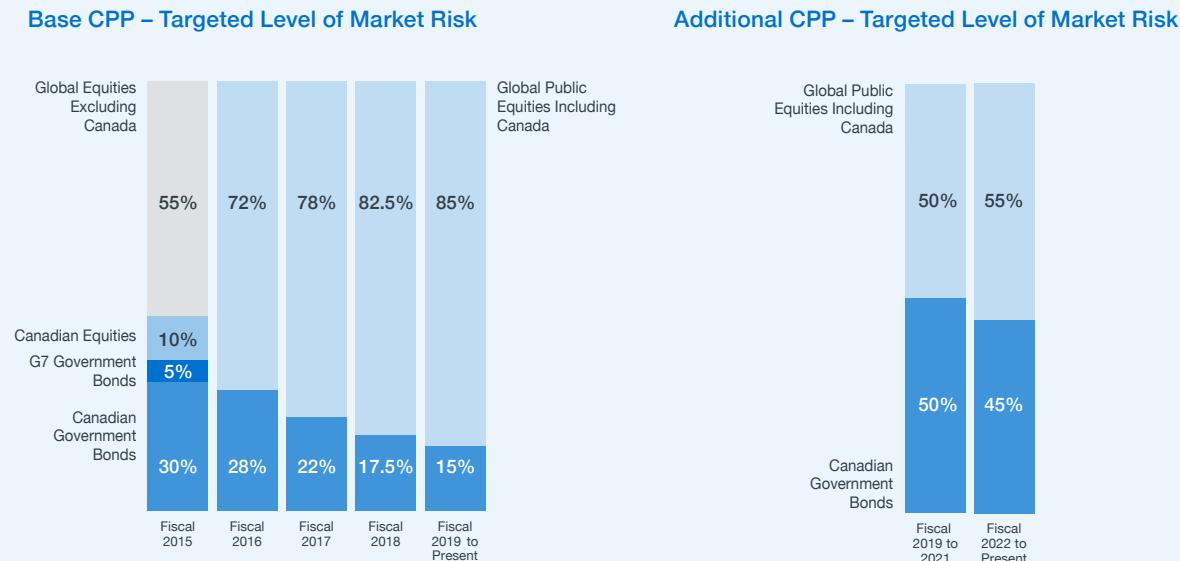
expectations to estimate and express this minimum level of market risk. While there are many factors that will impact the financial sustainability of the CPP, most of them are beyond the control of CPP Investments. Nonetheless, doing our part in supporting long-term Plan sustainability through our investment 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, as shown on the next page.

	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 Reference Portfolios

CPP Investments' Management and Board of Directors review our market risk appetite for both parts of the CPP at least once every three years, following the triennial report of the OCA. They then revise them as necessary. We completed our most recent review in fiscal 2024, following the tabling of the 31st Actuarial Report in December 2022. Based on this review, we chose to maintain the same targeted levels of market risk for the base CPP and the additional CPP. As noted above, we express risk targets through simple, two-asset class Reference Portfolios comprising a mix of Canadian Government Bonds and Global Public Equities (including Canada). Higher levels of equity correspond to a higher risk target. The Reference Portfolios reflect the targeted level of market risk we believe is appropriate to sustain each of the base CPP and additional CPP accounts. The Reference Portfolios have also served as a point of measurement when assessing the Fund's performance over the long term. However, when assessing the effectiveness of our investment strategies in contributing to the Fund's performance we use a portfolio composed of a mix of public market indexes that reflects a less concentrated composition of investible opportunities. These public market indexes are described on page 20.

The evolution of the Reference Portfolios for the base and additional CPP is shown below.



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. The model estimates both the likelihood and potential size of the impacts of investment returns of the base and additional CPP for specified market risk levels. It does this year-by-year over 75 years, in line with the projection timeline used by the OCA's Actuarial Report.

The analysis focuses directly on CPP Investments' impact on future CPP outcomes. It quantifies 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 and investment scenarios. When evaluating alternative market risk targets, we give more weight to adverse impacts than to favourable impacts. We also discount to a greater degree more distant possible events relative to near-term ones.

The approach indicates that higher target levels of market risk than the minimum levels are beneficial for both the base and additional CPP. The appropriate target of risk is greater for the base CPP than for the additional CPP owing to the partially funded financing of the base CPP. The fully funded financing of the additional CPP makes 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 is intended to allow us to deliver more consistent returns through market cycles, with better protection during severe downturns in public equity markets, compared to a portfolio that is only exposed to global public equities and Canadian government bonds. Diversification also 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 (which

may occur over several years), then during that period the returns on a broadly diversified portfolio may well be less than the returns on a portfolio that is more concentrated in global public equities. This is particularly the case in periods where the performance of global public equities are driven by a small number of very large companies, concentrated in a particular sector and/or geographical region. Diversification is also expected to mitigate the impact of severe equity market downturns and concentration risk. Our strategic decision to diversify asset exposures beyond the two asset classes of the Reference Portfolios, and to employ leverage, reflects a deliberate and prudent portfolio construction approach to expand beyond the relatively less diversified exposures inherent in the Reference Portfolios. We are able to accept volatility in annual relative performance as a result of our long-term investing horizon.

Factor investing – seeing through asset class labels

We believe that conventional asset classifications by themselves do not adequately capture the diverse nature of the risks to which each asset class is exposed. For example, both equities and credit investments can benefit from changes in macroeconomic growth expectations. Private and public investments may appear to be fundamentally similar. However, their liquidity profile is materially different and their internal financial leverage or debt level are typically not the same. 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 risk-return factors that are fairly distinct and underpin the returns on many types of investments. Examples include growth risk,

inflation risk and real interest rate risk. We model and map our investment strategies based on the extent to which they are affected by risk-return factors. We then use our models throughout our Total Portfolio Investment Framework. For example, when we construct portfolios we consider exposure to various risks and the effects of currencies, leverage and liquidity. We also recognize the additional expected risk and return 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.

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 risk-return factors and investing in a more diversified set of investment strategies that better align with CPP Investments' comparative advantages.

To diversify our portfolios, we balance the allocation to lower risk asset classes (such as public and private corporate bonds, real estate, infrastructure and other real assets) with the allocation to higher-risk and higher-return strategies, such as:

- Replacing allocations to publicly traded companies with allocations to privately held ones;
- Substituting government bonds with higher-yielding credits in public and private debt;
- Participating in select emerging markets; and
- Making use of long-short investment strategies that add value through investment selection.

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

- Enhance overall diversification which also mitigates the impact of market downturns, particularly through greater allocations to fixed income investments; and
- Increase our gross holdings of all asset classes. This enables us to maximize dollar return potential at our targeted level of market risk.

We regularly review our strategic mix of key risk-return factor exposures and leverage. 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 our strategy for making long-term asset allocations. 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 broadly diversified, aspirational portfolios, which have higher expected returns than the Reference Portfolios at our targeted levels of market risk and greater resilience to downturns.

The Strategic Portfolios shown on the right were approved in fiscal 2024. As part of our review of the Strategic Portfolios over the past year, we revisited our appetite for Emerging Markets and adjusted our long-term geographic allocations to reflect updated views. We also continue to diversify the Strategic Portfolios, making further use of leverage to add fixed income assets and reduce concentration in equities.

As markets and other economic circumstances change, we make ongoing allocation decisions that vary from these indicative long-term future allocations.

Strategic Portfolio Asset Class and Geographic Classifications and Percentage Weights

Asset Class	base CPP % of total	additional CPP % of total
Public Equity	28	18
Private Equity	23	15
Public Fixed Income	41	55
Credit ¹	14	16
Real Assets ²	26	17
Cash and Absolute Return Strategies	(32)	(21)
	100%	100%

Geographic Region	base CPP % of total	additional CPP % of total
Canada	7	14
Developed Markets ex-Canada	77	75
Emerging Markets	16	11
	100%	100%

1. Credit includes both private and public credit investments, excluding high-quality government bonds.

2. Real assets includes real estate, infrastructure and private equity investments in sustainable energies.

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 global multi-asset portfolios. As part of our investment strategy and total portfolio design we use scenario analysis in an effort to ensure that the portfolio is well diversified across climate risks and opportunities. We source the scenarios from the Network for Greening the Financial System and the UN's Intergovernmental Panel on Climate Change.

Our diversified investment strategy affords CPP Investments the flexibility to invest across asset classes and 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 (as defined on page 71) and build on our Decarbonization Investment Approach. This approach seeks attractive returns from enabling emissions reduction and business transformation in high-emitting sectors for selected companies.

Our view on foreign currency

A major share of our assets originates in foreign investment markets and is denominated in non-Canadian currencies. Changes in foreign exchange rates will have an impact on the short-term performance of the Fund. While we could choose to manage currency risk through hedging all foreign currency exposures back to the Canadian dollar, we do not believe that hedging the entirety of our foreign currency exposures in this manner will benefit the long-term risk-return profile of the Fund. For a Canadian global investor with an equity-heavy portfolio, maintaining a well-diversified global currency composition helps to mitigate overall return volatility. Also, currency hedging carries execution costs and requires setting aside cash to meet collateral requirements under currency hedging contracts.

We regularly review the Fund's appetite for foreign currency exposure as part of our portfolio design process. Our latest long-term review has concluded that our desired Canadian dollar exposure can differ from the size of our Canadian

investments. When this is the case, we will hedge the Fund's currency exposures to maintain a targeted level of Canadian dollar exposure. Our decisions on the target Canadian dollar exposure, and the individual currency hedges needed to deliver that, are based on our ongoing assessment of what will optimize the risk-return profile of the Fund after all-in hedging costs are taken into consideration. We take into consideration changes in both the currency exposure profile of the Fund and longer-term global economic expectations in our future hedging decisions.

In the short term, the decision not to fully hedge currency exposures 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 policy to more fully hedge their foreign currency exposures. Details of the impact of foreign currency on the Fund's returns for fiscal 2020 to 2024 can be found on page 36.

3. Investment selection

Investment selection refers to how we buy, sell and manage 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. Given short-term investing pressures and practices found in many markets, individual asset prices 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.

We regularly review the underlying performance of 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 types of risks associated with it, including the risk of underperformance relative to the passive alternative.

If our conclusion changes, we adjust or end the strategies concerned.

Setting targets for active and balancing strategies

Our base and additional CPP Investment Portfolios are each composed of Active and Balancing Portfolios in different proportions. Within the Active Portfolio, we have developed active strategies in both private and public markets mainly within our Capital Markets and Factor Investing, Active Equities, Credit Investments, Private Equity, and Real Assets investment departments. The Balancing Portfolio comprises the remainder of total assets that complete the portfolio. It is managed by the Total Fund Management department and is used as a completion portfolio to deliver the targeted exposures for the Investment Portfolios. The Balancing Portfolio is invested primarily in liquid, publicly traded securities. Together, the Active and Balancing Portfolios deliver our targeted factor exposures at the targeted market risk, while also diversifying across asset class, geography, currency and sector.

Our active strategies seek to identify opportunities in which internal or external specialists can deliver incremental value-add returns through investment selection. The Chief Investment Officer (CIO) reviews the mandate and performance of each investment strategy as part of the process to refresh the Fund’s capital allocations. This process is informed by our annual investment strategy reviews, which

evaluate all strategies across a number of key dimensions, including their investment performance, value-added versus benchmarks, risk profile, cost efficiency, capital deployment and exposure delivery. Findings from these reviews are one input the CIO considers when updating 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.

Managing the balancing process through the Balancing Portfolio involves maintaining each of our primary overall exposures sufficiently close to their targets at all times, while avoiding the costs of excessive short-term trading to do so. 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 and/or risk level back into line.

Managing the available liquidity of the Fund is an important consideration when setting targets for active strategies, which are typically illiquid. We carefully manage the total size of the Active Portfolio to ensure that the Fund has available liquidity to meet our obligations and enough flexibility to capitalize on investment opportunities. At the same time, we work to minimize disruptions to planned investment activities.

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 price of the asset has gone down, the investor buys it back for less and makes a profit. Taking both types of positions across a basket of securities simultaneously enables returns to be generated regardless of the direction of the overall market. 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. Long/short strategy returns are largely uncorrelated with broader market returns, allowing us to improve the diversification of our portfolios.

Selecting investments – active strategies

Each 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 sustainability-related considerations into investment analysis, where material. Each department works 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; 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 Portfolio, which is highly scalable and can be managed at lower cost. Investment success for each investment department's active strategies is evaluated primarily based on their net value-added returns relative to established benchmarks.

How we set performance benchmarks and value-added measures

At the investment department level, we assess performance against specific public market indexes or blends of these indexes.

The specific benchmarks for individual investment departments are summarized below:

- Capital Markets and Factor Investing, and Active Equities:** Cash return benchmark on net cash deployed.
- Private Equity:** For investments excluding Asia, a levered developed markets large/mid-cap public equity index. For Asia investments, weighted blend of developed and emerging markets Asia-Pacific large/mid-cap public equity indexes.

- Credit Investments:** For multi-asset strategies, weighted blend of global aggregate investment-grade corporate bonds, global high-yield corporate bonds, U.S. leveraged loans, and emerging market bonds. For a major single asset holding, a weighted blend of U.S. large/mid-cap equity and U.S. leveraged loans indexes.
- Real Assets:** For real estate strategies, a weighted blend of global real estate investment trusts, and global and emerging market aggregate investment-grade corporate bonds indexes. For infrastructure strategies, a weighted blend of global large/mid-cap public equities indexes, excluding energy sectors, emerging market public equities indexes and Canadian government bonds indexes. For renewable strategies, a weighted blend of developed and emerging market renewable, developed large/mid-cap energy, and global agricultural equity indexes.

Incorporating climate-related considerations in our investment activities

Where climate change impacts are deemed to be material to the investment and asset management activities, we consider the potential financial impacts of both high-physical and/or high-transition risk scenarios, as relevant. High-physical-risk scenarios are those resulting in more than 4°C of global temperature warming over pre-industrial levels. High-transition-risk scenarios result in less than 2°C warming. We are increasingly using our proprietary net-zero scenario, which includes alternate views on the whole economy's transition path to net zero, to inform our assessment of climate-related impacts on due diligence and asset management activities. Further information is provided in our [Report on Sustainable Investing](#) published in October 2023. We use additional tools and resources that align with these scenarios to estimate the financial impacts of climate change on our investments. These scenarios are meant to provide:

- A consistent estimation and comparison of impacts across geographies, sectors and asset classes;
- The potential climate-related impacts on future rates of return;
- The basis for informed discussions of climate-related risks and opportunities most relevant for investment decisions; and
- Input into the engagement or asset management strategy for the investment.

4. Tactical positioning

We view tactical positioning as another source of return. We believe that a deliberate, meaningful but temporary shift of asset allocations and/or exposures away from the Investment Portfolios' established targets can be additive, especially at times of market dislocations. Exploiting potential gaps between current market prices and long-term fundamental asset values

can 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 prices have become unduly depressed. Alternatively, we may reduce positions in overvalued asset or currency markets when we expect near-to mid-term returns to be below their longer-term expectations.

Integrating sustainability-related considerations into our investment activities

We believe that organizations that effectively anticipate and manage material sustainability-related factors are more likely to create value over the long term. This is why we consider these factors in our investment and asset management activities where they are financially material to the investment. We define sustainability-related factors as those including, but not limited to: effective board governance, climate change, environment, health and safety, community engagement, human rights, responsible sourcing and deployment of artificial intelligence, data and cyber security, and other dynamic and emerging factors material to the long-term success of companies. Our [Policy on Sustainable Investing](#) guides our approach to the integration of sustainability-related considerations into our investment decisions, focused on maximizing the long-term value for the CPP's more than 22 million contributors and beneficiaries.

As an active owner, we monitor sustainability-related factors and can choose to engage with our portfolio companies to promote improved management of these factors to both reduce risk and enhance the companies' long-term value to the Fund. We focus our engagement efforts on those issues that are most material to a portfolio company's long-term value creation and preservation. We do this recognizing and supporting the division of authority and responsibilities among shareholders, boards of directors and management, and understanding and acting on the basis of the extent of our ownership and influence in these circumstances.

Proxy voting is an effective way to convey our views to the boards of directors and management of our direct holdings in publicly traded equities. It also allows us to fulfil our stewardship responsibilities as an active owner. This year, we updated our Proxy Voting Principles and Guidelines to clarify our expectations for board diversity. In addition to prior diversity characteristics we had identified, we explicitly added Indigenous status and sexual orientation as forms of diversity that should also be considered. We also enhanced our expectations of boards of directors with respect to oversight of climate change. Our [Proxy Voting Principles and Guidelines](#) set out how CPP Investments is likely to vote on a range of topics.

Companies' disclosure of material and financially relevant information related to sustainability allows investors like us to appraise whether directors are providing appropriate oversight of senior management in our portfolio companies, and to better assess the potential impact of these factors on a company's long-term performance. We encourage companies to report in alignment with the International Sustainability Standards Board (ISSB) IFRS Standards. These standards provide a global baseline for sustainability disclosures based on financial materiality and include industry-specific requirements where applicable. For private companies, we also encourage consideration of the ESG Data Convergence Initiative.

We participate in domestic and international discussions to help shape evolving regulation, market convention, standard setting and best practices in sustainability-related disclosures. We do this with the aim of facilitating better investment decisions and creating long-term value for the Fund.

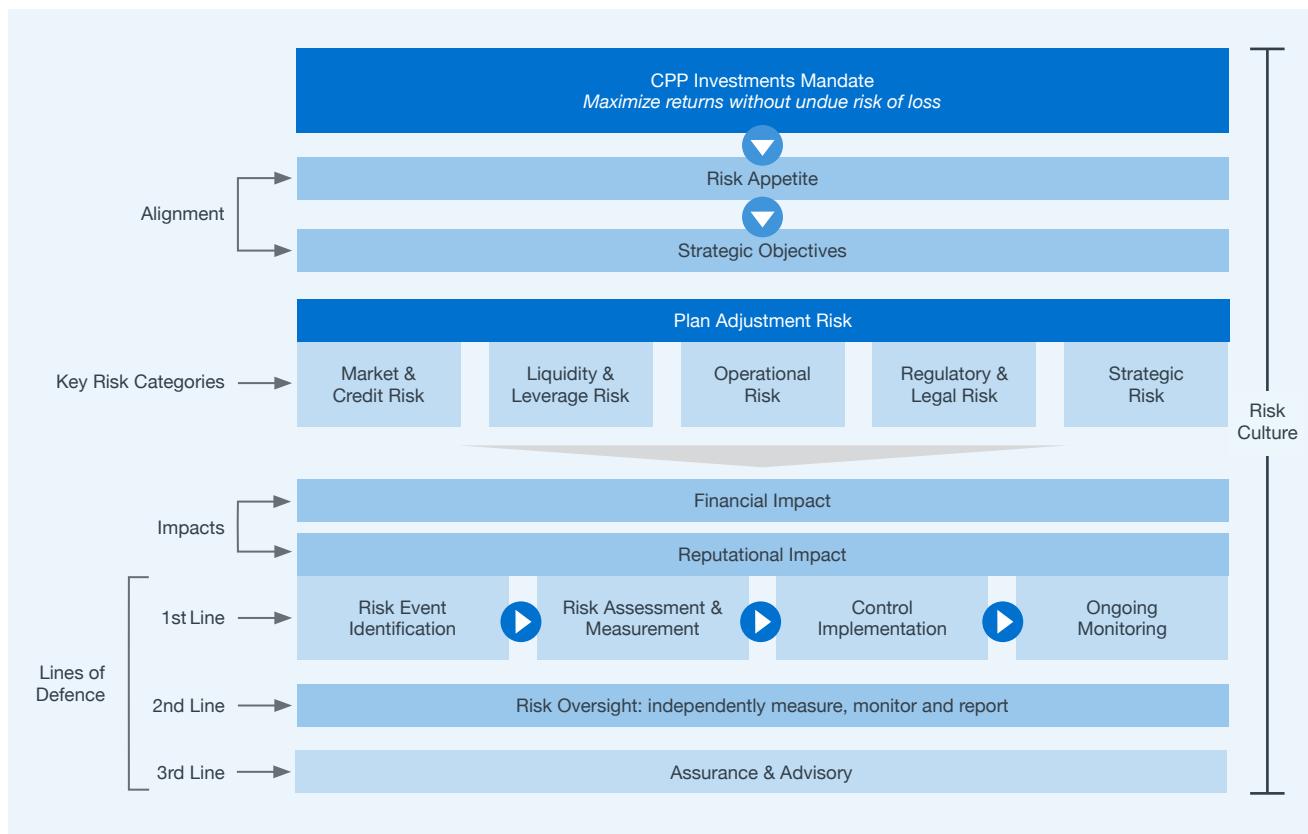
Our [Report on Sustainable Investing](#) provides additional detail of our sustainability-related activities.

Our commitment to net zero

Climate change represents both a significant risk and investment opportunity for the Fund as the economy transitions in line with sovereign climate commitments. We believe that the performance of the Fund will be influenced by how well our portfolio companies and the portfolio adapt alongside the global economy on the path to net zero. As such, and in alignment with our mandate to maximize returns without undue risk of loss, we have committed our portfolio and our operations to being net zero of greenhouse gas (GHG) emissions across all scopes by 2050. Our commitment is made on the basis and with the expectation that the global community will continue to advance towards the goal of achieving net-zero GHG emissions by that date. For details on the delivery of the components of our net-zero commitment see pages 63–65.

How We Manage Risk and Govern the Fund

Our Integrated Risk Framework



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 23.

Risk governance defines clear parameters within which the Fund operates. 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. 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 promote and maintain an enterprise-wide risk culture that values the importance of effective risk management in day-to-day activities;
 2. We understand and clearly articulate the organization's appetite for risk. This includes defining "undue risk of loss" in the context of our mandate. We consider both short- and long-term horizons, as well as the risk of positive and negative CPP plan adjustments arising from investment returns;
 3. 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;
 4. We operate within our stated risk appetite by monitoring our risk exposures and by evaluating the design and operating effectiveness of our controls, while ensuring the costs of managing risks do not exceed the expected benefits; and
 5. 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.

Risk culture

We recognize the significance of an established risk culture, which includes our shared attitudes, values and guidelines. These shape behaviours related to risk awareness, risk-taking and risk management. Risk culture is a part of our overall organizational culture that influences how we take and manage risks, both individually and collectively. 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. When combined with effective leadership and Board governance, these practices provide a strong risk culture for the organization.

Our risk culture:

- Starts with the "tone from the top" and applies to all levels in the organization;
- Is characterized by open dialogue, a willingness to raise concerns and clear accountabilities;
- Underpins CPP Investments' strategy; and
- Drives the effectiveness of risk governance.

- **Second line of defence:** The Chief Risk Officer (CRO) is accountable for risk oversight and recommending risk limits and statements to the Board for approval. The Risk department is responsible for independently overseeing and constructively challenging the first line's identification, assessment and management of risks, providing value-add risk analysis and independently measuring and monitoring compliance with all risk limits and statements. Other departments or 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 the adequacy and effectiveness of CPP Investments' governance, risk management and internal controls.

We manage and oversee all risks that could materially impact our ability to fulfil our mandate and achieve our strategic objectives. Within each key risk category of the Integrated Risk Framework is a more detailed risk taxonomy. This includes the risk associated with sustainability-related factors, including climate change-related risks. Our risk management processes and systems of internal control 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 40 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 & 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.

Our Senior Management Team's leadership and expertise strengthen CPP Investments' governance. Successful investing requires clear decision-making and accountability. The key elements of our management committee structure are described below:

Investment Strategy and Risk Committee

The ISRC comprises the CIO, CRO and General Counsel, with the President & CEO as Chair. ISRC membership expands to include the full Senior Management Team for select matters that require broader perspectives. Membership also expands to the CSO whenever sustainability-related matters or decisions are discussed. The ISRC and its sub-committees are accountable for a select set of approvals. They 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 15);
- Investment Risk Limit Standard and Non-Investment Risk Appetite Standard;
- Sustainability-related Risk Standard;
- Green Bond Framework; and
- Crisis Management Standard.

The ISRC also provides guidance on our reputation management program and approach to managing other broad factors, such as sustainability-related issues.

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. It considers an array of strategic investment and risk-related matters as it reviews new investments, dispositions and follow-on transactions for approval. PEC

also evaluates whether specific investments are aligned with its corresponding active strategy mandate. It provides guidance on select investment department-related matters, including their strategies, mandates, sustainability-related considerations and portfolio reviews.

- **Portfolio Strategy Committee (PSC)** supports the ISRC's oversight of design, delivery and management of the Investment Portfolios. Chaired by the Senior Managing Director and Head of Total Fund Management, the PSC provides guidance on matters including key portfolio design targets and attributes that support and enable the Total Portfolio Investment Framework.
- **Investment Risk Committee (IRC)** supports the ISRC's oversight of market, credit, liquidity and leverage risks. Chaired by the CRO, 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's 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.
- **Sustainable Investing Committee (SIC)** supports the ISRC's oversight of all material sustainability-related factors for the Fund. Chaired by the CSO, the SIC provides guidance on matters including the delivery of the Fund's firm-wide sustainability strategy. It also provides guidance on how to integrate sustainability considerations into the Fund's portfolio construction, investment decision-making and internal operations.

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

Management accountabilities on sustainability-related matters

In fiscal 2024, we enhanced accountabilities at the Management level with respect to sustainability-related matters. These enhancements reflect our belief that sustainability-related risks and opportunities carry the potential to materially impact our investments, operations and ability to achieve our mandate. The CIO is responsible for the integration of climate change factors into portfolio construction and investment underwriting. The CRO is responsible for establishing the Fund's risk management framework for all risk categories, including risks related to sustainability. The Chief Financial Officer (CFO) is responsible for establishing and maintaining internal controls that provide reasonable assurance over the reliability of sustainability-related financial disclosures. The Chief Sustainability Officer (CSO) is responsible for overseeing the implementation of the firm-wide sustainability strategy, including progress on the key climate-related objectives and our net-zero commitment. The CSO also oversees the collection, interpretation and reporting of sustainability-related data for CPP Investments. To further strengthen our governance of sustainability-related matters, in fiscal 2024 we also established the Sustainable Investing Committee (SIC) as a senior management sub-committee of our Investment Strategy and Risk Committee (ISRC).

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 establishes enterprise priorities to execute our strategy and initiatives to achieve them.

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, long-term return expectations, the Strategic Portfolios which express the expected asset class and geographic composition of each Investment Portfolio 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 affect CPP Investments' ability to fulfil its mandate and achieve its objectives. The Policy outlines our Integrated Risk Framework and risk appetite.

Policy on Sustainable Investing – This policy sets out the principles that guide CPP Investments' approach to sustainable investing within the context of our legislative mandate. The policy and the Proxy Voting Principles and Guidelines are approved by the Board of Directors. 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. This includes governance and controls related to the implementation of the policy.

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, climate-related metrics and the results of climate change scenario analysis;
- Total returns and contributions from individual investment departments;
- Total returns relative to the best-estimate assumptions of long-term investment returns reported by the OCA; and
- Value-added returns relative to what can be obtained from investing in public market benchmarks.

Management reports to the Board on the Fund's progress against our net-zero commitment, at least annually.

For additional details, refer to the Governance Practices of the Board of Directors section (see page 79).

How We Manage Costs

Seeking sources of incremental return requires us to invest in various capabilities, whether this involves developing advanced portfolio modelling techniques, using active strategies to pursue investment selection, or investing in enhanced risk management capabilities to effectively govern these activities.

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 directly managed internally versus invested 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 deploy.

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 and incremental returns generated.

On an ongoing basis, we manage our costs in accordance with our expense management policies. We also follow seniority-based management approval authorities 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 improve the Fund's long-term investment performance. We consistently and continuously evaluate whether we are allocating our resources towards the most value-adding activities. From this we learn to progressively improve the efficiency and effectiveness of our capital and resource allocations over time. It starts with a strong tone from the top and is enhanced by our value-conscious culture.

How we allocate our resources

From a planning perspective, we balance the allocation of the Fund's resources across key activities. We ensure budget is allocated towards our entity-sustaining governance activities, which includes the minimum expenses required for the Fund to operate at the most basic level.

We also allocate budget towards our balancing strategies. As discussed on page 19, 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 incremental returns from investment selection. We also separately budget 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.

Lastly, we manage and control the growth of our expenses by allocating budgets towards our active strategies. Capital and associated budget allocations are made to active strategies based on our confidence in their ability to generate long-term incremental 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 in-house skills to carry out investing activities similar to those of external firms with comparable expertise, but at materially lower cost.

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. Some of our external managers also provide 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 that they can deliver risk-adjusted returns that will more than offset the cost of their fees.

Choosing between internal and external management involves a key economic trade-off for the Fund. In-house management incurs personnel and other expenses to develop and implement active strategies. On the other hand, using external fund managers incurs management and performance fees. Using external fund managers may result in 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 the expected value-added returns. However, we will develop internal active strategies when we are sufficiently confident that they will help generate long-term value 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 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 challenges we must solve.

We believe a holistic talent strategy is essential to effectively mobilize 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 our employees;
- Pay for performance; and
- Align the long-term interests of our employees with those of the CPP Fund.

We describe each of these components in greater detail below. We provide further details on our approach to equity, diversity and inclusion, which we believe contributes to our organizational resilience and 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 CPP Investments' 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 workplace situations.

CPP Investments remains focused on striving for even more agility, ambition, innovation and inclusion. We strengthen our culture by 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, both in Canada and globally. Offering market competitive compensation is one of the essential elements necessary to being able to attract, motivate and retain the talent we need to effectively execute CPP Investments' legislative mandate.

Our incentive compensation program considers our public mandate, the strategies we have chosen to pursue, and the markets in which we operate. We reward our people for delivering on quantitative and qualitative objectives that benefit the Fund. In fiscal 2024, we completed a comprehensive review of our incentive compensation program to ensure alignment with the evolution of our strategy. This included better alignment with the public benchmarks we use to assess the performance of our diverse investment strategies. The refined incentive compensation plan will be effective in fiscal 2025.

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-added returns.

We believe that what we accomplish, and how we accomplish it, are equally important. Our compensation program is grounded in our Guiding Principles and is designed to meet or exceed the Principles for Sound Compensation Practices 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 levels of absolute and relative total Fund returns. This emphasis on the total Fund helps draw a closer linkage between the interests of CPP contributors and beneficiaries and the compensation we pay our employees.

Financial Stability Board Principles

Based on long-term performance
Discourages short-term risk-taking
Increased oversight powers of compensation committees

CPP Investments Compensation Framework

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
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
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	<input checked="" type="checkbox"/> Incentivizes employees to maximize long-term returns, within established risk parameters <input checked="" type="checkbox"/> Focuses on the delivery of value to the Fund as a whole, in line with our Board-approved investment strategy, business plan and budget <input checked="" type="checkbox"/> Rewards groups and individuals upon the delivery of predetermined objectives
Appropriate Horizon	<input checked="" type="checkbox"/> Aligns to our five-year measurement horizon for evaluating investment performance <input checked="" type="checkbox"/> Ensures a significant portion of compensation is variable and deferred for our most senior employees to promote long-term alignment <input checked="" type="checkbox"/> Pays out deferred incentives over a multi-year horizon to promote retention and long-term alignment
Differentiated Group and Individual Performance	<input checked="" type="checkbox"/> Includes the ability to distinctively differentiate group and individual performance in a way that is directly tied to delegated accountabilities <input checked="" type="checkbox"/> Recognizes the differences between asset classes and market conditions through the use of relative value-added returns of each investment strategy
Supports the Application of Informed Judgment	<input checked="" type="checkbox"/> Considers the outcomes of both quantitative and qualitative investment and organizational objectives, and how the outcomes were achieved <input checked="" type="checkbox"/> Incorporates alignment with CPP Investments' Guiding Principles <input checked="" type="checkbox"/> Provides increased stability and consistency of performance evaluations with tools to help mitigate bias in decision-making
Market Competitive and Simple	<input checked="" type="checkbox"/> Enables the attraction and retention of people with the requisite skill sets to effectively deliver on our mandate and execute our chosen investment strategies <input checked="" type="checkbox"/> Provides transparency to key stakeholders and 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. It also evaluates and determines the compensation of the CEO, other Named Executive Officers (NEOs) and the rest of the Senior Management Team.

The HRCC also reviews competitive pay levels for the Senior Management Team, including the NEOs, relative to peer organizations and proprietary market data from reputable external advisors. For the Senior Management Team, including

NEOs, we benchmark compensation against Canadian public pension funds, Canadian publicly traded investment asset managers and the broader labour market. This includes 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 under the terms of the Clawback Policy if:

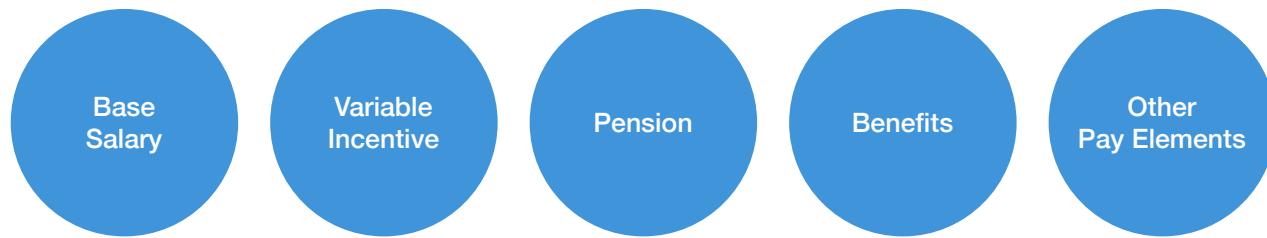
- Financial results are restated and the Board considers prior awards to be excessive; or
- The incentive award was granted in error; or
- An employee is guilty of misconduct.

Refer to our website for additional details on the mandates of the HRCC and Board of Directors. The mandate and composition of the current HRCC is outlined in the Governance section on pages 80 and 82.

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

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:



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 call this 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 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-added 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, 50% of their incentive is based on total Fund performance and 50% on 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 allowance, and an Employee-Family Assistance Program. We also provide 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

As CPP Investments continues its trajectory of growth, the cornerstone of our success remains our people and their dedication to integrity, partnership and high-performance. Recognizing this, we continue to advance equity, diversity and inclusion (EDI) across the organization. We offer an inclusive workplace where colleagues feel valued, respected and supported. We continue to further our EDI efforts through:

- Diverse Talent Acquisition:** We remain focused on attracting highly qualified individuals with diverse backgrounds, experiences and perspectives, understanding that such diversity contributes to our dynamic and innovative environment.
- Equal Opportunities for Growth:** Ensuring all employees have equitable access to development and advancement opportunities, reinforcing our belief in the potential of every team member to contribute meaningfully to our mandate.
- Internal Pay Transparency:** We provide employees visibility into their respective salary ranges. This access provides context to the individual around pay outcomes relative to the range of the opportunity for the role, and complements other analysis that senior leadership undertakes to ensure fairness in pay decisions.

Our equity, diversity and inclusion work is grounded in the belief that inclusion of historically underrepresented groups better enables us to make more informed investment decisions and effectively manage our risk culture, as discussed on page 23.

Starting at 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. We are also committed to structured interview processes for all candidates and have integrated practices to mitigate bias throughout the process.

Valuing our employees for their individuality and unique contributions is fundamental to fostering trust and long-term commitment. Our Integrated Career Framework, detailing team-specific functional and leadership competencies, provides clear performance expectations and consistency across the organization, contributing to a transparent and equitable career progression pathway.

We continue to work to increase representation among female and minority employees in senior roles, including Managing Director positions and above, across our global operations. Our targets – 30% of senior investor roles held by women and 28% of all leadership positions held by minorities by 2025 – underscore our belief in the power of diversity to drive superior decisions and outcomes. We support these goals with both formal and informal learning opportunities focused on inclusivity because fostering an environment of accountability for inclusive behaviour is key to our long-term success. Refer to page 62 for additional details on our progress.

Management's Discussion and Analysis

Key Performance Indicators

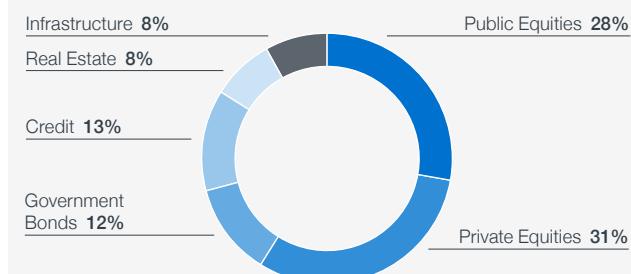
Net assets	1-Year	5-Year	10-Year
\$632.3 Billion			
Base CPP Net Assets	8.0%	7.7%	9.2%
\$593.8 Billion			
Cumulative Net Income	\$46.4B	\$184.7B	\$336.7B
Additional CPP Net Assets			
\$38.5 Billion			
Base CPP Net Returns ¹	8.1%	7.8%	9.2%
Additional CPP Net Returns ²	5.7%	4.9%	5.6%

Annualized 5-Year Net Returns and Value-Added



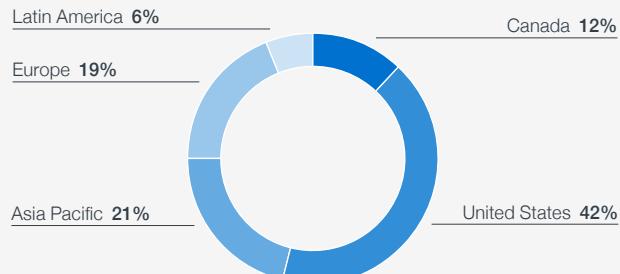
Asset Class Composition^{3,4}

March 31, 2024



Geographic Composition

March 31, 2024



1. Net returns are reported net of all expenses.

2. 10-Year net returns for the additional CPP are reported since its inception in 2019.

3. For a breakdown of the composition of each asset class, refer to page 69.

4. Credit consists of public and private credit investments. \$59.8 billion of this forms part of the Active Portfolio and \$19.5 billion forms part of the Balancing Portfolio as at March 31, 2024. The Credit Investments department manages both.

Information in this section provides analysis of the operations and financial position of Canada Pension Plan Investment Board (CPP Investments) and should be read in conjunction with the Consolidated Financial Statements and accompanying Notes (Financial Statements), for the year ended March 31, 2024. The 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 CPPIB Act and accompanying regulations.

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. It may not be comparable to similar measures disclosed by other institutions. Definitions of non-IFRS measures (recourse leverage, currency diversification, and gross income) and a reconciliation to their comparable IFRS measures can be found on page 67. Return figures are non-IFRS measures and have no IFRS comparable value.

Return figures have been calculated using a time-weighted rate of return methodology. Return figures presented in this section are annualized and nominal, unless stated otherwise. All figures are reported in Canadian dollars, unless stated otherwise.

Certain figures may not agree to the Financial Statements and/or may not add up due to rounding.

Fund Composition and Performance

CPP Investments ended its fiscal year on March 31, 2024 with net assets of \$632.3 billion, compared to \$570.0 billion at the end of fiscal 2023. The \$62.3 billion increase in net assets consisted of \$46.4 billion in net income and \$15.9 billion in net transfers from the Canada Pension Plan (CPP).



The base CPP account ended fiscal 2024 with net assets of \$593.8 billion, which represented 94% of the Fund. This compared to \$546.2 billion, or 96% of the Fund, at the end of fiscal 2023. The \$47.6 billion increase in net assets consisted of \$44.4 billion in net income and \$3.2 billion in net transfers from the CPP.

The additional CPP account ended fiscal 2024 with net assets of \$38.5 billion, which represented 6% of the Fund. This compared

to \$23.8 billion, or 4% of the Fund, at the end of fiscal 2023. The \$14.7 billion increase in net assets consisted of \$2.0 billion in net income and \$12.7 billion in net transfers from the CPP. The assets in the additional CPP account are expected to grow at a faster rate than those in the base CPP account. This is due to the difference in net contribution profiles between the additional CPP and the base CPP.

Net Returns	Fiscal 2024		Fiscal 2023	
	Net returns % (annualized)	Net income \$ (cumulative)	Net returns % (annualized)	Net income \$ (cumulative)
Base CPP				
1-year	8.1%	\$44.4 billion	1.4%	\$7.5 billion
5-year	7.8%	\$181.9 billion	8.0%	\$169.4 billion
10-year	9.2%	\$333.8 billion	10.0%	\$319.5 billion
Additional CPP				
1-year	5.7%	\$2.0 billion	0.3%	\$0.3 billion
5-year	4.9%	\$2.9 billion		
Since January 1, 2019 inception	5.6%	\$2.9 billion	5.6%	\$0.9 billion

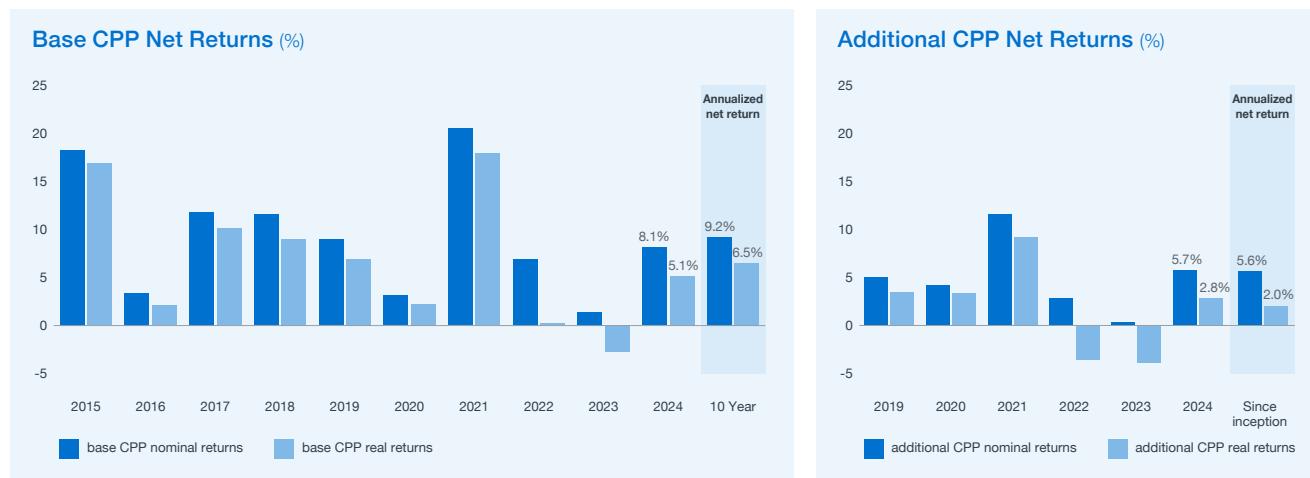
The Fund, which includes both the base CPP and additional CPP accounts, achieved a total net return of 8.0% for the fiscal year. The Fund earned a five-year net return of 7.7% and a 10-year net return of 9.2%.

The base CPP account achieved a net return of 8.1% for the fiscal year, which reflected positive performance across most asset classes. The base CPP account earned a five-year net return of 7.8% and a 10-year net return of 9.2%. Both results were lower compared to fiscal 2023, which mainly reflected the effect of a higher returning year rolling off both the current five- and 10-year time periods.

The additional CPP account achieved a net return of 5.7% for the fiscal year. The additional CPP account's lower returns compared to the base CPP in fiscal 2024 was due to its greater

allocation to Canadian government bonds and their low-single-digit returns in the year. Canadian government bonds refers to both federal and provincial government bonds. The additional CPP account earned a five-year return of 4.9% and a net return since January 1, 2019 inception of 5.6%. The net return since inception was unchanged as compared to fiscal 2023.

The additional CPP was designed with a different legislated funding target compared to the base CPP. Given the differences in their funding, the additional CPP is more sensitive to investment return uncertainty. It therefore carries a lower market risk target than the base CPP, resulting in a different portfolio composition. Correspondingly, the asset mix and performance of the additional CPP account is expected to differ from that of the base CPP account.



Generating returns to help support long-term financial sustainability

Every three years, the Office of the Chief Actuary (OCA) conducts an independent review of the long-term financial sustainability of the base CPP and additional CPP. In the most recent triennial review published in December 2022, the Chief Actuary reaffirmed that as at December 31, 2021, both the base and additional CPP continue to be financially sustainable over the long term at the legislated contribution rates.

When evaluating the long-term financial sustainability of the base CPP and additional CPP, the OCA makes assumptions about their expected returns over the next 75 years. The Chief Actuary's projections, published per the 31st Actuarial Report, assume that over the 75 years starting in 2022, the base CPP account will earn an average annual real rate of return of 3.69% above the rate of Canadian consumer price inflation, after all expenses. The projections also assume that, over the same time period, the additional CPP account, which targets a lower level of risk, will earn an average annual real rate of return of 3.27%, after all expenses.

As at the end of fiscal 2024, the base CPP account's real return for the past ten-year period was 6.5%. The additional CPP's real return since January 1, 2019 inception was 2.0%.

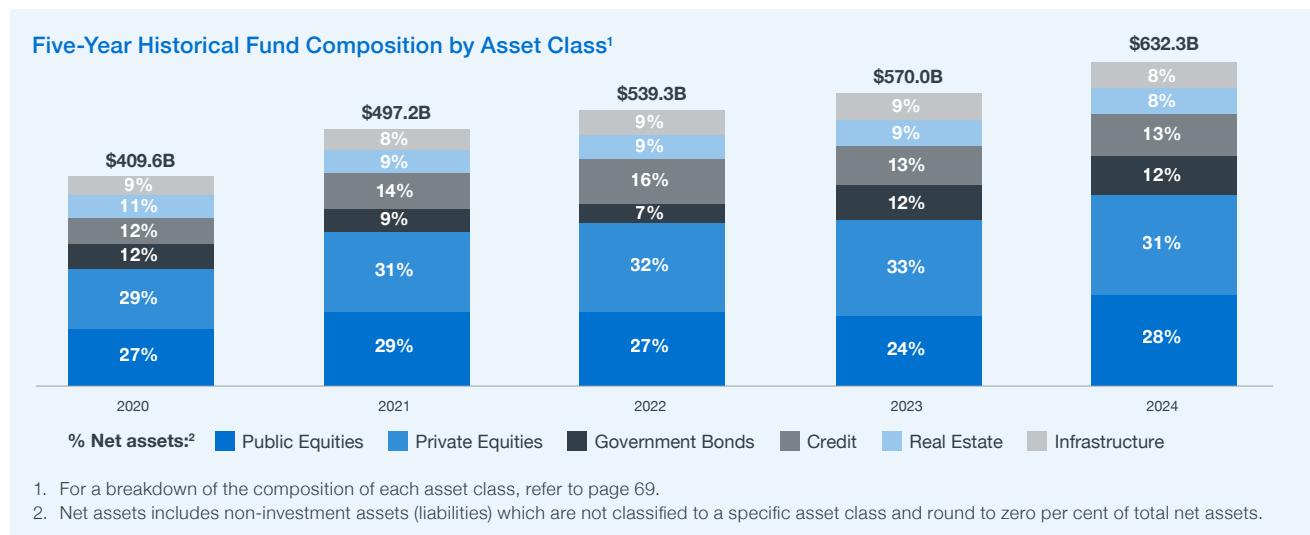
Market returns typically vary widely year-to-year, and that variance can persist even over five- and 10-year periods. For example, over the past 10 years, global equity market returns have been favourable relative to inflation and also compared to longer historical periods. In fiscal 2024, overall nominal returns in both global equity and fixed income markets were positive, with certain markets, such as U.S. equities, reaching all-time highs. However, interest rates and inflation stabilized in fiscal 2024 compared to their rapid rise in the prior year. As a result, the year-over-year net real return variances for both the base and additional CPP accounts were primarily driven by their nominal returns achieved in fiscal 2024.

For more information, see the sections outlining our investment approach on page 15.

CPP Investments Net Real Returns¹

	Fiscal 2024	Fiscal 2023
Base CPP		
5-Year	4.3%	4.6%
10-Year	6.5%	7.4%
Additional CPP		
5-Year	1.4%	
Since January 1, 2019 Inception	2.0%	1.9%

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



Five-year performance by asset class

Over the past five years, the Fund generated a net return of 7.7%. While the majority of asset classes contributed to our overall positive long-term performance, our investments in private and public equities were the primary drivers of these results.

Private equities generated a five-year net return of 13.9%, and contributed 52% of the Fund's total returns. Public equities generated returns of 8.4%, or 34% of total returns. This was consistent with the positive performance of global equity markets generally over this period which benefited from a low interest rate environment for the first half of the five-year period. In the latter half of the period, geopolitical events, such as the war in Ukraine, and rising inflation that led to increased interest rates across many economies, contributed to lower relative equity returns. This trend reversed in fiscal 2024, as global public equities achieved double-digit returns in the year, influenced by slowing inflation indicators.

Over the past five-year period, our investments in government bonds produced a negative net return of 0.3%. This was mostly the result of underperformance by long-duration developed market government bonds. Over the past two fiscal years, bond yields rose in reaction to tightening of monetary policy by major central banks to combat rising inflation. This in turn caused a corresponding reduction in the market value of these bonds.

The credit asset class generated a five-year net return of 3.8%, mainly driven by gains in the private credit portfolio which benefited from a recovery in demand for real estate loans and consumer credit after the COVID-19 pandemic and a rise in base interest rates in recent years.

Real estate investments generated a five-year net return of 0.7%. The portfolio had mixed results and was particularly impacted by rising interest rates in recent years. Rising rates also negatively impacted the cost and availability of financing for these assets. Investments in the logistics sector were an exception as they experienced increased tenant and investor demand for most of the five-year period. This contrasted with retail and office investments, which were negatively affected by the transition towards e-commerce and the impact of evolving hybrid workplace trends.

Infrastructure investments generated a five-year net return of 5.9%. This result was influenced by investor demand over the period for essential and long-lived assets. These investments were also negatively impacted by the increase in interest rates in recent years, however, to a lesser degree than other asset classes due to the inflation-hedging characteristics of the asset class.

Fiscal 2024 performance by asset class

In fiscal 2024, the Fund generated a net return of 8.0%. While inflation and central banks' responsive measures had negative impacts on most asset classes in the first half of the fiscal year, this trend reversed as equity and fixed income markets rallied on slowing inflation indicators and anticipation of an end to interest rate hikes by many central banks. This was despite geopolitical uncertainty in many regions and mixed economic performance across the global economy.

Public equities generated a net return of 13.8% in fiscal 2024. In contrast to fiscal 2023, the performance of global public equity markets bolstered returns this fiscal year, particularly U.S. equities, which reached all-time highs. The growth was heavily driven by select companies in the information technology and communication services sectors, which stood to benefit from nascent technological developments in artificial intelligence. Investments in emerging market public equities had mixed results, and were impacted by losses in China.

Private equities achieved a net return of 10.4% in fiscal 2024. The result reflected gains achieved through external fund realizations, portfolio company divestments, and improved portfolio company earnings. Similar to the prior fiscal year, investments in renewable energy continued to benefit from the global energy transition and investor demand in that sector.

Investments in government bonds produced a negative net return of 0.4% in fiscal 2024, following losses also experienced in the previous fiscal year. This was primarily the result of losses on long-duration government bonds as leading central banks increased interest rates to offset inflationary pressures in the first half of the fiscal year.

Investments in the credit asset class include both private and public credit. Together, they delivered a net return of 10.8% in fiscal 2024, primarily due to gains in the private credit portfolio. The gains were a result of tightening credit spreads, as leading central banks paused their interest rate increases in the second half of the fiscal year amidst a more positive inflation outlook and diminishing recession indicators. In the previous fiscal year, the lower results relative to the current fiscal year were due to widening credit spreads in response to the monetary tightening policies pursued by central banks.

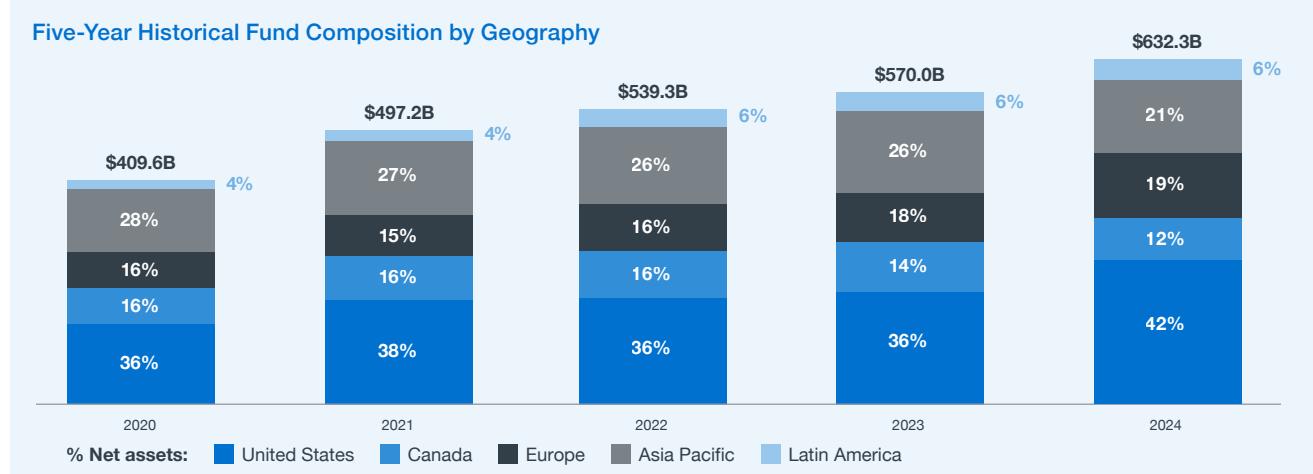
Real estate investments delivered a negative net return of 5.0% in fiscal 2024, following losses also in the previous fiscal year. The overall rise in interest rates across many markets continued to adversely impact this asset class. Most of the losses were in the office sector, given the additional impact of changes in workplace trends.

Infrastructure investments delivered a net return of 2.6% in fiscal 2024. The portfolio experienced mixed results, with gains driven by toll road investments, partly offset by lower performance in select logistics and utilities investments. In the previous fiscal year, the higher results relative to the current fiscal year were mostly due to foreign currency gains.

The Fund's composition of net assets by asset class across investment departments is presented on page 48.

Annualized Net Returns by Asset Class	Fiscal 2024		Fiscal 2023	
	5-Year	1-Year	5-Year	1-Year
Public Equities	8.4%	13.8%	6.7%	0.3%
Private Equities	13.9%	10.4%	14.8%	6.8%
Government Bonds	(0.3%)	(0.4%)	0.8%	(0.8%)
Credit	3.8%	10.8%	3.4%	6.0%
Real Estate	0.7%	(5.0%)	2.9%	(1.2%)
Infrastructure	5.9%	2.6%	8.1%	5.6%
Total Fund¹	7.7%	8.0%	7.9%	1.3%

1. The net returns of certain investment activities are only reported in the total Fund return and are not attributed to a particular asset class return. The Fund earned \$1.0 billion from currency management activities (loss of \$8.6 billion in fiscal 2023) and incurred a loss of \$5.1 billion from cash equivalents and money market securities (loss of \$3.4 billion in fiscal 2023). Both figures are excluded from Government Bonds. The Fund earned \$6.3 billion from absolute return strategies (earned \$1.5 billion in fiscal 2023). This figure is excluded from Public Equities. Absolute return strategies hold offsetting exposures that reduce our net position in particular holdings through long and short positions, both internally and through external managers.



Five-year performance by geography

All regions contributed positively to the Fund's five-year net return of 7.7%, with investments in the U.S. accounting for 59% of these gains. Our investments in the U.S. achieved a net return of 8.9% for the five-year period. These investments outperformed all other regions, driven by positive performance from both public and private equities. The decrease in the U.S. return compared to the prior five-year period reflected the impact of higher returning years rolling off the five-year period and lower returns in the region in the past two fiscal years. This occurred after the post-COVID-19 pandemic rally in equity markets.

In Asia Pacific, our investments achieved a five-year net return of 4.6%, accounting for 17% of the Fund's five-year net return, mainly attributable to our equity and infrastructure investments in the region. The Asia Pacific return over the five-year period was impacted by the relative underperformance of investments in China, which were influenced by China's zero-COVID-19 policies and the resulting negative impact on the economy. The Asia Pacific return declined compared to the prior five-year period driven by broadly flat returns in the region in the current fiscal year.

The Fund's investments in Canada achieved a five-year net return of 4.2%, driven mainly by infrastructure assets. The Canada return declined compared to the prior five-year period due to the effect of a higher returning year rolling off the current five-year period.

Our exposure to emerging markets was 20% of net assets at the end of fiscal 2024 compared to 22% at the end of fiscal 2023. This decline follows the transition towards our revised long-term Strategic Portfolio emerging markets exposure target of 16%, as described on page 18. In total, our emerging markets investments generated a five-year net return of 5.0% and are mostly held in the Asia Pacific and Latin America regions.

Fiscal 2024 performance by geography

In fiscal 2024, all regions generated positive performance. Investments in the U.S. achieved a net return of 9.4%. This result reflected gains in public and private equities across most sectors, partly offset by losses in U.S. government bonds and real estate investments in the office sector. In fiscal 2023, investments in the U.S. were negatively impacted by inflationary pressures and a rise in interest rates.

The Fund's Asia Pacific investments had a net return of 0.1%, and were impacted by foreign currency losses. Investments in China also contributed to the relative underperformance as compared to other regions. The equity market in China diverged from other major markets due to challenges in the real estate sector. This negatively impacted consumer sentiment. China also suffered from a slowdown in expected economic growth. Similar factors also negatively impacted the performance of Asia Pacific investments in fiscal 2023.

In Europe, the Fund returned 5.8%, with positive performance in public and private equity investments partly offset by losses in infrastructure assets in the utilities sector. In fiscal 2023, investments in Europe were impacted by the war in Ukraine and inflationary pressures.

In Canada, the Fund achieved a net return of 5.9% primarily from gains in infrastructure investments and government bonds. This contrasted to fiscal 2023, where government bonds detracted from performance.

Annualized Net Returns by Geography

	Fiscal 2024		Fiscal 2023	
	5-Year	1-Year	5-Year	1-Year
Canada	4.2%	5.9%	4.9%	0.3%
United States	8.9%	9.4%	9.8%	3.6%
Europe	4.0%	5.8%	3.1%	1.5%
Asia Pacific	4.6%	0.1%	5.1%	1.3%
Latin America	7.7%	11.5%	6.0%	8.4%
Total Fund¹	7.7%	8.0%	7.9%	1.3%

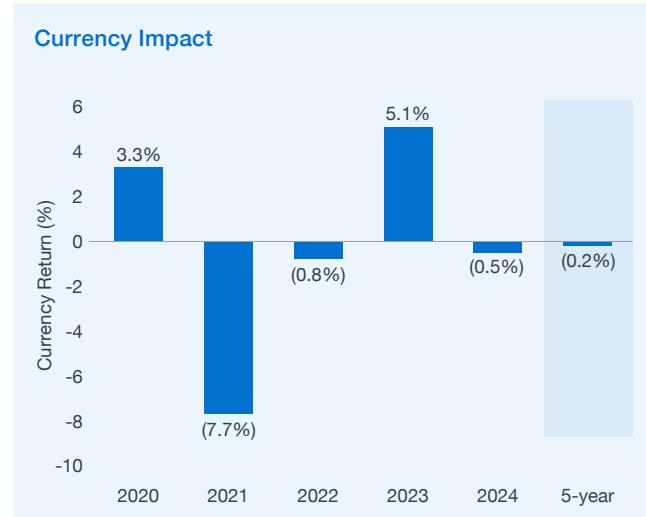
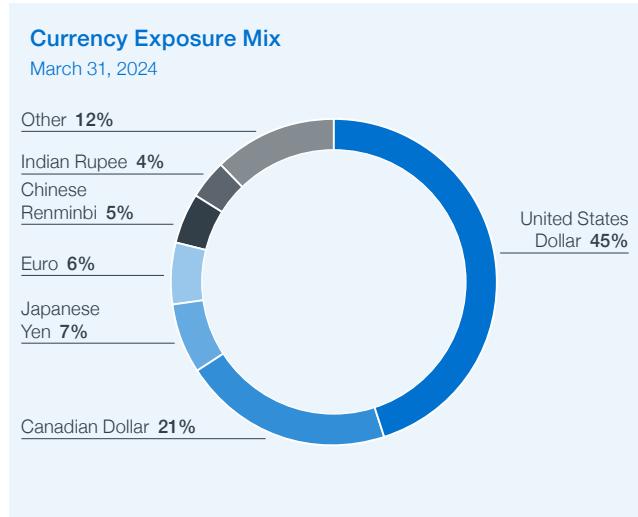
1. The total Fund returns include results of certain investment activities that are not attributed to any geographic area reported in this table. For example, it does not include \$1.0 billion earned from currency management activities (loss of \$8.6 billion in fiscal 2023), a loss of \$5.1 billion from cash equivalents and money market securities (loss of \$3.4 billion in fiscal 2023), and \$6.3 billion earned from absolute return strategies (earned \$1.5 billion in fiscal 2023). For this geography-based presentation, total Fund net returns also include securities, such as swaps, forwards, options, and pooled funds, that have no country of exposure classification. The weight of these securities to total market value is negative 0.1% for fiscal 2024 (0.1% in fiscal 2023).

Impact of currency movements on Fund performance

At the end of fiscal 2024, foreign currency exposures represented 79% of the Fund and totalled \$498.1 billion. The Fund's exposure to the Canadian dollar was 21%. As described on page 18, our desired Canadian dollar exposure can differ from the size of our investments in Canada, as was the case at the end of fiscal 2024. 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.

Investments in Latin America achieved a return of 11.5%, mainly driven by gains in public equity investments in Brazil, which were influenced by an increase in expected economic growth. In fiscal 2023, returns in Latin America were driven by foreign currency gains.

In fiscal 2024, the Canadian dollar strengthened against many major currencies, particularly against the Japanese yen and Chinese renminbi. The Canadian dollar was flat relative to the U.S. dollar. This contributed to a foreign currency loss of \$5.2 billion and a corresponding net return impact of negative 0.5%. Over the five-year period, the Fund had an annualized foreign currency loss of 0.2%. This was also driven by the overall appreciation of the Canadian dollar against most major currencies.



Delivering Long-Term Incremental Returns

The CPP is designed to serve today's contributors and beneficiaries while looking ahead to future decades across multiple generations. We believe long-term results are a more appropriate measure of CPP Investments' performance than quarterly or annual returns. In addition to measuring our absolute returns over long horizons, we assess the effectiveness of the strategic choices we make through measures of relative performance. The Fund's incremental returns can be measured

in annualized percentage value-added (PVA) or dollar value-added (DVA) terms. In both cases, the figure is calculated on a nominal Canadian dollar basis, net of all expenses.

The impact of the key strategic decisions we make to deliver the Fund's Investment Portfolios, as described on page 12, are presented below. We believe the impact of these decisions will deliver sources of incremental returns for the Fund over long horizons.

Key Sources of Incremental Returns for the Five Years Ended March 31, 2024

	Risk Appetite	Diversification and Leverage	Investment Selection	Total Net Incremental Returns
Annualized Incremental Net Returns	4.0%	(4.0%)	2.0%	2.0%
Cumulative Incremental Net Income	\$105.9 billion	\$(97.7) billion	\$34.0 billion	\$42.2 billion

1. Setting Risk Appetite – Targeting a higher level of market risk than the minimum required for plan sustainability

At a minimum, the Fund must take a level of market risk that would be sufficient to generate the required returns to help support the long-term financial sustainability of the CPP. However, simply generating minimum returns would not be sufficient to deliver on our mandate to maximize Fund returns without undue risk of loss, nor would it be in the best interests of the CPP's contributors and beneficiaries. Therefore, the first key strategic decision we make is to set a higher target level of market risk for the Fund. Our targeted level of market risk for each part of the CPP is expressed by our base CPP and additional CPP Reference Portfolios, as described on page 16. These targets control the total risk of each portfolio, including not only the systematic risk from exposures to diverse asset classes, but also the expected risk of active management strategies within those asset classes. The Reference Portfolios have also served

as a point of measurement when assessing the Fund's performance over the long term. In addition to the roles of the Reference Portfolios, we are developing a performance benchmark that is more representative of how we assess the effectiveness of our investment strategies in contributing to the Fund's performance.

The simple two-asset class minimum risk portfolios, designed to generate expected returns sufficient to sustain the CPP over the long term, would have generated an annualized Fund return of 5.7% over the past five years. Over this same period, our risk appetite decisions generated an annualized incremental return of 4.0%. The much higher equity content in the Reference Portfolios compared to the minimum risk portfolios has substantially benefited the Fund in this period where public equity markets, particularly in the U.S., have outperformed Canadian government bonds returns – 11.5% annualized versus negative 0.2% annualized for the respective public market indexes.

Raising the risk target

At least once every three years, we review the risk appetite for each part of the CPP. Our decisions reflect the evolving funding status of the base and additional CPP as well as our estimates for long-term economic and capital markets factors which drive risk and return. The review seeks to balance forecasted returns – including higher volatility at higher expected levels of return – against their potential impact on the required funding of the CPP, over a forward-looking 75-year review period. This is further described on page 16.

In fiscal 2007, the Reference Portfolio for the base CPP was introduced at a targeted risk level of 65% equity and 35% debt. This level is in the typical range for conventional fully

funded pension plans. In fiscal 2015, our Board approved an increase of the base CPP's targeted level of market risk from 65% equity and 35% debt to its current 85% equity and 15% debt, phased in over fiscal years 2016 through 2018. For the additional CPP, the risk target was established on January 1, 2019 at 50% equity and 50% debt; this was increased to 55% equity and 45% debt starting in fiscal 2022. As a result of these decisions, the increases in risk combined with the higher returns of equities over debt have generated positive 1.7% annualized or \$73.6 billion of incremental returns for the Fund from the beginning of fiscal 2016 to the end of fiscal 2024.

2. Asset Diversification – Constructing a diversified portfolio of multiple asset classes, optimized through the use of leverage, at the targeted level of risk

The strategic decision to diversify asset exposures beyond the two asset classes in the Reference Portfolios whose risks are dominated by global public equities only, and to employ leverage, is driven by the following beliefs:

1. *Broad diversification of the Fund's exposures will over long periods generate higher returns.*
2. *Maintaining the targeted risk level through the use of leverage will maximize expected Fund returns.*
3. *Diversification across asset types provides protection against severe losses in public equity markets.*

We diversify and leverage the Fund's exposures through a diverse portfolio consisting of multiple distinct investment strategies, each of which are represented by appropriate public market indexes. The index returns on this portfolio of strategies are compared against the Reference Portfolios' returns, to quantify the incremental gain or loss from diversification and leverage. Note that these incremental returns do not capture the impact of our decision to invest in private assets, and other active management decisions. Those impacts are captured under the incremental returns generated from investment selection, as described further below.

Over the past five years, however, diversification and leverage decisions yielded an annualized incremental return of negative 4.0%. The main drivers were:

- Asset class diversification decisions. These are designed to reduce heavy reliance on riskier equities by re-allocating assets into a variety of fixed income and other asset class investments, and thereby improve risk-adjusted returns. These allocations had a negative impact as developed market public equities outperformed many other asset classes over the period.

- Compositional differences within the equity sectors and geographies in which we invest relative to the Reference Portfolios. In particular, the Fund overall maintained a lower weight in the U.S. public equity market, whose returns were driven by the outsized performance of a small number of very large companies in the U.S. information technology and communication services sectors. Other smaller negative contributors relative to the composition of the Reference Portfolios were higher weights in emerging markets and real estate, and recent higher borrowing costs for leverage.

In a strong and prolonged uptrend in global public equity markets, as recently experienced, it can reasonably be expected that the Reference Portfolios – dominated by public equities, with over 50% weight in the U.S. – will outperform a more broadly diversified portfolio at the same market risk level. Given the cyclical nature of the market over long periods, we believe that the strong upward trend in public equity market values will not continue indefinitely, and the impacts of asset class diversification will again turn positive. We are able to accept these results due to our long-term investing horizon and our conviction in our portfolio construction approach.

The Fund's more diverse asset mix is also expected to mitigate, but not entirely avoid, the impact of severe equity market downturns. This resilience was evident in three of the past ten fiscal years, as illustrated in the chart below. Conversely, the Fund's diverse asset mix means it may capture less of the returns generated by global equity markets in periods of their outperformance relative to other asset classes, as was the case in fiscal 2021 and fiscal 2024.

Resiliency of the Fund During Historical Market Downturns

(1-year Fiscal, % returns)



3. Investment Selection – Actively managing a variety of strategies to generate incremental returns above those that can be obtained from investing passively in public market indexes

Diversification across asset classes also enables two further major decisions to:

1. Invest a significant proportion of the portfolio in private investments, which are particularly suited to the deployment of our comparative advantages as described on page 11; and
2. Maximize the use of our active strategies, seeking to generate additional value through investment selection – the combination of security selection, and sector and geographical composition with each strategy.

To enable an objective assessment of the contributions of each active strategy to total Fund performance, the value gained or lost through active investment selection, after all

related expenses, is measured against risk-comparable passive public market indexes for the respective types of assets. These are described on page 20).

Over the past five years, investment selection yielded an annualized incremental return of 2.0%, net of expenses. All investment departments contributed positively to this result as each generated net value-added returns above their benchmarks. The incremental returns from investment selection did not fully offset the detraction from diversification and leverage. However, investment selection across our diverse range of active strategies has been a consistent and meaningful positive source of incremental returns that we expect will continue under most market conditions.

Refer to page 47 for additional details on how the portfolio management activities of our investment departments contributed to the Fund's incremental returns.

Cumulative impact of key investment decisions

We expect to deliver incremental returns over longer periods of time, across both rising and falling global equity markets, through our combined decisions on risk appetite, diversification, leverage, and investment selection. The Fund has realized positive absolute returns, both nominal and real, over these longer periods and since the 2006 inception of our active management strategy, contributed meaningfully to the financial sustainability of the CPP.

Over the past five years, the combined impact of CPP Investments' investment decisions raised the total Fund net return to 7.7%. This represents net incremental returns of 2.0% annualized or \$42.2 billion over the minimum return required to support the financial sustainability of the CPP, as measured by the minimum risk portfolios.

On a relative basis within this total, net value-added relative to the Reference Portfolios over the period was negative 2.0% annualized or negative \$63.7 billion. Single-year results can vary widely, and the five-year result was heavily driven by fiscal 2024's net value-added of negative 11.9% or negative \$64.1 billion. In fiscal 2024, the Reference Portfolios returned 19.9%, mainly due to their global public equities component that returned 23.9% and outperformed most of the Fund's diversified asset classes.

This single year result also negated the previous year's positive relative value results compared to the Reference Portfolios over multiple time horizons. This includes negative 0.3% annualized or negative \$45.7 billion over a 10-year period, and negative 0.1% annualized or negative \$42.7 billion since inception of active management in 2006.

As described on page 17, we deliberately and prudently constructed a portfolio that is significantly more diversified than the Reference Portfolios. As a result, we are able to accept volatility in annual relative performance given our mandate and our long-term investing horizon.

Not all key sources of return individually, or on a relative basis against the Reference Portfolios, may yield positive results across every period. However, we believe that prudently pursuing additional sources of return will contribute positively to the long-term financial sustainability of the CPP, and that our comparative advantages enable our ability to maximize returns without undue risk of loss.

Managing Risks to Safeguard Value

We monitor and manage all key 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 our integrated risk framework, including key risk categories and how we manage these risks, refer to the Strategy section, page 22.

Current risk environment – top and emerging risks

We operate in a dynamic and rapidly changing environment. These changes may affect our risk profile, risk management practices and ability to achieve our objectives. Top and emerging risks encompass those that could materially impact our financial results, financial and operational resilience, reputation or strategy. The following top and emerging risks relate to one or more of our key risks but are new or evolving with widespread impact on the Fund over time:

- **Geopolitical uncertainty and complexity** remained a risk throughout fiscal 2024. Many developments around the world and in Canada could have significant implications for our investments and global operations. For example:
 - The war in Ukraine and the conflict in the Middle East elevated uncertainty in the global economy, triggering supply-chain shocks, inflationary shocks, and heightened contagion risk;
 - U.S. state and federal elections could result in significant policy shifts and lead to market volatility, fiscal shifts, strained international relations, and stifled global trade;
 - Ongoing geopolitical tensions with respect to China, coupled with regulatory uncertainties, made the market more challenging for investors; and
 - Policy debates continue in the Province of Alberta considering the possibility of exiting the CPP and creating a provincial pension plan.
- We continue to manage, monitor and evaluate geopolitical developments and simulate the potential impacts that different scenarios could have on the Fund. This includes evaluating our exposure to emerging markets, conducting scenario and policy analyses, augmenting crisis response planning, leveraging our global workforce with local subject matter expertise and reviewing our risk management plans to ensure we remain within our risk appetite if adverse scenarios play out.
- **Macroeconomic uncertainty** in fiscal 2024 was characterized by a shift towards lower economic growth, higher interest rates and inflation. Despite indications of subsiding inflation in some markets, higher inflation and interest rates may persist, given a number of structural factors, including supply and demand of commodities, which could present a complex environment to navigate as we seek to generate returns. We integrate macroeconomic, growth and inflation factors in our portfolio and asset allocation processes. We continue to assess the potential impacts of this challenging market on our portfolios and our investment returns.

- **Sustainability-related factors** continued to be significant drivers of both risks and opportunities as capital markets and issuers continued to evolve how they integrate these factors into evaluating long-term performance. Climate change in particular represents a significant risk and investment opportunity for the Fund as the whole economy transitions in line with sovereign climate commitments. We consider and integrate sustainability-related factors into our risk management processes as well as the portfolio and investment life cycles, where relevant. Our internal governance approach defines how we assess and quantify these risks, including the risks associated with delivering on our net-zero commitment. We also use a range of tools and analytics to measure and monitor sustainability-related factors, both quantitatively and qualitatively. Refer to page 44 for details on enhancements made this year and pages 63–65 for additional reporting of our sustainability-related metrics. For the latest Sustainable Investing Report see our [website](#).
- **Talent management** and the challenges associated with attracting and retaining employees remained a risk in fiscal 2024. As a global competitor for talent, we face a competitive labour market for diverse skill sets. External forces such as a softening labour market will mitigate this risk to some degree. We proactively manage this risk with a focus on talent attraction, development and retention. It will remain a priority to build the capabilities of the organization; this includes assessing and updating our talent strategy, reviewing our incentive compensation program, simplifying our career framework to enhance leadership skills, and continued focus on career growth and development. Refer to page 62 for details on our diverse workforce and page 27 for details on our compensation framework.
- **Disruptive technology** risk accelerated this fiscal year as commercial use cases for Generative Artificial Intelligence (GenAI) grew rapidly, compelling organizations to assess the risks and opportunities. As we evolve our GenAI strategy, we will need to manage privacy and cyber risks as well as risk of misuse of proprietary information. Inability to effectively manage these risks or adopt innovative technologies could negatively impact our investment and operations. We have established cross-functional working groups to assess opportunities and risks for operational and investment purposes. We are developing internal guidance on the use of GenAI to help mitigate potential risks.
- **Cyber security** breaches remained a risk given such breaches could result in investigation and containment costs, regulatory fines and negative reputation impact. External threats have risen, including increased geopolitical tensions, state-sponsored attacks, phishing attacks, malware, leakage of confidential data, cyber fraud and new technologies that make it easier to launch attacks. As part of our efforts to continually improve information technology controls and ensure our employees remain vigilant, we facilitate cyber table-top exercises with senior management, hold an annual “Information Security Month” to raise awareness of potential threats and periodically engage third parties to assess the maturity of our information security capabilities. 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 underperformance** remains a risk as our returns relative to our benchmark portfolios were negative this fiscal year and over longer periods. Our relative returns can vary significantly year over year. This year, our relative returns were negatively impacted as developed market public equities indexes outperformed most other assets. Underperformance relative to passive indexes may cause stakeholders to question the merits of our active management strategy or our ability to deliver on our mandate. However, over the long term we believe that broad diversification will both reduce exposure to severe public equity market declines and add value. We monitor and assess the drivers of absolute and relative performance through an attribution framework and perform risk-adjusted performance analysis. Our key sources of returns are discussed on page 12. They allow us to measure the impact of each part of our investment framework. This helps us to better understand the drivers of Fund performance over short- and longer-term horizons and evaluate our strategic choices. For further discussion of our results, see page 32.

Management of key risks

We believe effective risk management adds to our comparative advantages and allows us to both generate and safeguard value. We regularly facilitate independent external reviews of our risk management practices and continually make improvements. These include an annual review of risk appetite as well as ongoing improvements to our key investment risk measures and limits. In the sections that follow, we outline how we define and measure our key risks. We also discuss notable trends and our approach to managing these risks within our risk appetite.

Plan adjustment risk

Plan adjustment risk is the risk of adverse contribution or benefits adjustments to the base CPP and additional CPP arising from adverse investment experience. It is an overarching concept we consider when determining our risk appetite and it can be impacted by any of the key risks we face as a Fund. It is an input into how we design our portfolio, target market risk and govern risk.

Adverse adjustments to CPP benefits and contributions can be impacted by a confluence of factors, including the actual and expected returns of the Fund as well as many other factors such as real earnings growth, mortality rates and population growth. These broader Canadian demographic and economic factors are beyond our control. However, we regularly measure and monitor plan adjustment risk to seek to ensure we do our part through our investment performance to support the long-term financial sustainability of the CPP.

Internally, we manage plan adjustment risk by first determining the appropriate level of market risk to target for the base CPP and additional CPP, and then seek to maximize returns at their targeted levels of market risk.

We expect plan adjustment risk to be incrementally lowered through active management. This reduces the likelihood that future contributions or benefits may need to be adversely adjusted as a result of insufficient Fund returns, holding other actuarial assumptions constant. However, even in periods where the Fund outperforms the real returns actuarially assumed in assessing financial sustainability of the CPP, future contribution rates may have to be adjusted if the impact of non-investment factors (such as demographic trends) is sufficiently large.

Market and credit risk

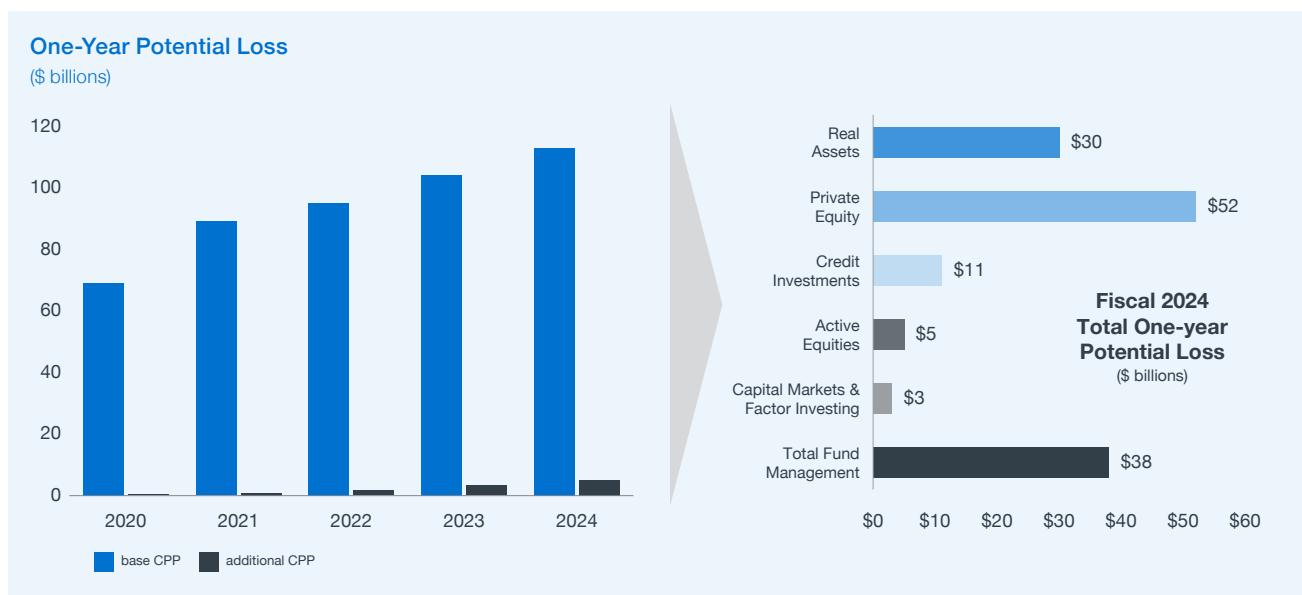
Determining our market risk appetite is the single most important decision in building our long-term Investment Portfolios, as discussed on page 15. We express our targeted level of market risk in equity-debt risk (EDR) equivalency terms using the base CPP and additional CPP Reference Portfolios. While EDR is an important 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 one-year potential loss measure which captures hypothetical loss resulting from fluctuations in market prices and rates, 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 measures are all estimates of 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 CPP and additional CPP Investment Portfolios over the last five years.

As at March 31, 2024, our one-year potential loss for the base CPP Investment Portfolio was estimated to be \$113 billion or 19%. As at end of fiscal 2023, it was estimated to be \$104 billion or 19%. Our one-year potential loss for the additional CPP Investment Portfolio was estimated to be \$5 billion or 13%, compared to at the end of fiscal 2023 when it was estimated to be \$3 billion or 13%. The year-over-year increases in one-year potential loss are predominantly driven by growth of the Fund.

Each department's standalone measure of potential loss is shown in the chart on the next page. These 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 49 and 57 for details.



We seek to mitigate the risk of market and credit losses by investing across a wide spectrum of asset classes and investment strategies. As part of our risk management practices, we update our plan adjustment risk model to ensure our risk measurement methodologies and assumptions continue to be conceptually sound as market conditions and our investment strategies change.

We perform historical stress tests and scenario analysis to assess the impact of potential events. We also identify possible portfolio vulnerabilities that may not be fully captured by standard risk measures and models. These include how severe market and geopolitical events could affect the Investment Portfolios. Stress scenarios are hypothetical events that are highly dependent on our assumptions. These assumptions will vary based on different factors such as macro-economic variables, market conditions or geopolitical events. We run various scenario analyses to measure our ability to manage potential risks and seek to ensure potential losses are broadly consistent with risk appetite.

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

- A repeat of the Global Financial Crisis (GFC) of 2008 – In this scenario, we apply changes observed in relevant market parameters during the period from April 2008 to March 2009, as an instantaneous shock to the portfolio. This includes the foreign currency gains typically realized in market stresses, where the Canadian dollar depreciates against the U.S. dollar. We estimate that if an event like the GFC were to recur, it would result in losses of approximately 12% or \$79 billion. This is a decrease in percentage terms from the previous year due to the materially higher U.S. dollar exposure within the Fund at year-end.
- Severe Stress scenario – This is a hypothetical worst-case scenario that aggregates several historical market stress events, using a single period instantaneous shock without portfolio rebalancing. This scenario removes the foreign currency gains typically realized in past market stress events. If this more extreme scenario were to happen, we estimate that it would result in losses of approximately 22% or \$141 billion, which is a slight increase in percentage terms from the previous year, attributable to the increase in the Fund's size and exclusion of the U.S. dollar foreign currency gains. While this stress scenario is less plausible, it highlights the sensitivity of portfolio returns to changes in foreign currency rates.

We perform ad hoc analysis on various plausible stress scenarios, including based on current global events, such as inflation shocks, potential impacts of economic and regulatory policies, China-U.S. geopolitical tensions, and bank credit crisis scenarios. 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 121 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 124.

Liquidity and leverage risk

Our liquidity and leverage risk increases as we pursue active investment selection and use leverage to diversify the Fund beyond our Reference Portfolios. We define liquidity risk as the risk of incurring unacceptable losses while obtaining the funds needed to:

- Meet payment obligations as they become due;
- Fund new investments; or
- 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 manage short-term liquidity risk through the liquidity coverage ratio. The 10-day liquidity coverage ratio 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 at March 31, 2024, the 10-day liquidity coverage ratio was 3.8 and remains well above the minimum liquidity requirement of 1.0. See Note 10 to the Financial Statements on page 125 for additional details on liquidity risk.

We manage our longer-term liquidity risk by maintaining sufficient liquid assets that can be converted into cash to meet the Fund's liquidity needs. The liquidity coverage ratio acts as a minimum level of liquidity and is an input into the Fund's long-term liquid capital management process. It is an important factor in determining our optimal long-term liquidity target, which governs the amount of liquid capital the Fund seeks to maintain over a five-year horizon.

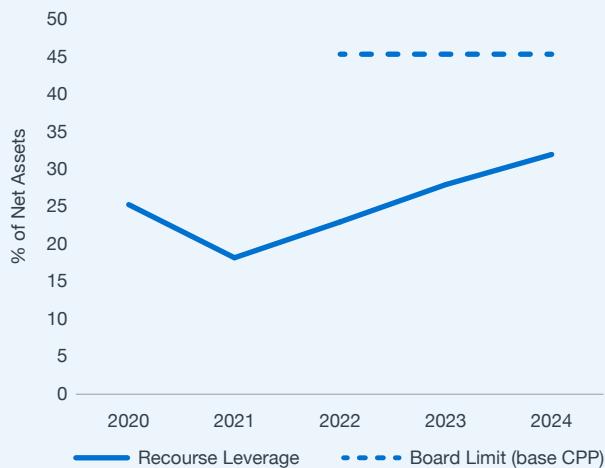
10-Day Liquidity Coverage Ratio



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 limited recourse measures. Recourse leverage 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. It is separate and distinct from the Fund's use of limited recourse leverage, which includes debt issued through our investment holding subsidiaries that has recourse only to specific investments held within these subsidiaries.

Our leverage risk limit, which is approved by the Board of Directors, is based on the use of recourse leverage. The historical five-year trend for our recourse leverage is shown in the chart below.

Recourse Leverage



While the amount of recourse leverage as a percentage of net assets fluctuated between 25% and 32% over fiscal 2020 to 2024, our use of recourse leverage in dollar terms has increased from \$102 billion in fiscal 2020 to \$195 billion in fiscal 2024, directionally in line with the growing size of the Fund. Our Board-level limit on the use of recourse leverage is 45% of net assets for the base CPP account and 30% of net assets for the additional CPP account. See Note 10 to the Financial Statements on page 125 for additional details.

Operational risk

We define operational risk as the risk of loss due to actions of people, or inadequate or failed internal processes or systems as a result of either internal or external factors. Pursuing incremental returns through investment selection increases our operational risk profile. This is due to the skilled personnel and more sophisticated investment processes, data and systems required to operate our investment departments. 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.

Our operational risk profile was relatively unchanged over the past year based on risk assessments, operational incidents, regular monitoring of key risk indicators and review of internal audit findings. We have not experienced any notable increases in operational incidents. As discussed on page 40, cyber security and talent management remain top risks. We continue to manage these risks by performing third-party maturity assessments, proactively engaging with our employees and delivering initiatives to standardize and automate processes, among other measures.

Each member of the Senior Management Team bears primary accountability for managing operational risks within their department. This is the first line of defence. We design and implement internal controls to manage our operational risks within our risk appetite. First-line management of operational risks is regularly subject to review by our second-line oversight functions and our third-line Assurance & Advisory group. We also conduct an annual review of internal control over financial reporting as part of the CEO/CFO certification described on page 66. Every year, our external auditors independently audit our internal controls over financial reporting, providing an opinion as to their effectiveness (see the Independent Auditor's Report – Internal Control over Financial Reporting on our website). An independent special examination is also performed at least every six years as described on page 9.

Regulatory and legal risk

We define regulatory and legal risk as the risk of loss due to changes to and/or non-compliance with applicable laws, regulations, rules, contractual obligations or our internal policies as well as internal and external fraud. Pursuing incremental returns through investment selection increases our regulatory and legal risk profile as a result of more complex deal structures, particularly in private markets, and the number of additional geographies in which we implement our active strategies. Failure to comply or commercial disputes could result in fines, regulatory sanctions, other liabilities and/or reputational harm.

Our regulatory and legal risk profile was relatively unchanged during the fiscal year. This was despite ongoing challenges related to geopolitical tensions and ever-evolving laws and regulations. These challenges have been heightened in

recent months by a global trend toward tighter regulation in certain areas such as foreign direct investment, antitrust and securities regulation. We employ a range of strategies which seek to manage these and other legal and regulatory risks. These include conducting due diligence, monitoring existing investments, seeking appropriate protections and risk-sharing arrangements, and actively engaging on regulatory and geopolitical developments to create tailored responses 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, compliance and tax groups support the management of legal, regulatory compliance and tax risks 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 fail to deliver on our mandate by being unable to make appropriate strategic choices or to implement strategies, or inadequately anticipating and adapting to changes in the external environment.

Effectively monitoring and managing strategic risk is critical to achieving our objectives as we take additional risk and incur additional costs to pursue active management for the Fund.

Our strategic risk management processes include:

- Incorporating reviews of our strategic choices as part of our annual portfolio design activities; and
- Periodically conducting strategic deep-dive analysis in response to changes in both our internal and external environment. These include:
 - Performing external and internal assessments to understand the competitive landscape and to identify opportunities for improvements in processes and systems;
 - Assessing our approach to emerging markets given the rapidly evolving geopolitical landscape, such as the relationships between Canada, the U.S. and China; and
 - Performing annual investment strategy reviews, as described on page 19. Key learnings from these reviews help to inform our future capital and resource allocations.

In fiscal 2024, we evolved our strategy to respond to our growth and maturation as a Fund, enhanced our investment capabilities, and built the capabilities necessary to invest in the whole economy transition. We also made several changes across the organization to enhance support of our investing activities, including implementing a new technology and data operating model and enhancing our talent strategy. Details on our progress against our objectives are on page 61.

Additionally, we regularly review our approach to assessing and managing sustainability-related risks, including climate change and our net-zero commitment. This year, we enhanced our sustainability-related risk measurement methodology. This included updating our carbon metric calculation methodology, informed by the International Sustainability Standards Board disclosure directives. We also developed sustainability-related risk measures for the Investment Portfolios. The updated methodology will further integrate and support monitoring of sustainability-related matters in our investment decision-making process when they are material to the investment. See page 21 for additional details on our net-zero commitment and pages 63–65 for reporting on related metrics.

We manage strategic risk as a continuous process and by drawing on and developing the strengths of our entire organization. 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 reaffirm our strategic choices or adapt our approach.

Financial and reputation impacts to CPP Investments

The key risks listed previously can have both financial and reputation impacts:

- **Financial** impacts refer to 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 15.
- **Reputation** impacts refer to the loss of CPP Investments' credibility and brand value due to internal or external factors. These impacts are often related to and/or a consequence of the other key risks. Harm to our reputation might result in weakened public trust or support from the CPP's federal and provincial government stewards, more intrusive oversight, political risk, diminished investment opportunities or reduced access to talent. Any harm to our reputation could also have financial impacts. The responsibility to protect our reputation extends to every employee, our entire Management team and 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 & Global Head of Public Affairs and Communications holds delegated accountability from the CEO 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. We also monitor macro reputation issues, including the top and emerging risks mentioned on page 40 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 26, 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.

The table below outlines the costs required to invest and manage the Fund, including costs incurred directly by CPP Investments or indirectly by investment holding subsidiaries.

Costs to invest the Fund	What does it pay for?	Why do we incur these expenses?
Operating Expenses	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, 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.
Investment-Related Expenses	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, ongoing transactional activities, and maintenance of an investment 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.
Financing Expenses 	Interest and other expenses that are incurred when borrowing funds or securities.	To enable diversification at our targeted level of market risk and deployment of a wide range of active strategies.

Our commitment to accountability and transparency

We hold ourselves accountable to a high standard of transparency in how we operate. Our disclosures reflect the combined expense profile we use internally to assess the efficiency and effectiveness of our resource allocation decisions. These disclosures are in addition to those required by IFRS.

Combined expense profile for fiscal 2024

The combined expense profile of CPP Investments includes:

1. Expenses disclosed in accordance with IFRS totalling \$8,357 million, as presented in the Financial Statements on page 95.

2. Expenses incurred by investment holding subsidiaries totalling \$466 million, as discussed in Note 5 on page 118 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 totalling \$3,438 million, which are substantially embedded within the external funds and joint venture arrangements in which we invest, as discussed in Note 6 on page 118 of the Financial Statements. This supplementary disclosure includes external performance fees paid in the year to private equity fund managers and public hedge fund managers.

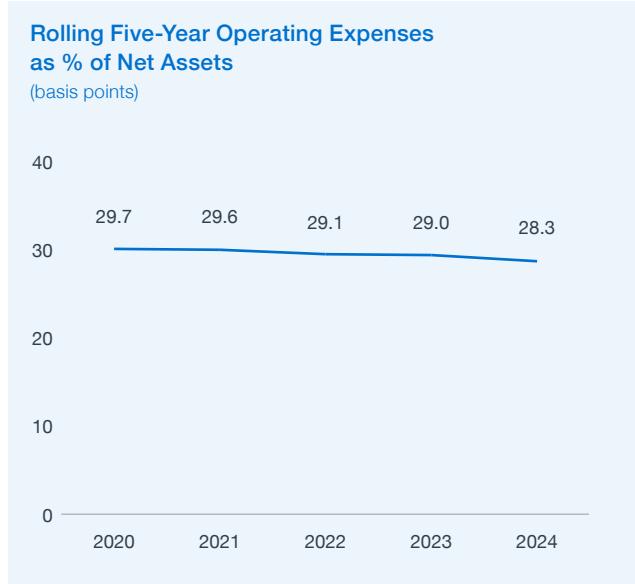
(\$ millions)	Expenses Reported in Accordance with IFRS	Supplementary Disclosures ¹		Fiscal 2024 Combined Expense Profile	Fiscal 2023 Combined Expense Profile
		Expenses Incurred by Holding Subsidiaries	Fees Embedded within Investments		
Personnel	1,087			1,087	1,038
General and Administrative	530			530	502
Operating Expenses	1,617	–	–	1,617	1,540
Management Fees	16		1,433	1,449	1,459
Performance Fees	62		2,005	2,067	1,765
Transaction-Related Expenses	248	179		427	416
Taxes	487	(91)		396	186
Investment-Related Expenses	813	88	3,438	4,339	3,826
Financing Expenses	5,927	378	–	6,305	2,355

1. These supplementary disclosures of expenses do not impact our net returns or net income as reported on the Consolidated Statement of Comprehensive Income. Income as reported on the Consolidated Statement of Comprehensive Income is net of these expenses.

Combined expense profile for fiscal 2024

Operating expenses

Operating expenses primarily represent the expenditures of employing skilled professionals to manage and support our Fund's active management investment activities, maintaining our global operations, and performing risk management and governance activities. These expenses are driven by our decisions on how to develop and maintain a professional investment management organization. Operating expenses were \$1,617 million in fiscal 2024 compared to \$1,540 million in fiscal 2023. Personnel expenses increased by 5% and general and administrative expenses increased by 6% as noted below. Operating expenses as a percentage of net assets over the last five years have decreased to 28.3 basis points.



Personnel expenses were \$1,087 million in fiscal 2024 compared to \$1,038 million in fiscal 2023. The 5% increase was primarily driven by inflationary pressure on wages, pension and benefit costs, and incremental costs of new employees. Our personnel expenses are directly driven by the types of active strategies we choose to pursue. This requires us to hire people with the requisite skill sets to enable and conduct these activities. We design our total compensation packages so that a significant portion is variable. The variable portion is dependent on employees meeting or exceeding their performance targets and objectives. A portion is also deferred for our more senior employees. See page 27 for details. Relative to the size of the Fund, personnel expenses represented an average of 19 cents for every \$100 of net assets in fiscal 2024. That is slightly lower than the five-year average of 20 cents for every \$100 of net assets, and is driven by a slower pace in personnel expenses growth compared to the growth in Fund size.

General and administrative expenses were \$530 million in fiscal 2024 compared to \$502 million in fiscal 2023. The 6% increase was mainly due to inflationary pressures on software licenses and cloud services, and higher net operating costs for our offices.

Investment-related expenses

Investment-related expenses primarily represent the expenditures associated with our investment selection decisions, including the proportion of the portfolio that is externally managed. In any given year, investment-related expenses may be volatile as they can be driven by short-term market activity and/or changes in fair value of investments.

Management fees were \$1,449 million in fiscal 2024 compared to \$1,459 million in fiscal 2023. Management fee expenses are broadly in line with the prior year and consistent as a percentage of net assets managed by external fund managers.

Performance fees were \$2,067 million in fiscal 2024 compared to \$1,765 million in fiscal 2023, reflecting higher realizations in Private Equity and dispositions in Real Estate. 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 predetermined rate of return.

Transaction-related expenses were \$427 million in fiscal 2024 compared to \$416 million in fiscal 2023. Transaction-related expenses reflect higher activity in public markets and higher term debt issuance commissions offset by lower new investment activity in private 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 \$396 million in fiscal 2024 compared to \$186 million in fiscal 2023. The net increase of \$210 million in taxes was largely attributable to higher taxes on dividends and capital gains, particularly on Indian public equities. Taxes include those incurred on realized income and gains, in addition to estimates of future taxes that may be payable when investments are ultimately sold. 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 (HST) in Canada. Refer to our website for additional details on CPP Investments' tax strategy.

Financing expenses

We incur financing expenses on the leverage used to enable improved diversification at a target level of risk. It also allows the deployment of a wide variety of active strategies that contribute to investment selection value-added for the Fund as discussed on page 47.

Financing expenses were \$6,305 million in fiscal 2024, compared to \$2,355 million in fiscal 2023. The increase over the prior year was primarily driven by a 2.7% higher average borrowing rate and higher financing-related liabilities in fiscal 2024. The increase in average borrowing expense reflected rising interest rates during fiscal 2023 and fiscal 2024, as the U.S. Federal Reserve raised interest rates from 0.5% at the start of fiscal 2023 to 5.5% at the end of fiscal 2024. The increase is also driven by an increase in the average amount of financing-related liabilities to \$131 billion in fiscal 2024 from \$110 billion in fiscal 2023.

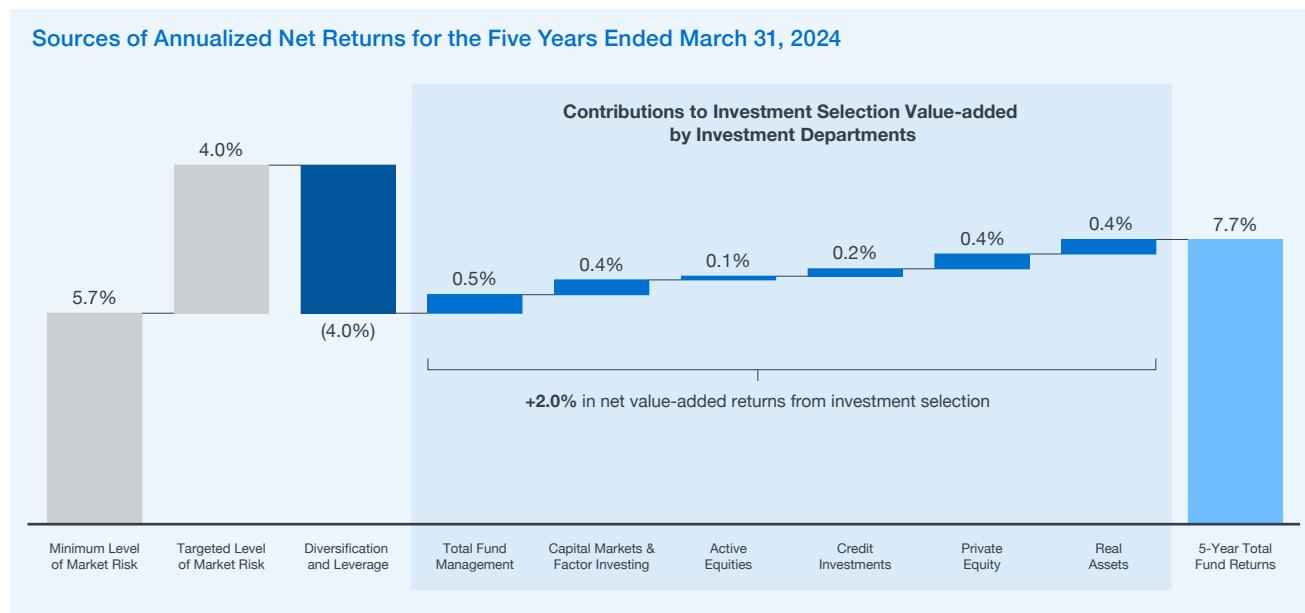
Investment Department Performance

This section discusses the value-added contributions of each investment department. Refer to page 37 for additional details of the five-year performance of the Fund's sources of returns.

The Chief Investment Officer (CIO) is accountable for designing the base CPP and additional CPP Strategic Portfolios in a way that seeks to maximize Fund returns without undue risk of loss. This includes determining market risk, exposure targets and leverage targets as well as how we pursue diversification and leverage across our active and balancing investment strategies within our investment departments.

In order to maximize returns for the Fund, all key sources of returns are managed on an integrated basis. In particular, asset class diversification is a prerequisite to generate value-added returns from private asset allocations and from investment selection within strategies. Additionally, maximizing total returns for the Fund is done in part by determining the nearer-term and longer-term capital allocations towards our active and balancing investment strategies as well as the corresponding funding to be raised through our financing strategies. As part of our investment process, the Balancing Portfolio acts as a completion portfolio. It rebalances the Fund back to our targeted level of market risk, leverage and diversified exposures.

Contributions to five-year returns by investment departments

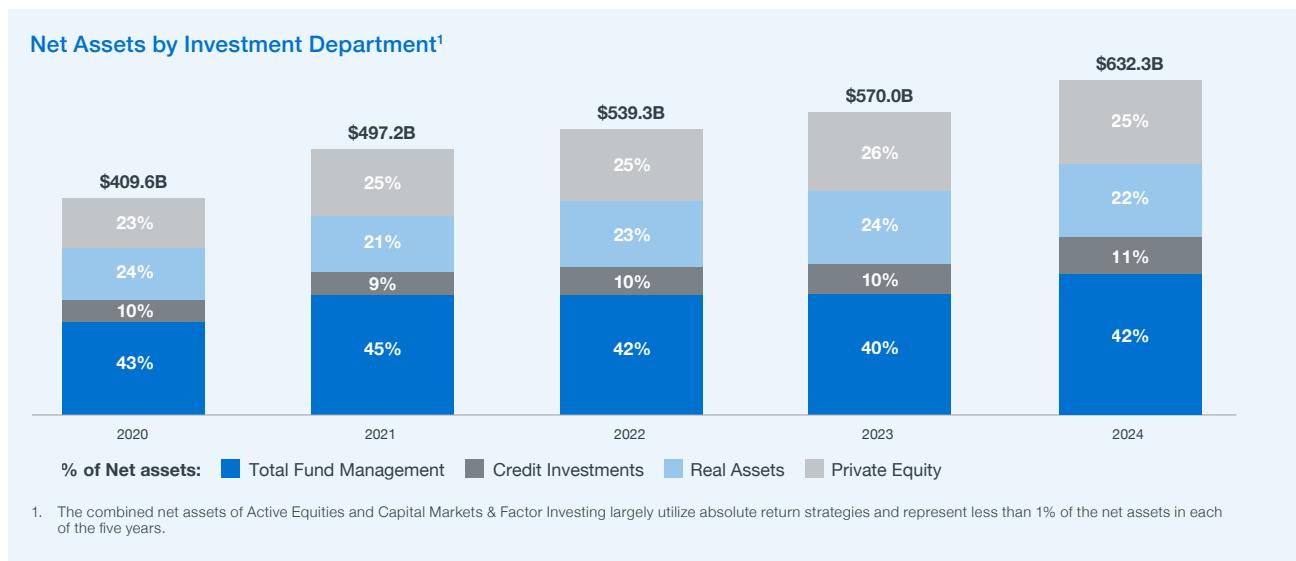


As illustrated in the preceding chart, over the past five years, the incremental returns resulting from the decision to target a higher level of market risk than the minimum necessary to sustain the base CPP and additional CPP added an annualized 4.0% in incremental value to the Fund. Our decisions to diversify the asset classes of the Fund, facilitated by the use of leverage, detracted an annualized 4.0%.

Asset class diversification enabled the ability to invest in the distinct types of assets that are managed across our investment departments. Our investment departments generated 2.0% in annualized incremental returns above what could have been obtained from comparable public market index benchmarks (as described on page 20) over the past five years. This result was attributable to the decision to invest in private assets, the portfolio composition of each strategy, and the individual investment selections within them. The value added by each investment department is measured in local currency terms and further discussed on the following pages.

Consistent with our focus on long-term performance, we evaluate both our return and cost profile predominantly 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 26, which helps provide further transparency over the strategic drivers of the Fund's long-term cost profile.

Over the past five years, approximately 90% of our expenses (excluding our financing expenses) have been incurred by our active strategies to pursue value-added returns from investment selection. Correspondingly, over the past five-year period, the additional value delivered by these strategies as measured against their benchmarks more than offset the expenses incurred.



The Active Portfolio, composed of our active strategies, mainly includes the Capital Markets and Factor Investing, Active Equities, Credit Investments, Private Equity, and Real Assets investment departments. The Balancing Portfolio, composed of our balancing strategies that consist of liquid assets, is managed by the Total Fund Management department. The Active and the Balancing Portfolios serve important but very different roles in the Fund. For more details about the Balancing Portfolio see page 19.

The Active Portfolio ended fiscal 2024 with \$365.6 billion in net assets, with an additional \$127.3 billion of the Fund's capital

managed by the Capital Markets and Factor Investing and Active Equities departments used to execute our absolute return strategies. The Active Portfolio delivered a net return of 10.1% over the past five years. This includes returns from our absolute return strategies. The Balancing Portfolio ended fiscal 2024 with \$266.7 billion in net assets. It delivered a net return of 4.7% over the past five years. Its lower returns are mostly attributable to its heavier weight in fixed income assets compared to the Active Portfolio. The Fund's fiscal 2024 adjusted income statement and year-end asset class composition across investment departments are presented below.

Adjusted Income Statement by Investment Department

(\$ millions)	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Total Fiscal 2024
Gross Income	22,308	5,300	3,004	8,571	15,974	3,546	58,703
Expenses	6,428	1,699	450	645	2,125	914	12,261
Net Income	15,880	3,601	2,554	7,926	13,849	2,632	46,442

Year-end Asset Class Composition Across Investment Departments¹

(\$ billions)	Total Fund Management	Capital Markets and Factor Investing	Active Equities ⁴	Credit Investments	Private Equity	Real Assets	March 31, 2024
Public Equities	166.1	2.1	(2.6)	–	6.5	4.6	176.7
Private Equities	–	–	5.4	11.7	150.7	29.7	197.6
Government Bonds	81.3	(0.1)	–	(3.9)	(1.3)	(0.1)	76.0
Credit	19.5	–	–	59.8	–	–	79.2
Real Estate	–	–	–	–	–	49.7	49.7
Infrastructure	–	–	–	–	–	53.4	53.4
Net Investments²	266.9	2.0	2.8	67.7	155.9	137.3	632.6
<i>Absolute Return Strategies – Assets³</i>		66.5	65.6				
<i>Absolute Return Strategies – Liabilities</i>		(64.5)	(62.8)				

1. Certain figures may not add up due to rounding.

2. Net investments excludes non-investment assets (liabilities).

3. Absolute Return Strategies (ARS) hold offsetting systematic exposures that reduce our net position in particular holdings. We do this through long and short positions, both internally through Total Fund Management and external managers. As a result, their net asset values greatly underestimate their size and impact on Fund performance. To compare the size of the Capital Markets and Factor Investing and Active Equities 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.

4. Active Equities invests in global public and soon-to-be-public companies.

Total Fund Management

Total Fund Management (TFM) is responsible for designing and recommending the Fund's strategic and tactical portfolio and compositional targets, capital allocations to investment strategies in conjunction with the CIO, and the management of exposures, leverage, and liquidity to those targets. As part of these activities, TFM manages a completion portfolio diversified across asset classes and geographic exposures. TFM and the CIO lead the ongoing execution of the Total Portfolio Investment Framework and ensure that its active and balancing investing activities, alongside the other investment departments, collectively produce a total portfolio that seeks to maximize long-term returns without undue risk.

Department Highlights

Five-year Net Returns

4.7%	4.7%
Fiscal 2024	Fiscal 2023

One-year Net Returns

6.4%	(4.4%)
Fiscal 2024	Fiscal 2023

Net Assets

\$266.7 billion	
↑ \$38.5 billion	↑ \$94.1 billion
1-year change	5-year change

One-year Potential Loss

\$38 billion

Full-time Employees

120

Comparative advantages

The Total Portfolio Investment Framework approach allows TFM to better understand and quantify the return-risk characteristics of each asset class when constructing diversified portfolios. TFM's portfolio construction includes the creation of a globally optimized total portfolio, incorporating non-market and emergent factors, such as climate change and geopolitical risks. This enables each investment department to build broad, diverse mandates. It also provides the flexibility to take advantage of market conditions and developed expertise where and when opportunities arise.

TFM also adds value by undertaking key functions on behalf of the Fund. The provision of leverage and financing enables the Fund to hold substantial illiquid assets, maintain sufficient liquidity and achieve desired Fund exposures. Centralization of the majority of trading provides execution expertise to the broader Fund and enables efficiencies such as trade netting.

Long-term performance

The Balancing Portfolio, managed by TFM as a completion portfolio for the Fund, delivered a five-year net return of 4.7%, consistent with 4.7% in the prior fiscal year. The main driver was the performance of developed market equities, which reached record highs at the end of fiscal 2024. Emerging market equities also delivered positive contributions, albeit in low single digits. The post-COVID-19 pandemic rebound in 2021, mainly in China and India, was offset by negative returns in the following years as some of these markets faced geopolitical challenges.

Developed markets fixed income generated an overall loss over the five-year period. Gains in fiscal 2020 when interest rates decreased to near zero were offset in recent years as bond yields increased substantially with corresponding declines in bond prices, particularly for bonds with long durations in Germany, Canada and the U.K. Conversely, emerging markets fixed income balancing portfolios earned single-digit gains over five years, mainly due to positive performance in China and India.

Fiscal 2024 performance

In fiscal 2024, gains of 6.4% in the Balancing Portfolio reflected a broad rally in developed market equities in the second half of the fiscal year, while fixed income investments ended relatively flat after a volatile year.

The public equity portfolio primarily benefited from a rally in U.S. equities where the markets ended the fiscal year at an all-time high due to improving market sentiment related to expectations that interest rates and inflation might decrease without economic recession. Emerging market equities were mixed, as gains from India and Brazil were offset by losses in China, which continued to underperform other emerging markets.

The fixed income portfolio started the fiscal year with losses driven by developed market government bonds as longer-term yields increased due to expectations of prolonged higher interest rates by most major central banks. These expectations changed in the second half of the year as inflation eased, leading to a rebound that reversed most losses with the exception of Japanese government bonds, which continued to underperform. Gains in emerging market government bonds were primarily driven by Brazilian and Indian government bonds.

In the prior fiscal year, the losses in the Balancing Portfolio were the result of a pullback in both equities and fixed income across major markets as high inflation and rising real interest rates weighed on both asset classes.

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 investment departments whose primary purpose is to deliver investment selection value-add as outlined on page 19.

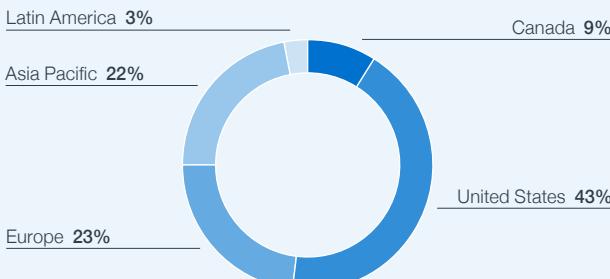
Risk

TFM is the second-largest contributor to the Fund's market and credit risk as measured by the one-year potential loss of \$38 billion or 6.0% of Fund net assets. This is largely due to the considerable size of its public equity holdings in the Balancing Portfolio. Given that the Balancing Portfolio is mostly invested in global public securities that are highly liquid, it serves as the source of the Fund's central liquidity reserves used to manage liquidity risk. Overall, operational risk is elevated compared to other investment departments and driven by the inherent complexity of models and trading processes. For details on how our risks are managed, refer to the Managing Risks to Safeguard Value section on page 40.

	Fiscal 2024			Fiscal 2023		
	1-Year (\$ millions)	1-Year (%)	5-Year (%)	1-Year (\$ millions)	1-Year (%)	5-Year (%)
Gross Returns	22,308	8.5%	5.7%	(7,277)	(3.5%)	5.3%
Expenses	6,428	2.1%	1.0%	2,469	0.9%	0.6%
Net Returns	15,880	6.4%	4.7%	(9,746)	(4.4%)	4.7%

Total Fund Management – Geographic Diversification¹

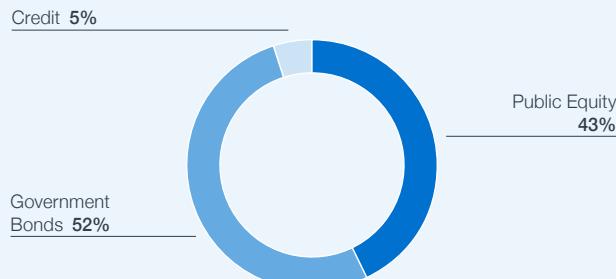
March 31, 2024



1. Excludes currency management and leverage exposures.

Total Fund Management – Asset Class Diversification¹

March 31, 2024



1. Excludes currency management and leverage exposures.

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, including derivatives of each. CMF strategies are constructed as market neutral portfolios.

Department Highlights

Five-year Net Income¹

\$9.6 billion	\$5.2 billion
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Fiscal 2024

Fiscal 2023

One-year Net Income¹

\$3.6 billion	\$2.6 billion
----------------------	----------------------

Fiscal 2024

Fiscal 2023

Five-year Investment Selection net value-added over benchmark returns^{1,2}

\$11.5 billion	\$6.9 billion
-----------------------	----------------------

Fiscal 2024

Fiscal 2023

Gross Assets³

\$66.5 billion	
-----------------------	--

↑ \$7.5 billion
1-year change

— \$0.0 billion
5-year change

One-year Potential Loss

\$3 billion

Full-time Employees

106

Comparative advantages

CMF seeks to deliver breadth and flexibility across public market sources of return. It strives to provide scalable, liquid, and complementary diversifying return streams to the Fund. The department's strategies aim to provide the Fund with diversification and returns that are not correlated to market cycles. The liquid and flexible nature of CMF's strategies drives the ability to lean into market dislocations and pursue adding value during volatile periods.

CMF also contributes knowledge sharing and access to world-class partners, developing strategic partnerships and scalable investment opportunities that benefit the total Fund.

Long-term performance

Over the past five years, CMF delivered net income of \$9.6 billion and a net value-added return of \$11.5 billion above its benchmark, excluding the impact of foreign currency. Performance was driven by both CMF's portfolio of external hedge fund investments as well as internally managed systematic strategies. This result reflected success in identifying and accessing skilled external managers, who have been able to earn returns above their respective benchmarks through a variety of market environments. Performance was broad-based across asset classes and strategies, with cumulative gains over the past four fiscal years exceeding losses in fiscal 2020 that were driven by the impact to markets from the COVID-19 pandemic.

1. CMF's net income is reported in dollar values only, since percentage returns on net assets do not represent investment performance.

2. Excludes impact of foreign currency.

3. CMF's gross assets represent the sum of its long investments to approximate its gross assets under management.

Fiscal 2024 performance

In fiscal 2024, CMF delivered net income of \$3.6 billion, driven largely by the performance of external hedge fund managers, with additional gains from internally managed strategies. Gains were achieved across most hedge fund strategies, with the largest contributions from fundamental and quantitative equity managers. The positive contribution from equity managers was most notable within emerging market geographies.

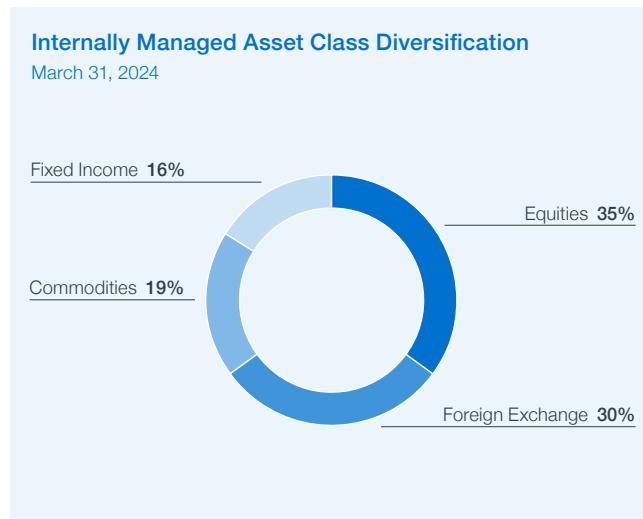
CMF's internally managed strategies delivered positive returns driven by the gains from quantitative equity and volatility strategies. The quantitative equity portfolio benefited from avoiding over-concentration on any specific theme or factor, while volatility strategies were positive across all asset classes.

Similar to fiscal 2024, net income in fiscal 2023 was driven by positive performance in both externally and internally managed exposures.

Risk

CMF is the smallest contributor, by design, to the Fund's market and credit risk as measured by one-year potential loss of \$3 billion or 0.5% 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. However, it is more liquid than private securities. CMF's allocation to external managers exposes CPP Investments to operational, regulatory and legal risks related to the complexities arising from the various externally managed fund structures.

	Fiscal 2024		Fiscal 2023	
	1-Year (\$ millions)	5-Year (\$ millions)	1-Year (\$ millions)	5-Year (\$ millions)
Gross Returns	5,300	17,882	4,422	12,707
Expenses	1,699	8,286	1,776	7,549
Net Returns	3,601	9,596	2,646	5,158



Active Equities

Active Equities (AE) invests in global public and soon-to-be-public companies, leveraging long-term fundamental research to generate unique company-specific insights.

Department Highlights

Five-year Net Income¹

\$2.9 billion

Fiscal 2024

\$1.4 billion

Fiscal 2023

One-year Net Income¹

\$2.6 billion

Fiscal 2024

\$(1.3) billion

Fiscal 2023

Five-year Investment Selection net value-added over benchmark returns^{1,2}

\$2.7 billion

Fiscal 2024

\$1.3 billion

Fiscal 2023

Gross Assets³

\$65.6 billion

↓ \$(3.3) billion
1-year change

↑ \$2.4 billion
5-year change

One-year Potential Loss

\$5 billion

Full-time Employees

139

Comparative advantages

AE's strategy is to leverage CPP Investments' structural comparative advantages of long horizon and certainty of assets to exploit market inefficiencies in the global public equity markets. AE seeks to take advantage of these opportunities through proprietary research, which combines industry expertise with data and advanced analytical techniques to uncover unique company-specific fundamental insights. These fundamental insights yield a collection of high-conviction, single-company investments that are assembled into a concentrated long/short, market-neutral portfolio. AE then leverages sophisticated risk models and portfolio optimization techniques to remove unintended factor exposures. The result is a portfolio with maximum exposure to proprietary fundamental insights.

Long-term performance

Over the past five years, AE delivered net income of \$2.9 billion and a net value-added return of \$2.7 billion above its benchmark, excluding the impact of foreign currency. Results were driven by AE's developed market programs as long investments generated higher returns than short investments and portfolio hedges in both North America and Europe. Losses in emerging markets detracted from results, where underperformance in China was the primary driver. The equity market in China has been challenged since the government's introduction of a series of regulatory actions in fiscal 2022 that led to impaired investor confidence, international capital flight and underperformance compared to other major markets. While AE manages a market-neutral portfolio, this challenging market dynamic was disruptive to the fundamental investing process and contributed to losses.

1. AE's income is reported in dollar values only, since percentage returns on net assets do not represent investment performance.

2. Excludes impact of foreign currency.

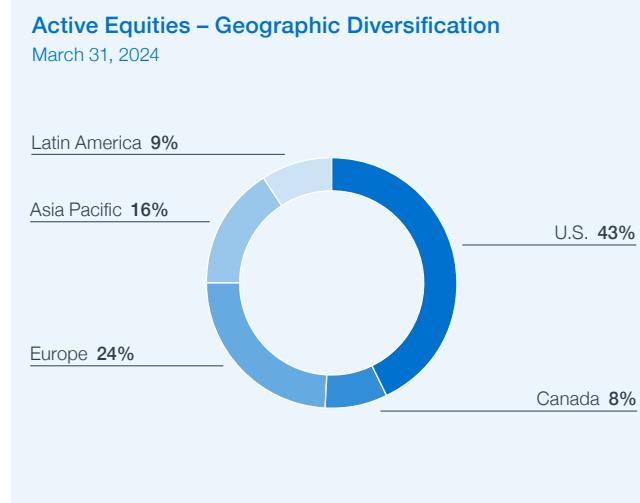
3. AE's gross assets represent the sum of its long investments to approximate its gross assets under management.

Fiscal 2024 performance

In fiscal 2024, AE earned net income of \$2.6 billion due to gains in developed markets, specifically the North America and Europe regional programs. In North America, U.S. technology investments were major contributors as key investments earned high double-digit returns, outpacing the top-performing sector for the year. In Europe, performance was balanced across sectors with additional value created by the decision to scale up select top-performing investments. Emerging markets underperformed this year, with losses in China detracting from results. China continued to be a challenged market in fiscal 2024 as global investors pulled back from the country and national equity indexes suffered double-digit declines in a year when global equities saw double-digit gains. Latin America generated positive results where investments in public markets outperformed the broader market.

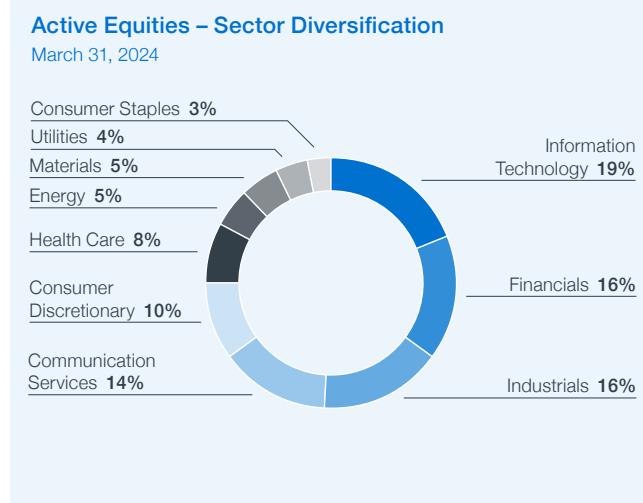
The fiscal 2024 gain exceeded the loss in fiscal 2023 when developed market programs underperformed due to relative weakness in health care and technology investments.

	Fiscal 2024	Fiscal 2023		
	1-Year (\$ millions)	5-Year (\$ millions)	1-Year (\$ millions)	5-Year (\$ millions)
Gross Returns	3,004	4,833	(1,015)	3,212
Investment Expenses	450	1,915	325	1,786
Net Returns	2,554	2,918	(1,340)	1,426



Risk

AE is a relatively small contributor to the Fund's market and credit risk as measured by one-year potential loss of \$5 billion or 0.8% of Fund net assets. That is because it employs an absolute return strategy which hedges factor exposures and systematic market risk factors such as market, country and sector risk. Single name concentration is a fundamental component of AE's mandate and this risk is measured and monitored on an ongoing basis. AE's exposure to emerging markets exposes CPP Investments to some regulatory risk due to less predictable laws and compliance risks. However, operational, regulatory and legal risks are lower compared to most other investment departments as AE primarily manages public investments.



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 local currency government bonds.

Department Highlights

Five-year Net Returns	Comparative advantages	
6.3% Fiscal 2024	5.8% Fiscal 2023	CI has a diverse mandate, developed domain expertise and long-term investment horizon. Its broad mandate allows it to dynamically shift resources and flexibly deploy capital to the most compelling relative value within the global credit market landscape. The department leverages its developed underwriting and structuring expertise to generate value-add. A long-term horizon allows CI to capitalize on opportunities where the market's perceived risk and spread are higher than what we believe to be the actual risks of permanent loss.
One-year Net Returns	13.6% Fiscal 2024	7.3% Fiscal 2023
Five-year Investment Selection net value-added over benchmark returns¹		Long-term performance
2.0% Fiscal 2024	3.0% Fiscal 2023	Over the past five years, CI delivered a net return of 6.3%, an increase from the prior five-year period, which was driven by higher returns in fiscal 2024 compared to fiscal 2023. CI's absolute results over the five-year period were driven by post-COVID-19 pandemic recovery in demand for real estate loans and consumer credit, low default rates in corporate credit investments, and more recently by rising interest rates.
Net Assets	Over the same period, CI generated a net value-added return of 2.0% above its benchmark, excluding the impact of foreign currency. This was lower compared to the prior five-year period, due to the strength of CI's public markets benchmarks in fiscal 2024. CI's underwriting discipline and inherent benefits from CPP Investments' comparative advantages positively contributed to the long-term absolute and net value-added returns. The net value-added return over the five-year period was driven by selecting investments in real estate loans as well as corporate and consumer credit that have lower default rates than the benchmark.	
\$67.7 billion		
↑ \$9.9 billion 1-year change	↑ \$31.1 billion 5-year change	
One-year Potential Loss		
\$11 billion		
Full-time Employees		
143		

1. Excludes impact of foreign currency.

We evaluate the value-added performance of our active strategies in local currency terms:

Five-Year Annualized Net Returns (Local)	Fiscal 2024	Fiscal 2023
Credit Investments Portfolio	6.3%	5.4%
Benchmark Returns	4.2%	2.4%
Net Investment Selection Value-add	2.0%	3.0%

Fiscal 2024 performance

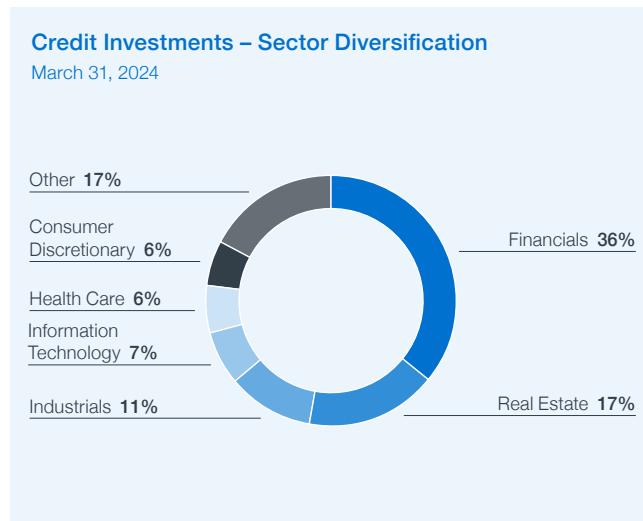
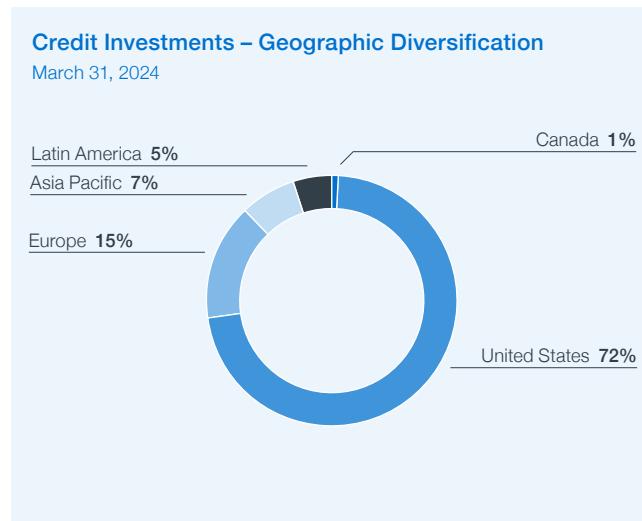
In fiscal 2024, CI's net return of 13.6% was due to gains from tightening credit spreads, higher income flows, and realizations from favourable exits. The changes in credit spreads were driven by markets stabilizing, as central banks of many major economies paused on interest rate increases. CI's European investments were the highest performers in the credit portfolio this year, primarily driven by the private credit special situations strategy, which invests in businesses that are undergoing restructuring or transition. Performance was due to improving credit conditions resulting from earnings growth in the underlying companies. CI's middle-market private equity financing platform, Antares Capital, continued to deliver higher-than-expected earnings. This was due to operational performance in its lending division and growth from its asset management business.

This year's performance was higher compared to fiscal 2023. The performance in fiscal 2023 was mainly driven by foreign exchange gains and income flows that more than offset losses in the portfolio due to widening credit spreads.

Risk

CI is a relatively small contributor to the Fund's market and credit risk as measured by one-year potential loss of \$11 billion or 1.7% of Fund net assets. CI has exposure to lower-rated credit assets where there is commensurate return compensation and has continued to operate within its potential loss threshold. The portfolio's average credit rating is within its targeted portfolio profile. Operational, regulatory, and legal risks are driven by complexities due to investing across the capital structure of individual companies, the bespoke nature of private credit transactions, the potential for restructurings and distressed assets, and exposure in emerging markets.

	Fiscal 2024			Fiscal 2023		
	1-Year (\$ millions)	1-Year (%)	5-Year (%)	1-Year (\$ millions)	1-Year (%)	5-Year (%)
Gross Returns	8,571	14.6%	7.1%	4,364	8.2%	6.5%
Expenses	645	1.1%	0.8%	485	0.9%	0.7%
Net Returns	7,926	13.6%	6.3%	3,879	7.3%	5.8%



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 Net Returns

14.1% **15.5%**

Fiscal 2024

Fiscal 2023

One-year Net Returns

9.6% **4.3%**

Fiscal 2024

Fiscal 2023

Five-year Investment Selection net value-added over benchmark returns¹

2.7% **9.4%**

Fiscal 2024

Fiscal 2023

Net Assets

\$155.9 billion

↑ \$9.8 billion
1-year change

↑ \$68.2 billion
5-year change

One-year Potential Loss

\$52 billion

Full-time Employees

167

Comparative advantages

PE's integrated investing approach allows it to leverage extensive partnerships and to access investment opportunities across industries and geographies. PE partners with private equity funds and management teams ensuring alignment of interests with shareholders and focusing on long-term value creation to deliver attractive risk-adjusted returns. PE seeks to add value across each stage of the investment life cycle from entry to exit. This includes acting on proprietary insights, enhancing governance and optimizing profitability. A disciplined and patient investing approach enables PE to be a preferred partner across the spectrum of private equity investment opportunities, which include direct investments, secondary investments and fund investments globally.

Long-term performance

Over the past five years, PE delivered a net return of 14.1%, a decline from the prior five-year period, despite strong returns in fiscal 2024. The decline was largely driven by exclusion of fiscal 2019, which was an exceptional performance year for the department. PE's weighting towards higher performing sectors, well-developed partnerships with general partners, and investment selection positively contributed to its absolute results over the five-year period.

Over the same period, PE generated a net value-added return of 2.7% above its benchmark, excluding the impact of foreign currency, which was lower than the previous five-year period. This change was mainly due to the rise in global public equity markets, which in turn increased PE's public market index benchmark performance in fiscal 2024. The net value-added return was driven by performance from all strategies globally. PE's private portfolio companies, particularly in the technology and financial sectors, and consumer discretionary in Asia, delivered earnings growth through improvements in operational results that contributed to higher returns.

1. Excludes impact of foreign currency.

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

Five-Year Annualized Net Returns (Local)

	Fiscal 2024	Fiscal 2023
Private Equity Portfolio	14.1%	15.0%
Benchmark Returns	11.4%	5.6%
Net Investment Selection Value-add	2.7%	9.4%

Fiscal 2024 performance

In fiscal 2024, PE's net return of 9.6% was largely driven by increased portfolio company earnings in both direct and externally managed investments. Gains were predominately in the technology, health care and financial sectors, with assets in software and cloud-based data management being key contributors. The gains were slightly offset by foreign currency losses, primarily driven by the depreciation of the euro compared to the Canadian dollar.

This fiscal year's performance was higher compared to fiscal 2023. Fiscal 2023 performance was driven by portfolio company growth in select investments, in addition to foreign currency gains from U.S. dollar appreciation against the Canadian dollar that benefited many of PE's investments. The U.S. dollar continues to account for the majority of PE's exposure across all its strategies.

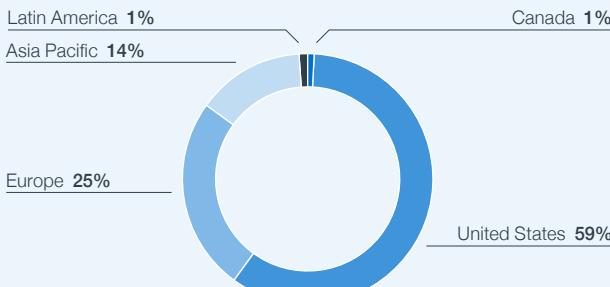
Risk

PE is the largest contributor to the Fund's market and credit risk as measured by one-year potential loss of \$52 billion or 8.2% of Fund net assets. The higher expected returns come with increased potential for losses, consistent with a levered equity strategy. Overall, the PE portfolio is well diversified across different strategies, industries and geographies. While the direct private equity strategy has a more concentrated investment strategy, this is partially offset by exposure to a diversified portfolio of individual company investments managed through external managers. PE's operational, regulatory and legal risks are mainly driven by the complexities of its direct investment activities.

	Fiscal 2024			Fiscal 2023		
	1-Year (\$ millions)	1-Year (%)	5-Year (%)	1-Year (\$ millions)	1-Year (%)	5-Year (%)
Gross Returns	15,974	11.1%	15.7%	7,876	5.6%	17.3%
Expenses	2,125	1.4%	1.6%	1,811	1.3%	1.8%
Net Returns	13,849	9.6%	14.1%	6,065	4.3%	15.5%

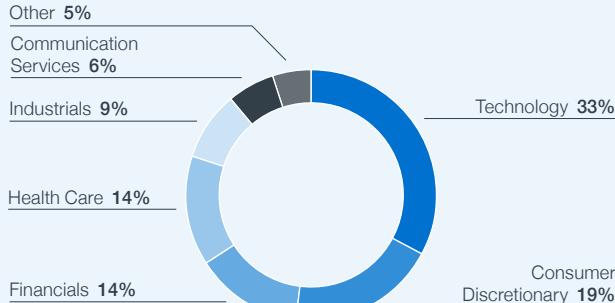
Private Equity – Geographic Diversification

March 31, 2024



Private Equity – Sector Diversification

March 31, 2024



Real Assets

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

Department Highlights

Five-year Net Returns	
5.2%	6.4%
Fiscal 2024	Fiscal 2023
One-year Net Returns	
2.0%	4.9%
Fiscal 2024	Fiscal 2023
Five-year Investment Selection net value-added over benchmark returns ¹	
1.9%	1.6%
Fiscal 2024	Fiscal 2023
Net Assets	
\$137.3 billion	
↑ \$2.1 billion 1-year change	↑ \$43.2 billion 5-year change
One-year Potential Loss	
\$30 billion	
Full-time Employees	
253	

Comparative advantages

RA invests behind themes that span across multiple asset classes. This is enabled by the department's sector, geographical and operational expertise, leveraging CPP Investments' global relationships to identify and access differentiated investment opportunities at scale. RA's flexibility of capital and mandate enable the department to invest in the areas of greatest relative value. The proactive management of its assets and portfolio enable the department to maximize value creation realization at all stages of the investment life cycle.

Long-term performance

Over the past five years, RA delivered a net return of 5.2%. RA's investments across real estate, infrastructure and energy all contributed positively over this period. This result was largely attributable to increases in energy and commodity prices as well as the performance of industrial assets that provide logistics and other essential services.

Over the same period, RA generated a net value-added return of 1.9% above its benchmark, excluding the impact of foreign currency. This represented an increase compared to the prior five-year period, mostly due to the performance of energy investments compared to their benchmarks, with key contributions from power and upstream energy investments. Infrastructure investments contributed to value-add primarily from toll road investments in both developed and emerging markets. Real estate investments contributed to value-add mainly through exposure to the logistics sector. This was partly offset by retail exposure as the sector continues to transition towards e-commerce, and office assets which were impacted by evolving hybrid-working trends.

1. Excludes impact of foreign currency.

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

Five-Year Annualized Net Returns (Local)	Fiscal 2024	Fiscal 2023
Real Assets Portfolio	5.6%	6.9%
Benchmark Returns	3.7%	5.3%
Net Investment Selection Value-add	1.9%	1.6%

Fiscal 2024 performance

RA's net return of 2.0% in fiscal 2024 reflected mixed results across the portfolio. RA had broad-based gains in sustainable energies, particularly in Canada and the U.S., which benefited from increased commodity prices. The infrastructure portfolio delivered positive performance through investments in toll roads in Canada and Mexico and port services in the U.S., resulting from increased traffic volumes and transportation activity as well as from the inflation protection features of these assets. These gains were partially offset by RA's investments in private real estate, particularly in the office and retail sectors, resulting from a continued higher interest rate environment and hybrid-working trends.

This year's performance was lower than fiscal 2023, when the portfolio particularly benefited from foreign currency gains as a result of U.S. dollar appreciation against the Canadian dollar. Not accounting for the impact of foreign exchange movements, returns on the portfolio were higher in fiscal 2024.

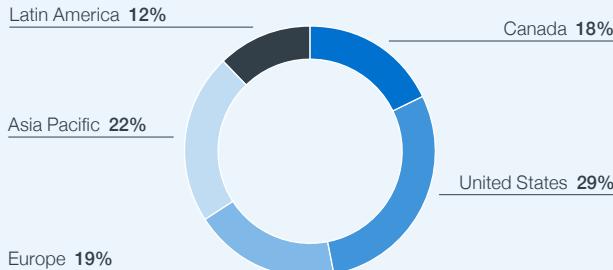
Risk

RA is the third-largest contributor, compared to other investment departments, to the Fund's market and credit risk as measured by one-year potential loss of \$30 billion or 4.7% of Fund net assets. In order to manage risk, RA has diversified its portfolio through targeted portfolio construction initiatives. These include dispositions and selective growth in liquid public investments. RA is also expected to be more sensitive to climate change risk than some other departments. RA's initiatives and contributions towards meeting key climate metrics and targets are critical for the Fund to achieve its net-zero commitment by 2050. Exposure to operational, legal, and regulatory risk is, in part, driven by different transaction types, including investments with controlling interest that can often involve greater asset management and oversight requirements.

	Fiscal 2024			Fiscal 2023		
	1-Year (\$ millions)	1-Year (%)	5-Year (%)	1-Year (\$ millions)	1-Year (%)	5-Year (%)
Gross Returns	3,546	2.8%	6.2%	7,182	5.6%	7.4%
Expenses	914	0.8%	1.0%	855	0.7%	1.0%
Net Returns	2,632	2.0%	5.2%	6,327	4.9%	6.4%

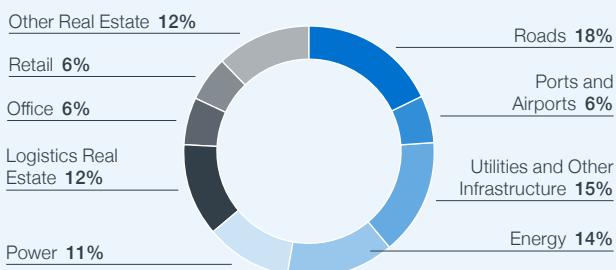
Real Assets – Geographic Diversification

March 31, 2024



Real Assets – Sector Diversification

March 31, 2024



Implementing Our Strategic Objectives

In fiscal 2024, we focused on evolving our strategy, enhancing our existing capabilities, and building new ones needed to invest in the whole economy transition. These priorities were key to strengthening our position in the context of an increasingly competitive investing environment, driving performance and enabling the Fund to manage climate change risks and opportunities to deliver long-term value. Details on our progress against these objectives is outlined in the table below.

In addition to our fiscal 2024 objectives, we made several other changes across the organization to enhance support for our investing activities, including implementing a new technology and data operating model, enhancing our investment

governance, piloting new AI-enabled investment research capabilities, and improving management-level reporting to enable better informed and timely decision-making.

Importantly, we are actively assessing the impact of artificial intelligence on our organization and incorporating this technology where appropriate. We have implemented several artificial intelligence tools to augment our investment and operational processes, from ‘out-of-the-box’ solutions to increase employee productivity, to specialized and customized investment capabilities. We will continue to monitor the development of this technology and assess how best to leverage it in improving our investing and operational processes.

Fiscal 2024 Objectives	Achievement Highlights
Update CPP Investments' strategy	<ul style="list-style-type: none"> Completed and received Board approval of a strategy that reflects our growth and maturation as a Fund, taking into consideration the rapidly evolving external environment we operate in. Implemented new tools and processes to monitor progress against our strategy.
Enhance our investment capabilities and relative value decision-making	<ul style="list-style-type: none"> Updated our organizational structure such that all investing departments now report to the Chief Investment Officer, enabling more dynamic management of the portfolio. Improved how we design, allocate, deploy, and manage capital by rolling out a new capital allocation framework. Delivered new insights about the sources of performance through a rigorous analysis of the investment decision-making processes and sources of edge in private equity and real estate. The capabilities developed through this work will allow us to scale these insights across all asset classes in the coming year.
Build capabilities to invest in the whole economy transition	<ul style="list-style-type: none"> Developed emissions measurement and monitoring capabilities for the strategic allocation component of our Total Portfolio Investment Framework. Re-organized our sustainability teams to more deeply embed sustainability expertise into public and private investment teams. Expanded our internal sustainability fluency through employee and portfolio company board member training sessions, to ensure sustainability-related risks and opportunities are appropriately identified. Produced additional thought leadership on CPP Investments' <u>Decarbonization Investment Approach</u>, informed by further application of the approach to our own portfolio companies.

Investing in our people and purpose-driven culture

Our global team of 2,125 professionals are motivated to meet our mandate and help support the stability and financial sustainability of the CPP.

We offer enriching leadership and professional development programs that help colleagues develop their skills, grow their careers and reach their full potential. This year, we delivered 298 internal development courses with more than 3,700 participations. We also engage in development conversations with people leaders to further advance our learning objectives. Senior management regularly discusses talent mobility opportunities across the organization, identifying opportunities for further growth.

We believe in the benefits of working together in-person, especially for mentorship and apprenticeship opportunities, which is why we adjusted our learning and development strategy this year to encourage more in-person learning. We put additional emphasis on mid-level people leader training, focusing on the foundational and emerging skills required of our leaders worldwide.

In fiscal 2024, we introduced an additional performance objective requirement for people leaders to ensure they are accountable for the effective performance management and development of team members. Examples of supporting this objective include completing an online learning course on people leader foundations, formalizing feedback loops in our performance objective tools, and leveraging check-ins with individual people leaders to discuss feedback received from direct reports to improve performance. These efforts focus on seeking learning opportunities to drive better performance for individuals and teams to benefit the entire organization. Performance against this objective is measured at year-end to ensure consistent accountability.

This year, we updated our employee survey methodology to include benchmarking data from global financial institutions, a practice consistent with our overall performance measurement approach. We remain committed to equity, diversity and inclusion as a foundation to our talent strategy. We believe inclusive groups make better decisions and diversity helps remove bias from decision-making.

In the first year, the results point to a motivated workforce, with 86% of colleagues saying they are proud to work for the organization, compared to the 78% benchmark, and 85% reporting they are motivated by our values, 14% higher than the global reference point. Our colleagues also say collaboration is a strength for us, with 80% saying their team discusses how it collaborates with other groups and departments, well above the 64% global benchmark. Lastly, most of our colleagues

understand how their individual contributions align with our business approach, with 77% reporting their people leader explains how their work contributes to our strategy, above the 73% benchmark. The survey also identified the areas where we have opportunity for elevating engagement, including increased support to our people leaders and removing the impediments that hinder collaboration across the organization.

Strategic Talent Objectives

	Fiscal 2023	Fiscal 2024	Target
Female new hires	52%	53%	50%
Female senior investment professionals	23%	28%	30%
LGBTQ+ colleagues	4.1%	4.4%	5%
Minorities in senior roles	27%	27%	28%

Overall, we have made strong progress against our strategic talent objectives. We have been successful in attracting and retaining female talent to the organization and increasing representation in senior roles. We will continue to build the internal pipeline for female senior investment professionals and creating a workplace where everyone feels included and welcome.

Championing important causes

We are building an inclusive workplace where all colleagues feel supported, respected and valued for who they are as individuals and 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. Descriptions of the groups can be found below.

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

Senior appointments

Manroop Jhooty was appointed Senior Managing Director & Head of Total Fund Management in September 2023. He is responsible for leading the balancing and financing portfolio, including balance sheet management, tactical positioning, trading and portfolio design.

Managing climate change risks and opportunities

We believe that the performance of our portfolio will be influenced by how well the assets we hold adapt alongside the global economy on the path to net zero. As such, we have committed to achieving net-zero greenhouse gas (GHG) emissions across the Fund and our operations by 2050. This commitment was 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 delivery of their targets, changes in consumer and corporate behaviour, and development of global carbon markets and reporting standards. All of these advancements will be necessary to help us meet our commitment. We are increasingly monitoring the development of these advancements and their interdependencies. We are committed to staying ahead of and strategically investing in developments that will have an impact on our path to net zero.

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 investment mandate against the backdrop of escalating climate risk and opportunities by navigating the transition of the whole economy towards net zero.

- **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 consistent with our investment beliefs and expertise, including our belief that accelerating the global energy transition requires a sophisticated, long-term approach rather than blanket divestment.
- **Principle 5:** Report on our actions, their impacts and our portfolio emissions.

For more information about our net-zero commitment, please visit our [website](#).

Delivery on the components of our net-zero commitment

Below we report on the progress made against the actions we are taking towards our commitment. These actions are rooted in our Climate Change Principles.

Green and transition assets

We are committed to increasing our green and transition assets to at least \$130 billion by 2030. This starts with monitoring the relevant opportunity set for attractive investments that can maximize risk-adjusted returns. As a result, we anticipate our year-over-year progress to be non-linear, but we are confident in our ability to reach this target.

This fiscal year, we adjusted our methodology for calculating green and transition assets and we recalculated our previously reported figures to reflect this change.¹ This adjustment does not impact our 2030 target of \$130 billion. As at March 31, 2024, our investments in green and transition assets increased \$7 billion to reach \$83 billion from \$76 billion in fiscal 2023 (restated from \$79 billion). The increase in this figure since last year is due in part to new investments in green and transition assets and increased market valuations of existing eligible assets. It is also due to existing assets becoming transition eligible by taking actions such as Science Based Targets initiative certification.

Refer to page 71 for the methodology behind the definition and measurement of green and transition assets.

Decarbonization Investment Approach

A key component of our net-zero commitment is our Decarbonization Investment Approach (DIA). It allows us to identify, fund and support the decarbonization of high-emitting companies and capture the value of the whole economy transition. An important component of the DIA is the application of our [Abatement Capacity Framework](#). This innovative, open-source tool provides a step-by-step guide to explore the technical and economic feasibility and emissions-reduction potential of individual decarbonization options.

In fiscal 2024, we continued to apply our DIA to companies in our portfolio spanning the energy and natural resources, real estate, and financial services sectors. We have now partnered with over 15 portfolio companies with large absolute emissions and/or high emissions intensity to help them reduce emissions from their operations, while deepening our understanding of sector-specific decarbonization levers.

Operational emissions

As part of CPP Investments' commitment to achieve net-zero operations by 2050, we disclose our operational emissions (Scope 1, 2 and 3 business travel) and the purchase and retirement of carbon credits equal to the emissions we are currently unable to abate.

Total Operational GHG Emissions Breakdown by Scope

Emissions source	Total GHG emissions (tonnes of CO ₂ e)	
	Fiscal 2024	Fiscal 2023
Scope 1	1,070	1,100
Scope 2 (location-based)	1,368	1,258
Scope 3 (business travel only)	11,435	11,168
Total GHG emissions	13,873	13,526

1. Market practice on the treatment of short positions when consolidating exposure to green and transition assets in a portfolio continues to evolve. As of March 31, 2024, CPP Investments reports green and transition assets exposure as the net exposure to each corporate issuer, including negative exposure acquired through short positions in the Absolute Return Strategies. This change was to align the reported financial measure with economic exposure. As a result of this change in methodology, we have restated the figure as of March 31, 2023 from \$79 billion to \$76 billion, and the starting point figure as of December 31, 2021 from \$67 billion to \$63 billion.

We acknowledge that the use of different measurement methodologies may result in incomparability of emissions information with other organizations. We expect that emissions measurement methodologies will further standardize and data availability will continue to increase. These improvements may result in future recasting of historical emissions levels to improve comparability.

The largest driver of year-over-year changes in our operational carbon footprint is air travel. Our approach to managing our operational emissions is to pursue opportunities to decarbonize while continuing to deliver on our mandate. We use carbon credits only for currently unabated emissions. Consistent with this, we will continue to monitor and manage emissions associated with our air travel and office footprint. We will seek opportunities to decarbonize while continuing to deliver on our business objectives. We have purchased 13,873 carbon credits from the Canadian Darkwoods Forest Carbon Project. This volume of credits equals the unabated emissions from our Scope 1, 2 and 3 (business travel) activities in fiscal 2024. The credits were retired subsequent to year-end, upon completion of our emissions estimation. The Darkwoods project is an initiative of the Nature Conservancy of Canada. It has been validated and verified in accordance with the Verified Carbon Standard, the Climate, Community and Biodiversity Standards and under the Sustainable Development Verified Impact Standard. Darkwoods is an Improved Forest Management carbon project. It achieves net GHG emission reductions through the avoidance of conventional logging, along with carbon sequestration through the retention of additional forest biomass and older forests. Carbon finance enables the continued protection of the area.

Reporting on our portfolio emissions and climate risk

CPP Investments' internally developed carbon footprint tool provides insights on GHG emissions associated with all of the Fund's holdings and on relevant benchmarks. To disclose the GHG emissions associated with our Fund's holdings, we use Total Carbon Emissions and Carbon Footprint metrics, using the Enterprise Value Ownership method (refer to the section on Carbon Metric Methodologies on page 70 for additional details). These metrics are widely adopted in the financial industry to measure portfolio emissions.

Methodologies for estimating and calculating GHG emissions and other climate-related metrics are not yet subject to the same globally recognized rules as traditional financial reporting. We do expect that emissions measurement methodologies as well as the maturity of underlying data, systems and controls will evolve and become more standardized over time. Specifically, CPP Investments' methodology reflects the net impact of short trades and derivatives. While globally recognized bodies, such as the Partnership for Carbon Accounting Financials, are currently silent on how to account for short trades and derivatives, we will continue to review our own methodology as guidance evolves. Any future changes may impact the comparability of our carbon emissions and portfolio carbon footprint over different periods.

Portfolio Carbon Footprint¹

	Current Value of Investments in Scope (\$ billions)	Total Carbon Emissions (million tonnes of CO ₂ e)		Carbon Footprint (tonnes of CO ₂ e/\$ million)	
		March 2024	March 2023	March 2024	March 2023
Non-Government holdings	609	23.2	21.5	38	39
Government-issued securities	174	28.3	21.0	163	198

1. The portfolio carbon emissions and carbon footprint as of March 31, 2023 were recalculated due to methodological updates in fiscal 2024. These updates were informed by the Partnership for Carbon Accounting Financials, as well as the goal of aligning the financial metric with the Fund's economic exposure. Updates for non-government holdings include: 1) excluding cash, non-equity, and non-credit derivatives, and securities used for funding purposes; 2) changing from long-term capital to enterprise value in the attribution factor calculation; 3) changing from market value to book value in the attribution factor calculation for listed corporate bonds. Updates for government-issued securities include: 1) excluding debt to sub-sovereign counterparties; 2) changing from sovereign gross debt to purchase power parity (PPP)-adjusted GDP in normalizing sovereign emissions. Refer to the section on Carbon Metric Methodologies on page 70 for additional details.

Total Carbon Emission measures the absolute GHG emissions associated with our investments. We expect this figure to fluctuate in the nearer term as assets under management grow, before the impacts of emission reductions can be seen more fully. Carbon Footprint measures carbon emissions per million dollars invested, which can be used to compare emissions intensity across portfolios of different sizes. In a portfolio of our

size, many factors impact these figures. The key driver of the increase in portfolio carbon emissions in fiscal 2024 was the increase in the Fund's size. Carbon footprint remained stable over the year. Approximately 47% of the Fund's total emissions are directly reported by portfolio companies. The rest are estimated by external data providers or by proxies based on available comparators.

As corporate climate-related disclosures improve, we expect methodologies to standardize and the proportion of directly reported emissions to increase. This may impact the comparability of our carbon emissions and portfolio carbon footprint over different periods. Fluctuations in financial metrics like market value of investments can also impact calculated changes in our portfolio carbon footprint in any given year.

We currently do not include Scope 3 GHG emissions in our calculations as the quality and coverage of data is not yet sufficient, where only 24% of the Fund's Scope 3 emissions are directly reported by portfolio companies. We continue to monitor developments in the availability of complete Scope 3 data for our portfolio companies, so that they can be incorporated, when appropriate, into our metrics.

Source of the Fund's Scope 1 and Scope 2 emissions data^{1,2}

	Fiscal 2024	Fiscal 2023	Fiscal 2022	Fiscal 2021
Company-reported data	47%	42%	35%	24%
Vendor-estimated data	5%	6%	6%	13%
Proxy data	48%	52%	60%	63%

- Methodologies vary in their use of Scope 1 and Scope 2 GHG emissions. Some use only Scope 1 data while others Scope 1 and 2. Some methodologies use company-specific historical emissions data while others use estimation of emissions based on sectoral or geographical data or averages. Certain methodologies take cumulative historical GHG emissions into account while others incorporate point-in-time assessments of emissions intensity. Variations in methodologies may lead to underestimates or overestimates of emissions metrics.
- The percentages of emissions data disclosure categories of prior fiscal years were recalculated due to the methodological updates mentioned in the previous section.

Refer to page 70 for the methodologies behind carbon emissions and carbon footprint metrics.

Climate change scenario analysis

To augment the standard carbon footprint metrics, we use scenario analysis³ to assess potential future impacts of climate risk-related stress events. This is expressed as the potential percentage impact to the Fund's market value in a given year. It includes stress testing the resilience of our investments under a range of plausible scenarios, including extreme events. The results of two such scenarios are highlighted below:

- In a business-as-usual scenario where carbon prices do not increase markedly from their current levels and global decarbonization efforts are less successful, there could be a potential negative impact to the Fund's market value of up to 15% in a given year during the next 30 years.⁴ The impact is largely driven by physical climate risks, including chronic changes in precipitation, ecosystems and sea level, as well as the rise in frequency of extreme weather events.

- In a scenario where policy actions are more heavily concentrated in years after 2030 through abrupt adoption of stricter mitigation efforts to limit warming to no more than 2°C, the Fund's market value could be negatively impacted by up to 12% in a given year during the next 10 years.⁴ The impact is largely driven by transition risks associated with the sharp fall in GDP and knock-on consequences for consumer demand.

We take scenario analysis efforts into consideration during our strategic allocation process in portfolio construction, our climate risk monitoring, and our due diligence process during security selection. We continue to seek opportunities to further integrate top-down and bottom-up climate risk management in the portfolio.

Looking Ahead

Our Strategic Priorities for fiscal 2025

Our objectives for fiscal 2025 include:

- Knowledge capability:** We will enhance investment performance by capitalizing on the full breadth of knowledge cultivated across the enterprise.
- Relative value:** We will develop tools to maximize our ability to make informed relative value choices within and across asset classes to the benefit of the Fund.
- Operational efficiency:** We will continuously improve and streamline key processes to reduce complexity, with a focus on outcomes that are aligned with driving value and maximizing performance.

3. A set of generally accepted climate scenarios is used for this analysis, including The Bank of England 2021 Climate Biennial Exploratory Scenario (CBES) and The Network for Greening the Financial System (NGFS) scenarios.
 4. Scenarios are not forecasts (they do not mean to predict future outcomes); rather they are projections designed to build an understanding of the nature and size of changes that may occur in the future. Predicting climate change and quantifying its impacts on the Fund is inherently complex and the practice of climate change scenario analysis has limitations that are sensitive to key assumptions and parameters, which are themselves subject to uncertainty.

Financial Policies and Controls

CEO/CFO 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 CFO, Management evaluated the effectiveness of CPP Investments' internal control over financial reporting as at March 31, 2024. This evaluation was 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 at March 31, 2024, 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 CFO, Management evaluated such disclosure controls and procedures and concluded that they were effective as at March 31, 2024.

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.

There were no adoptions of newly issued IFRS standards, changes in existing standards or new interpretations during the year ended March 31, 2024 that had a material impact on 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 is based on:

- 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).

Investment Departments' Percentage Contribution to each Hierarchy Level

	Fiscal 2024			Fiscal 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Public Market Strategies	89%	62%	5%	87%	81%	6%
Credit Investments	0%	20%	17%	0%	13%	15%
Private Equity	3%	8%	44%	2%	5%	43%
Real Assets	8%	10%	34%	11%	1%	36%
Total	100%	100%	100%	100%	100%	100%

The table below outlines the valuation approaches used in determining the fair value of Level 3 investments held by CPP Investments and its investment holding subsidiaries, as at March 31, 2024:

Asset Class ¹	Earnings Multiples & Discounted Cash Flows	Net Asset Values provided by Investment Manager	Fair Value Proxy ²
Private Equities	75%	25%	—
Debt	99%	1%	—
Investment Funds	—	100%	—
Investment Receivables	98%	—	2%
Investment Liabilities	68%	—	32%

1. This table excludes Level 1 investments held within investment holding subsidiaries. For details, see note 3.5 to the Financial Statements on page 113.
2. Cost with accrued interest where determined to approximate fair value.

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.
- 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 yield curves. Valuation techniques include earnings multiples, 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 department is responsible for the oversight of valuation processes, controls and results, independent from investment departments. The department comprises accredited professionals with extensive experience valuing private assets at accounting and valuations firms, asset managers and other large pension funds.
- We use third-party appraisers and external valuation experts in a risk-based manner to provide independent views on fair values. These experts have knowledge and familiarity with local market conditions, market transactions and industry trends.
- 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.

We continuously review valuation practices 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, presented on the next page, 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 on the next page, as they have no IFRS comparable value.

Non-IFRS Measures ¹		Reconciliation to Comparable IFRS Measure		
		(\$ millions)	March 31, 2024	March 31, 2023
Recourse Leverage: 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 Limited Recourse Leverage, which generally includes 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 net notional value of derivatives used to generate additional leverage for the Fund, partially offset by certain cash and reverse repurchase agreements. See Liquidity and Leverage Risk on page 42.				
Currency Diversification: Foreign currency exposure used as a basis for the currency exposure mix and currency return charts, disclosed under Fund Composition and Performance on page 32 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.				
Gross Income: As described in the Investment Department Performance section of the MD&A starting on page 47, Gross Income comprises total Income as noted in the Consolidated Statement of Comprehensive Income grossed up for expenses borne by investment holding subsidiaries and certain fees embedded within investments.				
		(\$ millions)	March 31, 2024	March 31, 2023
Recourse Leverage			194,829	157,301
Less:				
Net notional value of derivatives used to generate additional leverage for the Fund			74,982	78,119
Add:				
Fair value adjustment to debt financing liabilities			(4,450)	(5,203)
Debt financing liabilities of investment holding subsidiaries			5,173	5,845
Certain cash, cash equivalents and reverse purchase agreements netted against Recourse Leverage			24,693	34,053
Other investment liabilities			32,722	28,186
Investment liabilities			177,985	142,063
(Consolidated Schedule of Investment Portfolio within the Financial Statements)				
Total foreign exposure per MD&A			498,063	446,889
Add:				
Impact of limiting currency changes to denomination of financial instrument held			1,203	1,253
Total foreign exposure			499,266	448,142
(Note 8.4.1 of Financial Statements)				
		(\$ millions)	March 31, 2024	March 31, 2023
Gross Income			58,703	15,552
Less:				
Management and performance fees embedded within investments			3,438	3,134
Transaction-related expenses borne by CPP Investments' investment holding subsidiaries			179	121
Taxes borne by CPP Investments' investment holding subsidiaries			(91)	140
Financing expenses borne by CPP Investments' investment holding subsidiaries			378	208
Income			54,799	11,949
(Note 6.1.1 of Financial Statements)				

1. For a reconciliation of non-IFRS expense measures see page 45.

Asset Class Composition

The asset class composition presented in the MD&A shows the net investments of the Fund based on underlying asset class exposure. The table below reconciles this asset class composition to the Consolidated Schedule of Investment Portfolio as presented in the Consolidated Financial Statements, by providing a breakdown of the Fund's financial assets and liabilities by asset class.

As at March 31, 2024 (CAD millions)	Public Equities ¹	Private Equities	Government Bonds	Credit	Real Estate	Infrastructure	Total
Equities							
Public equities	199,621	—	—	—	9,134	5,318	214,073
Private equities	1,402	116,758	—	7,764	36,539	46,086	208,549
Total equities	201,023	116,758	—	7,764	45,673	51,404	422,622
Debt							
Bonds	—	—	143,968	21,290	—	—	165,258
Other debt	—	6,433	—	39,054	882	2,788	49,157
Money market securities	—	—	7,710	—	—	—	7,710
Total debt	—	6,433	151,678	60,344	882	2,788	222,125
Investment funds	55,502	74,923	—	10,583	803	157	141,968
Investment receivables and Other							
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	—	—	11,976	167	—	—	12,143
Derivative assets	1,839	—	—	1,123	—	—	2,962
Other	137	—	1,820	—	2,952	—	4,909
Total investment receivables and Other	1,976	—	13,796	1,290	2,952	—	20,014
Total investments	258,501	198,114	165,474	79,981	50,310	54,349	806,729
Total investment liabilities	81,463	520	94,259	189	654	900	177,985
Cash and cash equivalents	—	—	10,426				10,426
Pending trades receivable	227	2,516	1,768	329	—	—	4,840
Pending trades payable	557	2,557	7,421	876	—	—	11,411
Net investments	176,708	197,553	75,988	79,245	49,656	53,449	632,599
As at March 31, 2023 (CAD millions)	Public Equities ¹	Private Equities	Government Bonds	Credit	Real Estate	Infrastructure	Total
Equities							
Public equities	144,837	—	—	236	7,150	6,006	158,229
Private equities	1,525	103,779	—	6,568	38,942	44,482	195,296
Total equities	146,362	103,779	—	6,804	46,092	50,488	353,525
Debt							
Bonds	—	—	112,521	16,614	—	—	129,135
Other debt	—	5,411	—	36,658	1,812	2,454	46,335
Money market securities	—	—	2,581	—	—	—	2,581
Total debt	—	5,411	115,102	53,272	1,812	2,454	178,051
Investment funds	44,715	81,625	—	6,979	1,515	80	134,914
Investment receivables and Other							
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	—	—	23,416	133	—	—	23,549
Derivative assets	1,607	—	—	1,251	4	—	2,862
Other	—	—	1,680	—	3,210	36	4,926
Total investment receivables and Other	1,607	—	25,096	1,384	3,214	36	31,937
Total investments	192,684	190,815	140,198	68,439	52,633	53,058	697,827
Total investment liabilities	55,376	478	84,235	—	767	1,207	142,063
Cash and cash equivalents	—	—	12,878	—	—	—	12,878
Pending trades receivable	—	1,364	1,904	258	—	—	3,526
Pending trades payable	—	945	403	524	—	—	1,872
Net investments	137,308	190,756	70,342	68,173	51,866	51,851	570,296

1. Certain public investments are held within private co-investment vehicles.

Carbon Metric Methodologies

Portfolio Carbon Footprint

The Fund's investments are split into two categories when measuring GHG emissions. They are separately disclosed and cannot be aggregated as the data used to calculate these metrics is not comparable.

1. Government-issued securities – includes marketable government bonds, non-marketable government bonds, government treasury bill and government inflation-linked bonds issued by sovereign issuers.
2. Non-government holdings – includes public and private equities, corporate bonds, private credit, infrastructure and real estate. Although not explicitly addressed by the Partnership for Carbon Accounting Financials Standard (PCAF), CPP Investments accounts for derivatives and short positions* when calculating portfolio emissions as omitting these exposures could misrepresent the portfolio's economic exposure to a particular issuer and overlook its exposure to climate risks.

*Derivatives include Equity Total Return Swaps, Equity Futures and Options, Warrants and Rights, Credit Default Swaps, Credit Options, and Fixed Income Total Return Swaps where the exposure to corporate issuers can be identified. Carbon emissions and carbon footprint of derivatives in scope and short positions are calculated based on the methodology for non-government holdings 3. Total Carbon Emissions and 4. Carbon Footprint on the right.

Asset classes within scope for government-issued securities

1. **Total Carbon Emissions:** Measures the absolute amount of carbon emissions of a given country financed by CPP Investments. The measurement is estimated by apportioning a country's emissions based on the share of the country's Purchase Power of Parity (PPP)-adjusted GDP. Financed carbon emissions for all countries are aggregated to arrive at total emissions for the portfolio.

$$\sum \left(\frac{\text{Current Value of Sovereign Bond Investment (\$)} i}{\text{Purchase Power Parity (PPP)-Adjusted GDP (\$)} i} * \text{Country Emissions (tCO}_2\text{e) } i \right)$$

2. **Carbon Footprint:** Estimates the total apportioned emissions per million dollars invested.

$$\sum \left(\frac{\text{Current Value of Sovereign Bond Investment (\$)} i}{\text{Purchase Power Parity (PPP)-Adjusted GDP (\$)} i} * \text{Country Emissions (tCO}_2\text{e) } i \right) / \text{Current Value of Sovereign Bond Portfolio (\$)}$$

Formula Definitions:

"i" represents each sovereign borrower in the calculation.

Current Value of Sovereign Bond Investment or portfolio is the market value as at March 31, 2024.

Purchase Power of Parity (PPP)-adjusted GDP provides values for gross domestic product expressed in current international dollars, converted by PPP conversion factor. GDP is the sum of gross value added by all resident producers in the country plus any product taxes and minus any subsidies not included in the value of the products. PPP conversion factor is to eliminate the effects of the differences in price levels between countries.

Country Emissions reflect the territorial emissions from all domestic production of goods and services within a national boundary, regardless of whether those goods and services are consumed domestically or exported. It includes land use, land-use change, and forestry emissions. The country emissions are defined under the production basis. The production-based emissions reflect the territorial emissions from all domestic production of goods and services within a national boundary, regardless of whether those goods and services are consumed domestically or exported.

Asset classes within scope for non-government holdings

3. **Total Carbon Emissions:** The absolute greenhouse gas emissions associated with a portfolio, expressed in tonnes CO₂e; measures the absolute tonnes of CO₂e which CPP Investments has in its underlying portfolio. The measurement is estimated by taking the pro rata share of a company's GHG emissions. The portfolio's share has been calculated by dividing the market value of the portfolio's investment in a company by enterprise value* of the company.

$$\sum \left(\frac{\text{Current Value of Investment (\$)} i}{\text{Issuer's Enterprise Value (\$)} i} * \text{Issuer's Carbon Emissions (tCO}_2\text{e) } i \right)$$

4. **Carbon Footprint:** Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tonnes CO₂e / \$M invested; estimates the total carbon emissions for every \$1 million invested.

$$\sum \left(\frac{\text{Current Value of Investment (\$)} i}{\text{Issuer's Enterprise Value (\$)} i} * \text{Issuer's Carbon Emissions (tCO}_2\text{e) } i \right) / \text{Current Portfolio Value (\$)}$$

Formula Definitions:

*The enterprise value is defined as, for all listed companies the enterprise value including cash (EVIC) of the respective company, which is the sum of the market capitalization of ordinary shares, the market capitalization of preferred shares, and the book values of total debt and minorities' interests. There are no deductions of cash or cash equivalents. For unlisted companies, the enterprise value is the sum of total company equity and debt.

"i" represents each investment and portfolio company in the calculation.

Current Value of Investment or portfolio is the market value as at March 31, 2024.

Issuer's carbon emissions include the Scope 1 and Scope 2 emissions.

Green and Transition Assets Definitions

Green Assets

An asset is considered to be “green” when a substantial majority of its revenue can be classified as being derived from green sources or activities. Green Assets represent the total assets under management (AUM) of companies where:

- At least 95% of a firm’s revenue is derived from International Capital Market Association (ICMA) Eligible Green Project sectors and/or subsectors identified as green; or
- The asset type is conditionally green according to the Climate Bonds initiatives Taxonomy Paris Agreement Compliant criteria, and the relevant Screening Indicator is met; or
- If the above criteria are not clearly applicable, but the firm has a reasonable case to qualify, the Risk department will work with the applicable investment department to apply a bespoke assessment.

Transition Assets

Transition Assets represent the total assets under management of companies that are actively contributing to the transition to a low carbon economy. They can be categorized into two groups:

High emission companies with decarbonization plans

Companies are considered Transition Assets if they meet all of the following criteria:

- They have adopted decarbonization targets and are committed to transitioning towards a net-zero emissions economy by 2050.
- They have interim targets and track their progress with a specific business plan on how they will be achieved.
- Both targets and continued progress are validated by a credible third party (such as SBTi).
- The allocation of capital can lead to substantial decarbonization opportunities, defined by operation in a high emissions sector.

Companies approaching Green Asset status

Companies which have substantial green revenues that currently fall short of the Green Asset threshold (95% minimum) may also be considered for inclusion, provided there is a credible plan to grow their green revenue share over time. This categorization may be applied when evaluating companies Green Asset eligibility, based on assessment by investment departments and the Risk department.

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 2024 performance highlights

A key component of our compensation program is the investment performance of the Fund. For the five-year period ended March 31, 2024, the Fund generated an annualized net return of 7.7%. Net value-added relative to the Reference Portfolios over this period was negative 2.0% annualized, or negative \$63.7 billion. 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 our singular purpose: to maximize returns without undue risk of loss for the 22 million contributors and beneficiaries of the Canada Pension Plan.

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

Our deliberate focus is on our long-term investment performance, including strong absolute performance as well as value-added above the relative performance benchmark. This ensures we reward overall achievement, not just short-term gains. 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 exceeded targets, while the dollar value-add was significantly below the Reference Portfolios return. Combined, this resulted in a total Fund multiplier of 0.62. The HRCC applied this multiplier to all members of the Senior Management Team.

As detailed in the letter from our CEO, this was a year of unusual growth for global capital markets and particular exuberance in U.S. equities, affecting the calculation of our relative return. The HRCC concluded that an upward adjustment to the total Fund multiplier was warranted for employees who were not senior executives, to reflect the value of employee contributions and external competitive practices.

Decisions on CEO pay

Our assessment of Mr. Graham for the year reflects recognition of his achievements. The Board awarded him an incentive multiplier of 1.60. The weighted average of the total Fund multiplier and the department/individual multiplier resulted in an overall incentive multiplier for Mr. Graham of 1.11.

The Board awarded Mr. Graham total direct compensation of \$5,046,473 for fiscal 2024, consisting of salary, an in-year award and deferred awards, as shown in Table 2. 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.



Barry Perry
Chair, Human Resources and Compensation Committee

The role and activities of the HRCC of the Board of Directors

As discussed in the Governance section, the Human Resources and Compensation Committee (HRCC) advises the Board of Directors on human resources matters. These include talent management, talent development and compensation.

The HRCC adopted a number of specific objectives in support of the Fund's strategic priorities in fiscal 2024. This included supporting the CEO in the review of the incentive compensation program. The Committee worked with management and our external compensation advisor to review and ensure alignment of our compensation practices with our evolved strategy and market practices. Changes to the incentive compensation plan will be introduced in fiscal 2025. These changes include better alignment with the public benchmarks we use to assess the performance of our diverse investment strategies. In addition, the HRCC supported Management's plans to respond to changing dynamics in the human capital markets for skilled, experienced employees.

Our people are vital to the health of the Fund, especially through challenging times. Their skills help to both create and preserve value over the long run. The HRCC is satisfied that the compensation paid for fiscal 2024 is appropriate. This is especially true after taking into account how the design and management of our Investment Portfolios played a role in delivering positive performance relative to our five-year total Fund Absolute Performance goal. The multiplier outcome below 1x was also in consideration of our five-year relative performance result amid an unusual year for global equity markets. We are confident that our decisions regarding department and individual 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 27 for more information on our compensation philosophy. Our [website](#) has additional details on the mandates of the HRCC and Board of Directors. The composition of the current HRCC is on pages 89 and 90.

The HRCC uses the services of Hugessen Consulting Inc. to provide independent advice, information and guidance on executive compensation issues. Hugessen cannot provide any services to Management without prior approval from the HRCC. Hugessen received \$184,749 for its services to the HRCC in fiscal 2024 (\$120,169 in fiscal 2023).

Fiscal 2024 compensation disclosures

Below, and earlier in the Strategy section, we outline the performance measures used to make compensation decisions for all employees. This includes our CEO and Named Executive Officers (NEOs). We also outline the compensation outcomes for fiscal 2024. We disclose compensation information for key management personnel as a group. We also disclose individual compensation figures for the CEO, the CFO, and the next four highest-paid Senior Managing Directors (SMDs). Our NEOs this year include:

- President & Chief Executive Officer (CEO) – John Graham
- SMD & Chief Financial Officer (CFO) – Kristina Fanjoy
- SMD, Global Head of Real Assets & Head of Europe – Maximilian Biagusch
- SMD & Chief Investment Officer – Edwin Cass
- SMD, Head of Asia Pacific & Active Equities Asia – Agus Tandiono
- SMD & Global Head of Private Equity – Suyi Kim

Performance measures

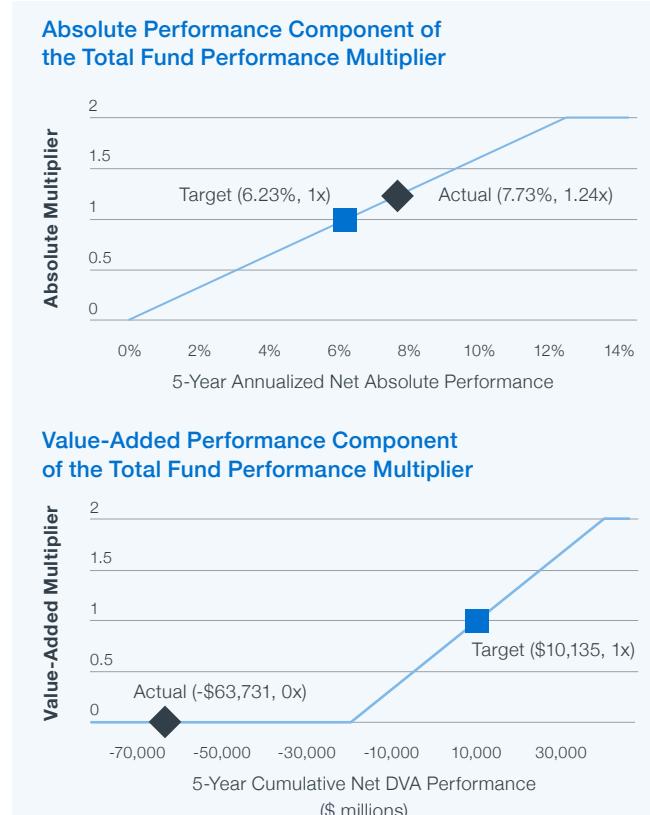
Management outlines financial and qualitative objectives in our business plan each fiscal year. The Board of Directors approves these objectives and reviews progress against organizational objectives quarterly and at year-end. This ensures a pay-for-performance approach to evaluation and compensation.

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 2024:

- For the **absolute performance component**, the Fund must achieve a five-year annualized target return of 6.2% which will result in a target multiplier of 1x.
- For the **relative performance component**, the Fund must reach a five-year dollar value-added (DVA) target of \$10.1 billion relative to the benchmark to achieve a relative performance multiplier of 1x.

The Board reviews targets annually. The graphs below map the fiscal 2024 target and actual total Fund performance.



The absolute and relative performance of the total Fund in fiscal 2024 resulted in a total Fund multiplier of 0.62 for the year ended March 31, 2024 (1.1 – March 31, 2023).

Table 1: Total Fund Performance, Fiscal 2020 to 2024

Fiscal year	Absolute Performance			Relative Performance			
	Total Fund Net Return (\$ billion)	Total Fund Net Return %	Total Fund Absolute Multiplier	Reference Portfolios	Total Fund Net DVA (\$ billion)	Total Fund Value-Added Multiplier	Total Fund Multiplier
2020	12.1	3.09%		(11.4)	23.5		
2021	84.0	20.37%		119.3	(35.3)		
2022	34.4	6.84%		24.3	10.2		
2023	7.8	1.35%		5.9	2.0		
2024	46.5	7.98%		110.6	(64.1)		
Cumulative \$ / Annualized % – 5 year	184.8	7.73%	1.24	248.6	(63.7)	0.00	0.62

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. The CEO evaluates individual performance of Senior Management Team members and presents his findings to the Board of Directors. This supports their approval of the performance multipliers used to determine the incentive compensation. Fiscal 2024 compensation for the CEO and other Named Executive Officers (NEOs) is set out 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, Mr. John Graham. 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 2024 included achievements against the following goals:

- Purpose: Keeping the organization aligned to its purpose – Building an organization that can deliver the best long-term portfolio for CPP contributors and beneficiaries;
- People: Developing the next generation of leaders;
- Performance: Delivering maximum value without undue risk of loss; and
- Platform: Leading the development of CPP Investments' next strategy.

The Board of Directors awarded Mr. Graham a total incentive award of \$4,371,473 for fiscal 2024. 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} President & CEO	2024	CAD	675,000	1,498,433	1,873,041	1,000,000	75,345	19,038	5,140,856
	2023		670,822	1,807,932	1,807,932	1,000,000	74,913	17,478	5,379,077
	2022		650,000	1,959,100	1,959,100	700,000	72,506	9,314	5,350,020
Kristina Fanjoy ^{3,4,6,7,8} Senior Managing Director & Chief Financial Officer	2024	CAD	410,000	424,330	424,330	100,000	39,300	16,091	1,414,050
	2023		352,373	410,146	341,150	30,000	32,245	26,451	1,192,364
	2022		330,903	419,495	279,663	—	29,953	7,810	1,067,824
Maximilian Biagosch ^{4,9,10,11} Senior Managing Director, Global Head of Real Assets & Head of Europe	2024	GBP	399,167	886,110	886,110	165,000	53,278	28,775	2,418,439
	2023		393,329	906,827	906,827	86,667	51,584	16,996	2,362,231
	2022		366,288	908,995	708,205	200,000	47,242	13,058	2,243,786
Edwin Cass ^{3,4,12} Senior Managing Director & Chief Investment Officer	2024	CAD	601,352	1,214,672	1,214,672	641,667	65,744	15,885	3,753,993
	2023		562,493	1,544,100	1,544,100	500,000	60,485	7,877	4,219,055
	2022		550,000	1,547,700	1,547,700	375,000	59,645	10,016	4,090,061
Agus Tandiono ^{3,4,13,14,15} Senior Managing Director, Head of Asia Pacific & AE Asia	2024	HKD	4,141,667	6,414,044	6,414,044	2,000,000	520,817	1,581,061	21,071,632
	2023		4,083,321	8,914,758	8,914,758	1,500,000	513,238	1,281,626	25,207,701
	2022		3,975,098	8,683,450	6,758,224	3,600,000	497,544	1,462,237	24,976,554
Suyi Kim ^{16,17} Senior Managing Director & Global Head of Private Equity	2024	CAD	520,029	1,180,413	1,180,413	200,000	35,737	71,909	3,188,500
	2023		512,098	1,378,036	1,378,036	100,000	24,522	4,767	3,397,459
	2022		702,629	1,229,688	—	—	88,192	1,698,564	3,719,074

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 either one-time or recurring long-term 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. Tandiono received a housing allowance in Hong Kong. These figures include all relocation and assignment costs as applicable.
4. NEO elected to defer all or part of the fiscal 2024 In-year Award into the Voluntary Deferred Incentive Plan (VDIP).
5. As President & CEO, Mr. Graham received a FRU award of C\$1,000,000 in fiscal 2024. Based on a valuation, the underlying notional investment of this award represents C\$5,263,158. All FRU awards vest over 5 years.
6. As SMD & CFO, Ms. Fanjoy received a FRU award of C\$100,000 in fiscal 2024. Based on a valuation, the underlying notional investment value of this award represents C\$526,316. All FRU awards vest over 5 years.
7. Ms. Fanjoy was appointed SMD & CFO on October 11, 2022. Her fiscal 2023 compensation was prorated to reflect time in both roles – MD, Head of Finance, and SMD & CFO.
8. In fiscal 2023, Ms. Fanjoy received a one-time, non-recurring cash award of C\$16,000 in recognition of interim leadership of the department as MD, Head of Finance and before transition to the SMD & CFO role.
9. Mr. Biagosch received a FRU award of £165,000 in fiscal 2024. Based on a valuation, the underlying notional investment value of this award represents £868,421. All FRU awards vest over 5 years.
10. Mr. Biagosch was appointed SMD, Head of Europe and Real Assets (RA) on February 21, 2023. His fiscal 2023 compensation was prorated to reflect time in both roles – SMD, Head of Europe and DPE, and SMD, Head of Europe and Real Assets (RA). His fiscal 2022 compensation was prorated for time spent as MD, Head of DPE, and as SMD & Head of Europe and DPE.
11. Mr. Biagosch received a fiscal 2022 SRFU award of £200,000 as part of his appointment to the MD, Head of DPE role. This award vested 33.3% in fiscal 2022, 33.3% in fiscal 2023 and 33.4% in fiscal 2024.
12. As SMD & CIO, Mr. Cass received a FRU award of C\$641,667 in fiscal 2024. Based on a valuation, the underlying notional investment value of this award represents C\$3,377,195. All FRU awards vest over 5 years.
13. Mr. Tandiono received a FRU award of HK\$2,000,000 in fiscal 2024. Based on a valuation, the underlying notional investment value of this award represents HK\$10,526,316. All FRU awards vest over 5 years.
14. Mr. Tandiono was appointed SMD & Head of Asia Pacific and Fundamental Equities Asia on December 6, 2021. His fiscal 2022 compensation was prorated to reflect time in both roles: MD, Head of Fundamental Equities Asia, and SMD, Head of Asia Pacific and Fundamental Equities Asia.
15. Mr. Tandiono received a fiscal 2022 SRFU award of HK\$3,600,000 during his time as MD, Head of FE Asia. This award vested 33% in fiscal 2022, 33% in fiscal 2023 and 34% in fiscal 2024.
16. Ms. Kim received a FRU award of C\$200,000 in fiscal 2024. Based on a valuation, the underlying notional investment value of this award represents C\$1,052,632. All FRU awards vest over 5 years.
17. 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 received a SRFU award in lieu (as shown in Table 3).

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 2024	Current Value of Unvested Awards ¹
John Graham ^{2,3} President & CEO	CAD	Deferred Award	2024	1,873,041		1,873,041
		Deferred Award	2023	1,807,932	650,735	1,301,470
		Deferred Award	2022	1,959,100	714,665	714,665
		Deferred Award	2021	1,187,157	462,688	
		FRU Grant	2024	1,000,000		420,000
		FRU Grant	2023	1,000,000		539,299
		FRU Grant	2022	700,000		789,753
		FRU Grant	2021	58,334		158,437
Kristina Fanjoy ^{4,5} Senior Managing Director & Chief Financial Officer	CAD	Deferred Award	2024	424,330		424,330
		Deferred Award	2023	341,150	122,791	245,582
		Deferred Award	2022	279,663	102,019	102,019
		Deferred Award	2021	231,576	90,255	
		FRU Grant	2024	100,000		42,000
		FRU Grant	2023	30,000		16,179
Maximilian Biagosch ^{6,7,8} Senior Managing Director, Global Head of Real Assets & Head of Europe	GBP	Deferred Award	2024	886,110		886,110
		Deferred Award	2023	906,827	326,397	652,795
		Deferred Award	2022	704,838	258,348	258,348
		Deferred Award	2021	525,350	204,752	
		SRFU Award	2022	200,000	78,105	
		FRU Grant	2024	165,000		69,300
		FRU Grant	2023	86,667		46,739
Edwin Cass ⁹ Senior Managing Director & Chief Investment Officer	CAD	Deferred Award	2024	1,214,672		1,214,672
		Deferred Award	2023	1,544,100	555,773	1,111,546
		Deferred Award	2022	1,547,700	564,589	564,589
		Deferred Award	2021	1,297,689	505,767	
		FRU Grant	2024	641,667		269,500
		FRU Grant	2023	500,000		269,649
		FRU Grant	2022	375,000		423,082
		FRU Grant	2021	300,000		814,811
Agus Tandiono ^{10,11,12} Senior Managing Director, Head of Asia Pacific & AE Asia	HKD	Deferred Award	2024	6,414,044		6,414,044
		Deferred Award	2023	8,914,758	3,208,719	6,417,437
		Deferred Award	2022	6,936,383	2,465,349	2,465,349
		Deferred Award	2021	6,904,470	2,690,977	
		SRFU Award	2022	3,600,000	1,431,141	
		FRU Grant	2024	2,000,000		840,000
		FRU Grant	2023	1,500,000		808,948
Suyi Kim ^{13,14} Senior Managing Director & Global Head of Private Equity	CAD	Deferred Award	2024	1,180,413		1,180,413
		Deferred Award	2023	1,378,036	496,017	992,034
		SRFU Award	2023	3,770,306	1,374,004	1,378,130
		FRU Grant	2024	200,000		84,000
		FRU Grant	2023	100,000		53,930

1. Current estimated value of unvested Awards is based on a Fund return of 0% for future years. For Deferred Awards 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 applied to the underlying notional investment at grant.
2. As President & CEO, Mr. Graham received a FRU award of C\$1,000,000 in fiscal 2024. Based on a valuation, the underlying notional investment of this award represents C\$5,263,158. All FRU awards vest over 5 years.
3. 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.
4. As SMD & CFO, Ms. Fanjoy received a FRU award of C\$100,000 in fiscal 2024. Based on a valuation, the underlying notional investment value of this award represents C\$526,316. All FRU awards vest over 5 years.
5. Ms. Fanjoy was appointed SMD & CFO on October 11, 2022. Her fiscal 2023 compensation was prorated to reflect time in both roles – MD, Head of Finance, and SMD & CFO.
6. Mr. Biagosch received a FRU award of £165,000 in fiscal 2024. Based on a valuation, the underlying notional investment value of this award represents £868,421. All FRU awards vest over 5 years.
7. Mr. Biagosch was appointed SMD, Head of Europe and Real Assets (RA) on February 21, 2023. His fiscal 2023 compensation was prorated to reflect time spent as MD, Head of DPE, and as SMD & Head of Europe and DPE.

8. Mr. Biagosch received a fiscal 2022 SRFU award of £200,000 as part of his appointment to the MD, Head of DPE role. This award vested 33.3% in fiscal 2022, 33.3% in fiscal 2023 and 33.4% in fiscal 2024.
9. As SMD & CIO, Mr. Cass received a FRU award of C\$641,667 in fiscal 2024. Based on a valuation, the underlying notional investments of this award represents C\$3,377,195. All FRU awards vest over 5 years.
10. Mr. Tandiono received a FRU award of HK\$2,000,000 in fiscal 2024. Based on a valuation, the underlying notional investment value of this award represents HK\$10,526,316. All FRU awards vest over 5 years.
11. Mr. Tandiono was appointed SMD & Head of Asia Pacific and Fundamental Equities Asia on December 6, 2021. His fiscal 2022 compensation was prorated to reflect time in both roles: MD, Head of Fundamental Equities Asia, and SMD, Head of Asia Pacific and Fundamental Equities Asia.
12. Mr. Tandiono received a fiscal 2022 SRFU award of HK\$3,600,000 during his time as MD, Head of FE Asia. This award vested 33% in fiscal 2022, 33% in fiscal 2023 and 34% in fiscal 2024.
13. Ms. Kim received a FRU award of C\$200,000 in fiscal 2024. Based on a valuation, the underlying notional investment value of this award represents C\$1,052,632. All FRU awards vest over 5 years.
14. 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 received a SRFU award in lieu as shown here.

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 once he has reached the combined threshold age of 55 and 10 years of service at CPP Investments. He must also provide 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 plus a prorated payment in lieu of the In-Year Incentive Award at target; and
- An amount equivalent to 21 months of salary plus an amount in lieu of an In-Year Incentive Award. We calculate this 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.

In the case of termination without cause, the CEO forfeits any deferred portion of the incentive awards, with the exception of voluntary deferrals, and any vested awards noted above. 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, with the exception of any voluntary deferrals.

Termination and retirement arrangements for the NEOs

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

- 12 months of base salary plus a prorated payment for the value of the In-Year Award at target of the respective fiscal year; and
- An additional month of salary and one-twelfth of the target In-Year Award for each year of service, 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.

In the event of Mr. Edwin Cass's resignation, he will receive a prorated payment of the Deferred Award that would have vested at the end of the fiscal year of his resignation. This provision is in consideration of his post-employment obligations. It is payable one year after resignation. He would forfeit all other incentives and benefits.

As with other employees, NEOs are entitled to retire from the organization once they have reached the combined threshold age of 55 and 10 years of service at CPP Investments. They must also provide advance written notice.

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 in place when they were working. All benefits stop on the date an employee retires.

Table 4 below shows the payments that would be made, as of March 31, 2024, to the NEOs if they retire or are terminated without cause.

Table 4: Potential Termination and Retirement Payments¹

Name	Currency	Completed Years of Service	Severance ²	Retirement Treatment of Unvested Awards ^{3,4}
John Graham President & CEO	CAD	16	6,210,782	5,862,989
Kristina Fanjoy Senior Managing Director & Chief Financial Officer	CAD	14	1,288,179	874,279
Maximilian Biagusch Senior Managing Director, Global Head of Real Assets & Head of Europe	GBP	9	1,912,289	2,009,139
Edwin Cass Senior Managing Director & Chief Investment Officer	CAD	16	4,483,128	4,818,442
Agus Tandiono Senior Managing Director, Head of Asia Pacific & AE Asia	HKD	10	20,597,073	17,782,348
Suyi Kim Senior Managing Director & Global Head of Private Equity	CAD	16	2,478,058	2,417,930

1. Excludes incentive compensation awards included in Table 2: Summary Total Compensation. Termination and retirement payments are estimated as of March 31, 2024. Actual payments are prorated based on time worked in the performance period.
2. Excludes the value of any deferred awards (including one-time 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.

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 and works to ensure the Board's effectiveness. In doing so, it considers 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. 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.

Fiscal 2024 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 includes supporting the Board in planning and implementing Chairperson succession. This year the Committee oversaw the successful completion of a comprehensive Chairperson succession and selection process, which led to the designation of Dean Connor as Chairperson (and his reappointment as a Director) in October 2023 following Heather Munroe-Blum's retirement from the Board, having served nine years effectively as Board Chairperson.

Our other Board renewal activities included undertaking in-depth searches for a candidate to succeed Heather Munroe-Blum as a Director, and for a candidate to succeed Tahira Hassan when she retires from the Board later this year. We have made a recommendation to CPP Investments' stewards for an individual to succeed Dr. Munroe-Blum as a Director, while the search for Ms. Hassan's successor remains in progress. Nadir Mohamed, formerly President & CEO of Rogers Communications, was appointed to the Board in October 2023. We also confirmed the reappointments of John Montalbano, Mary Phibbs and Boon Sim, as well as my own reappointment.

All appointment and reappointment recommendations, including those made by us in fiscal 2024, are based upon our stringent Director Appointment and Reappointment Process described on page 81. This includes taking into account the Board composition matrix set out on page 83 and the results of our established Board, committee and peer evaluation process, among other factors.

In fiscal 2024, the Committee undertook the biennial review of Directors' compensation, recommending changes effective April 1, 2024. As in past years, our aim was to ensure that the compensation framework remains competitive in the context of recruiting and retaining Directors in a competitive global talent market, while respecting CPP Investments' public purpose consistent with the compensation principles outlined on page 85.

The Committee also oversaw the succession planning for a new Conduct Review Advisor for CPP Investments.

In addition, the Governance Committee maintained its focus on ensuring an effective orientation program for new Directors, new Board and Committee Chairs, and continuing development and education for all Directors.

In fiscal 2024, we worked with management to develop ways for the Board of Directors to deepen our engagement with CPP contributors and beneficiaries, and to directly hear the types of issues and questions that are top of mind. We view the work of understanding the views and needs of Canadians as a critical part of our commitment to sound governance.



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, investment performance and associated risks, and the results of investment decisions;
- Reviews and approves the annual business plan and budget;
- Appoints and oversees succession planning for Senior Management positions;
- 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 this annual report; and
- Assesses the performance of the Board itself, including an annual Chairperson and Director peer review.

With a commitment to all appropriate accountability and transparency, 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 considerations or any other non-investment objectives.

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 2024: Investment Strategy, Audit, Risk, Human Resources and Compensation, and Governance. Membership is shown in the Board Attendance chart on page 86.

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 as well as the framework for engaging 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 internal audit function and external auditor, including appointing the internal auditor and recommending the external auditor for appointment by the Board. The Audit Committee regularly meets separately with each of the external and internal auditors, as well as with the Chief Financial Officer, without other members of Management present.

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 fiscal 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 next special examination will take place in 2028.

The focus of the Risk Committee is on risk governance and overseeing risk management. It reviews and recommends the Risk Policy and considers any exceptions to the Risk Policy. In addition, the Committee monitors CPP Investments' risk profile against its risk appetite. It also reviews key existing and emerging risks to which CPP Investments is exposed. The Risk Committee regularly meets separately with the Chief Risk Officer without other members of Management present. For more details about CPP Investments' risk governance practices, see page 22.

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 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 standing committee has sessions without members of Management present. In addition, the Board generally meets alone with the CEO at regularly scheduled Board meetings.

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.

To maintain public trust in CPP Investments, management is expected to operate the organization in a transparent and open way. This includes the use of various communications channels to provide clear and timely information about investment activities and financial results to demonstrate how CPP Investments helps both support the sustainability of the CPP and provide a stable retirement base for current and future CPP beneficiaries. Management is expected to disclose material information and activities to the Board and public on a timely basis.

Ensuring Board effectiveness

Managing prudent Board renewal and Board leadership renewal

The CPPIB Act provides that each Director be appointed for a term of up to three years and may be reappointed for one or more additional terms. The federal and participating provincial finance ministers have agreed that CPP Investments Directors are generally limited to a maximum of three three-year terms, with the Chairperson able to serve a fourth term. The Board seeks to work closely with the federal-provincial Nominating Committee in prudently managing continuity and renewal, seeking to ensure that multiple tenured Directors remain on the Board as other Directors complete their terms and new Directors join.

In October 2023, Dean Connor succeeded Heather Munroe-Blum as Chairperson after Dr. Munroe-Blum completed her final term as Chairperson and Director, having served more than 12 years on the Board, nine of those as Chairperson. Mr. Connor was designated Chairperson following a thorough succession process. This included the creation of an ad hoc committee of the Board to review desired Chairperson competencies and undertake in-depth discussions with individual Directors. This work resulted in the recommendation to the federal Minister of Finance that Mr. Connor be designated as the next CPP Investments Chairperson. Prior to her retirement Dr. Munroe-Blum worked with Mr. Connor to ensure a smooth transition of the Board leadership role, and the full Board has supported Mr. Connor's integration and orientation as Chairperson.

In fiscal 2024, Nadir Mohamed joined the Board, replacing Kathleen Taylor who retired March 31, 2023 after serving a full three-term mandate as a Director. Each of Ashleigh Everett, John Montalbano and Mary Phibbs was reappointed for a third term on the Board, and Boon Sim was reappointed for a second term on the Board.

This year, the Board recommended a candidate to succeed Dr. Munroe-Blum as a Director. This appointment has not yet been completed. A search is in process to recommend a candidate to succeed Tahira Hassan, whose final term on the Board ends in May 2024.

Board appointment and reappointment process

The Director appointment and reappointment process is designed to ensure an independent, qualified Board of Directors that provides effective oversight to CPP Investments, including having a sufficient number of Directors 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 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 the next page. 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 Diversity and Inclusion section on page 87, 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 and Chairperson reappointments, the Governance Committee considers the results of the annual evaluations of the relevant individual and their performance on the Board. It also considers the ongoing fulfilment of attributes considered to be essential, 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 Minister of Finance. 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 up to their top five key areas of experience, recognizing that they may 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, 2024, are set out in the following table. Director biographies on pages 89 and 90 provide additional details of each Director's background and professional experience in support of these areas.

Board composition matrix

	Judith Athaide	Sylvia Chrominska	Dean Connor	Mark Evans	Ashleigh Everett	Talita Hassan	Nadir Mohamed	John Montranco	Mary Phibbs	Bon Sim	Barry Perry	Mark Phillips	Strategy
Skills and Experience ¹													
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	61	72	67	66	67	70	67	59	59	66	61		
Years on Board ²	1	5	2	4	7	9	<1	7	2	6	3		
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, 2024.
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 on the background, history and mandate of CPP Investments as well as its strategy, business planning process, portfolio construction and management approaches, 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. Feedback is sought from each new Director on the orientation program for continuous improvement purposes.

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. Ongoing presentations for Directors focus on our business as well as current and emerging global issues, which feature both internal and external speakers. Directors identify continuing development topics in several ways, including during Board and Committee

meetings, in the annual evaluation process described on page 84, and through regular feedback to the Chairperson. In fiscal 2024, the topics for these development sessions included generative artificial intelligence, use of leverage, stakeholder communications, resilience amidst disruption, cyber security, talent management and sustainability-related risks and opportunities.

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. In fiscal 2024, the Board held a meeting in London, United Kingdom, where it met with CPP Investments' colleagues, partners and other key contacts in the United Kingdom and European Union. These meetings deepen the Board's understanding of regional themes and challenges relevant to CPP Investments' strategic aims in the competitive, dynamic markets in which we invest.

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

Strategy

Management's Discussion and Analysis

Compensation Discussion and Analysis

Governance

Consolidated Financial Statements and Notes

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 a summary of the evaluations which provides a basis for continuous improvement plans.

The Chairperson leads the confidential annual peer review. This is designed to assist each Director in identifying 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. The external Nominating Committee uses this information when considering the potential reappointment of CPP Investments Directors and the Chairperson as each of their current terms nears completion.

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 every two years. Any changes are recommended to the Board for approval.

The Committee conducted a scheduled review of Directors' compensation with the assistance of an external advisor in the first half of this fiscal year. Based on director compensation benchmarking results, the Board approved increases in annual retainers for Directors as well as the Chairperson effective April 1, 2024. The Board's objective was to ensure CPP Investments remains competitive in recruiting and retaining outstanding directors to meet its statutory objectives, while taking into account the organization's public mandate.

The following table reflects changes to Directors' compensation which became effective April 1, 2024.

Directors' compensation for fiscal 2024 and fiscal 2025

	Fiscal 2024 (CAD\$)	Fiscal 2025 (CAD\$)
Annual Retainers		
Chairperson ¹	290,000	305,000
Director	100,000	115,000
Committee Chair, additional retainer	25,000	25,000
Meeting Fees		
Full meeting fee ²	2,000	2,000
Partial meeting fee ³	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

- In the case of the Board Chairperson, compensation is a flat annual fee, recognizing the difference in the role of the Board Chairperson versus individual Directors. The Board Chairperson is, however, 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.
- 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.
- 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 global 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 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) global 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 2024.

Board and committee meetings

There were seven regularly scheduled Board meetings in fiscal 2024, four of which were held in-person. The Board is of the view that its current mix of in-person and virtual Board meetings effectively balances the benefits of coming together regularly in-person while maintaining the flexibility and efficiency of virtual meetings.

In addition, there were four regularly scheduled Audit Committee meetings, four regularly scheduled Human Resources and Compensation Committee meetings, four regularly scheduled Governance Committee meetings, four regularly scheduled Risk Committee meetings, and six regularly scheduled Investment Strategy Committee meetings.

The table below shows the number of meetings that each Director attended in fiscal 2024 relative to the number of meetings he or she could have attended.

Board and committee meetings and attendance

Director	Board Meeting	Investment Strategy Committee	Audit Committee	Governance Committee	HRCC	Risk Committee
Heather Munroe-Blum ¹	4 / 4	3 / 3	2 / 2	2 / 2	4 / 4	2 / 2
Judith Athaide ²	7 / 7	6 / 6	1 / 1	4 / 4	–	4 / 4
Sylvia Chrominska	7 / 7	6 / 6	–	–	6 / 6	4 / 4
Dean Connor ³	7 / 7	6 / 6	2 / 2	4 / 4	3 / 3	4 / 4
Mark Evans	6 / 7	6 / 6	–	–	6 / 6	4 / 4
Ashleigh Everett	7 / 7	6 / 6	–	4 / 4	–	–
Tahira Hassan	7 / 7	6 / 6	4 / 4	4 / 4	–	–
John Montalbano ⁴	7 / 7	6 / 6	4 / 4	–	–	4 / 4
Barry Perry ⁵	7 / 7	6 / 6	4 / 4	2 / 2	6 / 6	–
Mary Phibbs ⁶	7 / 7	6 / 6	4 / 4	–	–	4 / 4
Boon Sim	7 / 7	6 / 6	4 / 4	–	6 / 6	–
Nadir Mohamed ⁷	2 / 3	2 / 2	–	1 / 1	1 / 1	–

1. Ceased to be a director and Chairperson effective October 27, 2023.

2. Attended Audit Committee by invitation.

3. Appointed Chairperson effective October 27, 2023. Ceased to be a member of the Governance Committee and Risk Committee effective October 27, 2023. Became ex officio member of the Audit Committee, Governance Committee, HRCC and Risk Committee effective October 27, 2023.

4. Ex officio member of the Risk Committee.

5. Attended Governance Committee by invitation.

6. Ex officio member of the Audit Committee.

7. Became a director effective October 6, 2023. Appointed to the Investment Strategy Committee, Human Resources and Compensation Committee and Governance Committee effective February 13, 2024.

The ad hoc Director search committee formed in fiscal 2023 to consider potential candidates and recommend a preferred candidate to the Governance Committee and the Board to succeed Heather Munroe-Blum as a Director, continued to meet in fiscal 2024. This ad hoc Director search committee also had added to its mandate in fiscal 2024 the consideration of potential

candidates and recommendation of a preferred candidate to the Governance Committee and the Board to succeed Tahira Hassan. Membership of the committee consisted of Sylvia Chrominska, Dean Connor, Ashleigh Everett (Chair), Tahira Hassan and Heather Munroe-Blum (until her retirement in October 2023).

Directors' compensation for fiscal 2024

Based on the fee schedule in effect for fiscal 2024 and Directors' attendance, individual compensation for each Director for fiscal 2024 was as follows:

Director	Annual Retainer (\$)	Board and Committee Meeting Fees (\$)	Public Meeting Fees (\$)	Travel Fees (\$)	Total Remuneration (\$)
Heather Munroe-Blum	179,517	6,000	—	3,000	188,517
Judith Athaide ¹	100,000	46,000	—	5,000	151,000
Sylvia Chrominska	125,000	55,000	—	4,000	184,000
Dean Connor	192,474	36,000	—	2,000	230,474
Mark Evans	140,000	42,000	—	4,000	186,000
Ashleigh Everett	125,000	43,000	—	5,000	173,000
Tahira Hassan	100,000	48,000	—	2,000	150,000
John Montalbano ²	125,000	40,000	—	5,000	170,000
Barry Perry ³	100,000	50,000	—	5,000	155,000
Mary Phibbs ⁴	165,000	40,000	—	6,000	211,000
Boon Sim	140,000	47,000	—	8,000	195,000
Nadir Mohamed ⁵	48,656	12,000	—	—	60,656

1. Attended Audit Committee by invitation.
2. Ex officio member of the Risk Committee.
3. Attended Governance Committee by invitation.
4. Ex officio member of the Audit Committee.
5. Became a director effective October 6, 2023. Appointed to the Investment Strategy Committee, Human Resources and Compensation Committee and Governance Committee effective February 13, 2024.

Diversity and inclusion

Board of Directors

CPP Investments believes that diversity, including gender diversity, is crucial to promoting the inclusion of different perspectives and contributing to Board effectiveness. 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-identify as women and at least 40% are persons who self-identify as men. Currently, five of 11 CPP Investments Directors (45%) identify as women.

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, four of 11 Directors (36%) 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.

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 27, 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.

Currently 6 of 16 (38%) Senior Management Team members identify as women. CPP Investments is committed to ensuring that at least 30% of senior management positions are held by women. Currently 4 of 16 (25%) of Senior Management Team members identify as members of visible minorities. 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 of any entertainment, gifts or favour. 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 with 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 Biographies

as at March 31, 2024

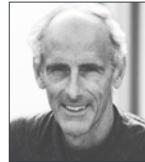


DEAN CONNOR, CHAIRPERSON^{1,2*,3*,4*,5*}

Corporate Director, Toronto, Ontario
Director since August 2021.
Chairperson, Board of Directors.
Chair, Investment Strategy Committee.

Board Chair for 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 Business School, University of Western Ontario.

More than four decades of global experience in financial services.



WILLIAM 'MARK' EVANS^{1,4,5}

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

Works with early-stage technology entrepreneurs in the U.K., Europe, and North America. He has degrees in Economics from Queen's University and the University of Oxford.



JUDITH ATHAIDE^{1,3}

Corporate Executive, Corporate Director,
Calgary, Alberta
Director since November 2022.

Director of Kiwetinohk Energy and CEO of The Cogent Group Inc. She has held academic positions at the Universities of Alberta, Brandon, Calgary and Mount Royal. University of Manitoba B. Comm (Honours), University of Alberta Master of Business Administration and Bachelor of Science in Mechanical Engineering.

Experience in the energy sector, as a professional engineer and entrepreneur.



ASHLEIGH EVERETT^{1,3}

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

Director of The Wawanesa Mutual Insurance Company. Former Director of The Bank of Nova Scotia and Manitoba Telecom Services, President & Director of Royal Canadian Securities Limited, subsidiaries Royal Canadian Properties Limited, Domo Corporation Ltd., and L'Eau-1 Inc. Masters of Business Administration, Ivey Business School, University of Western Ontario.

Extensive board experience in the public finance, insurance, and telecom sectors and more than 35 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.
Chair, Human Resources
and Compensation Committee**

Director 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 Honorary 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^{1,2,3}

Corporate Director, Toronto, Ontario
Director since February 2015.

Served as Non-executive Director of Brambles Limited, Ontario Shores Centre for Mental Health Sciences, Recall Holdings Limited, Dreyer's Grand Ice Cream Holdings Inc., Dairy Partners America and several other international management and association boards. Retired Senior Vice-President at Nestlé SA. Chartered Professional Accountant & 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.

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** Sylvia Chrominska served as Chair of the Human Resources and Compensation Committee (HRCC) until March 31, 2024. Barry Perry began serving as Chair of the HRCC on April 1, 2024.

**NADIR MOHAMED^{1,3,4}**

Corporate Director, Toronto, Ontario
Director since October 2023.

Chair of Alignvest Management Corp. and DMZ Ventures and serves on the board of Cineplex Inc. Retired President and Chief Executive Officer of Rogers Communications Inc. Holds a BCom from the University of British Columbia and is a Fellow Chartered Accountant. Named a Member of the Order of Canada in 2019.

Over 30 years of extensive business leadership experience, expertise in stakeholder management, enterprise risk management, cultivating talent, and corporate governance.

**MARY PHIBBS^{1,2*,5}**

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

Senior Independent Director & Audit Chair of Just Group plc., 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. Bachelor of Science Honours 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.

**JOHN MONTALBANO, CFA^{1,2,5*}**

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

Director of AbCellera Biologics, Aritzia Inc., Eupraxia Pharmaceuticals, Gairdner Foundation, Rideau Hall Foundation and Windmill Microlending. Former roles: 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 BCom (Hons).

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

**BOON SIM^{1,2,4}**

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

Managing Partner of Artius Capital Partners. Former Director of WorldPay Inc. and former executive at Temasek International, Credit Suisse Group and The First Boston Corporation. 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.

**BARRY PERRY^{1,2,4}**

Corporate Director, Newfoundland & Labrador
Director since August 2021.

Director of Royal Bank of Canada and director and Chair of the Audit Committee of Capital Power Corporation. 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 and manufacturing sector.

Committee membership as of March 31, 2024:

- 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.



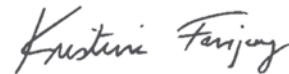
John Graham
President & Chief Executive Officer

Toronto, Ontario
May 15, 2024

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, 2024 as part of our CEO/CFO certification process as described on page 66 of Management's Discussion and Analysis in the 2024 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. 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.



Kristina Fanjoy, CPA, CA
Senior Managing Director & Chief Financial Officer

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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 15, 2024

The investments of CPP Investments, held during the year ended March 31, 2024, 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, 2024, and the consolidated statements of comprehensive income (loss), changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information (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, 2024, 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, 2024, 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 15, 2024, 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.

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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 and its subsidiaries that have come to our attention during our audit of the financial statements have been, in all material respects, 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 15, 2024

Consolidated Financial Statements and Notes

Consolidated Balance Sheet

(CAD millions)	As at March 31, 2024	As at March 31, 2023 ¹
Assets		
Cash and cash equivalents	\$ 9,631	\$ 11,716
Investments (Note 3)	800,075	691,005
Pending trades receivable (Note 3)	4,601	2,945
Premises and equipment	679	527
Other assets	95	93
Total assets	815,081	706,286
Liabilities		
Investment liabilities (Note 3)	170,648	133,583
Pending trades payable (Note 3)	10,832	1,599
Accounts payable and accrued liabilities	1,234	1,062
Total liabilities	182,714	136,244
Net assets	\$ 632,367	\$ 570,042
Net assets, represented by:		
Share capital	\$ -	\$ -
Accumulated net income and comprehensive income	432,353	385,911
Accumulated net transfers from the Canada Pension Plan	200,014	184,131
Net assets	\$ 632,367	\$ 570,042

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.

On behalf of the Board of Directors

Dean Connor
Chairperson

John Montalbano
Chair of the Audit Committee

Consolidated Statement of Comprehensive Income (Loss)

(CAD millions)	For the years ended March 31,	
	2024	2023 ¹
Income:		
Interest income	\$ 7,793	\$ 4,605
Dividend income	9,064	7,104
Net (losses) on private investments (Note 1.7)	(4,511)	(11,620)
Net gains (losses) on public investments (Note 1.7)	22,670	(6,001)
Net gains on investment holding subsidiaries (Note 5)	19,986	17,155
Other	(203)	706
	54,799	11,949
Expenses:		
Personnel	1,087	1,038
General and administrative (Note 13)	530	502
Management fees	16	19
Performance fees	62	71
Transaction-related	248	295
Taxes	487	46
Financing	5,927	2,147
	8,357	4,118
Net income and comprehensive income	\$ 46,442	\$ 7,831

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 and comprehensive income	Total net assets
As at April 1, 2022	10	\$ –	\$ 161,231	\$ 378,080	\$ 539,311
Total net income and comprehensive income		–	–	7,831	7,831
Canada Pension Plan transfers:					
Transfers from the Canada Pension Plan		–	66,598	–	66,598
Transfers to the Canada Pension Plan		–	(43,698)	–	(43,698)
As at March 31, 2023	10	\$ –	\$ 184,131	\$ 385,911	\$ 570,042
As at April 1, 2023	10	\$ –	\$ 184,131	\$ 385,911	\$ 570,042
Total net income and comprehensive income		–	–	46,442	46,442
Canada Pension Plan transfers:					
Transfers from the Canada Pension Plan		–	65,595	–	65,595
Transfers to the Canada Pension Plan		–	(49,712)	–	(49,712)
As at March 31, 2024	10	\$ –	\$ 200,014	\$ 432,353	\$ 632,367

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,	
	2024	2023 ¹
Cash flows from operating activities		
Net income and comprehensive income	\$ 46,442	\$ 7,831
Adjustments for non-cash items:		
Amortization of premises and equipment	76	72
Losses (gains) on debt financing liabilities (Note 11)	822	(853)
Losses (gains) from foreign exchange on cash and cash equivalents	127	(727)
Adjustments for net changes in operating assets and liabilities:		
(Increase) in investments	(109,070)	(25,129)
(Increase) decrease in pending trades receivable	(1,656)	5,019
(Increase) in other assets	(2)	(5)
Increase in investment liabilities	22,623	1,944
Increase (decrease) in pending trades payable	9,233	(22,569)
Increase in accounts payable and accrued liabilities	172	170
Net cash flows (used in) operating activities	(31,233)	(34,247)
Cash flows from financing activities		
Transfers from the Canada Pension Plan	65,595	66,598
Transfers to the Canada Pension Plan	(49,712)	(43,698)
Proceeds from debt financing liabilities (Note 11)	24,166	13,671
Repayment of debt financing liabilities (Note 11)	(10,546)	(4,724)
Net cash flows provided by financing activities	29,503	31,847
Cash flows from investing activities		
Acquisition of premises and equipment	(228)	(152)
Net cash flows (used in) investing activities	(228)	(152)
Effect of exchange rate changes on cash and cash equivalents	(127)	727
Net (decrease) in cash and cash equivalents	(2,085)	(1,825)
Cash and cash equivalents at the beginning of the year	11,716	13,541
Cash and cash equivalents at the end of the year	\$ 9,631	\$ 11,716

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 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, 2024	As at March 31, 2023 ²
Equities		
Public equities	\$ 214,073	\$ 158,229
Private equities	208,549	195,296
Total equities	422,622	353,525
Debt		
Bonds	165,258	129,135
Other debt	49,157	46,335
Money market securities	7,710	2,581
Total debt	222,125	178,051
Investment funds	141,968	134,914
Investment receivables and Other		
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	12,143	23,549
Derivative assets	2,962	2,862
Other	4,909	4,926
Total investment receivables and Other	20,014	31,337
Total investments¹	\$ 806,729	\$ 697,827
Investment liabilities		
Debt financing liabilities	73,122	59,362
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	72,141	54,515
Securities sold short	26,229	22,065
Derivative liabilities	3,647	2,710
Other	2,846	3,411
Total investment liabilities¹	177,985	142,063
Cash and cash equivalents¹	\$ 10,426	\$ 12,878
Pending trades receivable ¹	4,840	3,526
Pending trades payable ¹	11,411	1,872
Net investments	\$ 632,599	\$ 570,296

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 \$6,654 million (March 31, 2023 – \$6,822 million), \$7,337 million (March 31, 2023 – \$8,480 million), \$795 million (March 31, 2023 – \$1,162 million), \$239 million (March 31, 2023 – \$581 million) and \$579 million (March 31, 2023 – \$273 million) as compared to Investments, Investment liabilities, Cash and cash equivalents, 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.

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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 issued to the Minister of Finance and held on behalf of His Majesty in right of Canada (Government 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 accompanying 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 the Government 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 15, 2024.

1. Summary of material accounting policies

AT A GLANCE

This Note describes material 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, there is one investor (more specifically, CPP Investments invests 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, debt, investment funds, securities purchased under reverse repurchase agreements, derivatives and other investment receivables. Financial assets carried at amortized cost include cash and cash equivalents, pending trades receivable, cash collateral pledged on securities borrowed 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 held for trading and classified at FVTPL include derivative liabilities and securities sold short. Financial liabilities designated at FVTPL include debt financing liabilities, securities and loans sold under repurchase agreements and other investment liabilities. Financial liabilities at amortized cost include pending trades payable, cash collateral received on securities lent 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. Financial assets and liabilities are recognized on a trade or settlement date basis depending on whether there is a time frame established by regulation or market convention for delivery of those assets and liabilities.

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 (Loss).

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 (Loss).

1.7 Income

Interest

Interest income is recognized as earned and includes interest on bonds, other debt, money market securities and securities purchased under reverse repurchase agreements. Interest income also includes income received by CPP Investments from its investment holding subsidiaries.

Dividends

Dividend income includes income received from public investments. Dividend income from public investments is recognized on the ex-dividend date, which is when CPP Investments' right to receive the dividend has been established. Distributions received from investment funds and other private investments are recorded on the settlement date as either dividends, interest, gains or a return of capital. Dividend income also includes income received by CPP Investments from its investment holding subsidiaries.

Net gains (losses) on private investments and net gains (losses) on public investments

Net gains (losses) on private investments are composed of realized and unrealized gains (losses) from private equities, debt, debt securities sold short, investment receivables and investment liabilities excluding debt financing liabilities and exchange-traded derivatives. Net gains (losses) on public investments are composed of realized and unrealized gains (losses) from public equities, exchange-traded derivatives and public equities sold short. Interest and dividend expenses on bond and equity securities sold short are included in net gains (losses) on private and public investments, respectively.

Net gains (losses) on investment holding subsidiaries

Net gains (losses) on investment holding subsidiaries are composed of realized and unrealized gains (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 professional services, technology, data, 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 incurs indirect taxes. Taxes in the Consolidated Statement of Comprehensive Income (Loss) 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 (Loss) in the same period as the related income or gain. Deferred tax on capital gains generated on assets held directly by CPP Investments is recognized as a liability in the Consolidated Balance Sheet within Investment Liabilities, based on the expected future payment when CPP Investments is in a gain position in the applicable market. Where the gains are generated by investment holding subsidiaries, the liabilities are netted within net asset values of the respective subsidiaries. Changes in deferred tax liabilities in the year are recorded as an expense or recovery within Taxes or Net gains (losses) on investment holding subsidiaries in the Consolidated Statement of Comprehensive Income (Loss).

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 and securities lending and borrowing transactions. Gains and losses associated with debt financing liabilities and 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 update on interest rate benchmark reform

In May 2022, Refinitiv Benchmark Services (UK) Limited, the administrator of the Canadian Dollar Offered Rate (CDOR), published a CDOR cessation notice stating that the publication of all tenors of CDOR will cease in June 2024. As at March 31, 2024, CPP Investments and its investment holding subsidiaries' exposure to financial instruments subject to CDOR reform that have yet to transition to alternative benchmark interest rates with a maturity date beyond June 28, 2024 was \$3 billion in derivative contracts.

1.10 Future changes in accounting policies

CPP Investments regularly assesses 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. There were no adoptions of newly issued IFRS standards, changes in existing standards or new interpretations during the year ended March 31, 2024 that had a material impact on the Consolidated Financial Statements.

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements* (IFRS 18). IFRS 18 replaces IAS 1 *Presentation of Financial Statements* and sets out requirements for the presentation and disclosure of information in the primary financial statements and notes. The standard applies to annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively, with early adoption permitted. CPP Investments is currently assessing the impact of the new standard.

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 term deposits, commercial paper, bank accepted bills, deposit notes and treasury bills, all of which have a maturity date of 90 days or less from the acquisition date.

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 assets.

2.2 Equities

Private equities

Private equities are composed of ownership in private companies. Private equity investments are generally made directly or through a co-investment structure.

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 inputs such as earnings before interest, taxes, depreciation and amortization (EBITDA), earnings multiples of comparable publicly traded companies, projected cash flows, discount rates using current market yields of instruments with similar characteristics, net operating income, discount and terminal capitalization rates. Recent market transactions, where available, are also used.

Public equities

Public equities are composed of direct investments in securities and exchange traded funds listed on public stock exchanges. Public equities include dividends receivable by CPP Investments. Fair value for publicly traded equities is based on quoted market prices.

2.3 Debt

Bonds

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, fair value is based on quoted prices.

Other debt

Other debt is composed of direct private debt, asset-backed securities, certain preferred shares and royalty-related income streams.

Fair value is based on quoted market prices, broker quotes or recent market transactions, if available. Where the quoted market price is not available, fair value is primarily 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.

Money market securities

Money market securities include term deposits, commercial paper, bank accepted bills, deposit notes and treasury bills, all of which have a maturity date of over 90 days from the acquisition date.

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 assets.

2.4 Investment funds

Investment funds include investments in externally managed hedge, private equity and private debt funds.

Fair value for fund investments is generally based on the net asset value as reported by the external administrators or managers of the funds.

2.5 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.

2.6 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.

2.7 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 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.

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.

2.8 Debt financing liabilities

Debt financing liabilities consist of commercial paper payable, term debt, cash advances from prime brokers and loans to provide CPP Investments with funding. Commercial paper payable and cash advances from prime brokers 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.

2.9 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. 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.

2.10 Other investment receivables and liabilities

Other investment receivables include cash pledged as collateral on derivative transactions, deferred or contingent consideration receivable and investment property. Investment property is property directly held by CPP Investments and its investment holding subsidiaries for capital appreciation or to earn rental income, or both. Other investment liabilities include deferred taxes, cash held as collateral on derivative transactions, deferred or contingent consideration payable and investment-related expense payables. Fair value of Other investment receivables and liabilities is based on the discounted cash flows method or cost with accrued interest, where this approximates fair value.

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, 2024				
	Level 1	Level 2	Level 3	Total	
Equities					
Public equities	\$ 202,580	\$ 207	\$ -	\$ 202,787	
Private equities	-	4,247	19,699	23,946	
Total equities	202,580	4,454	19,699	226,733	
Debt					
Bonds	120,720	40,698	-	161,418	
Other debt	-	-	10,211	10,211	
Money market securities	-	7,710	-	7,710	
Total debt	120,720	48,408	10,211	179,339	
Investment funds					
	-	25,583	633	26,216	
Investment receivables and Other					
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	-	11,976	-	11,976	
Derivative assets	3	2,954	-	2,957	
Other ¹	-	1,925	-	1,925	
Total investment receivables and Other	3	16,855	-	16,858	
Investments in investment holding subsidiaries (Note 3.2)				350,929	350,929
Total investments	\$ 323,303	\$ 95,300	\$ 381,472	\$ 800,075	
Investment liabilities					
Debt financing liabilities	67,471	427	-	67,898	
Securities sold under repurchase agreements and cash collateral received on securities lent	-	71,911	-	71,911	
Securities sold short	26,229	-	-	26,229	
Derivative liabilities	79	3,568	-	3,647	
Other ¹	-	612	351	963	
Total investment liabilities	93,779	76,518	351	170,648	
Cash and cash equivalents^{2,3}	\$ -	\$ 9,403	\$ -	\$ 9,403	
Pending trades receivable ²	-	4,601	-	4,601	
Pending trades payable ²	-	10,832	-	10,832	
Net investments	\$ 229,524	\$ 21,954	\$ 381,121	\$ 632,599	

(CAD millions)	As at March 31, 2023 ⁴				
	Level 1	Level 2	Level 3	Total	
Equities					
Public equities	\$ 146,740	\$ -	\$ -	\$ 146,740	
Private equities	–	3,910	23,084	26,994	
Total equities	146,740	3,910	23,084	173,734	
Debt					
Bonds	87,102	38,365	–	125,467	
Other debt	–	343	9,837	10,180	
Money market securities	–	2,581	–	2,581	
Total debt	87,102	41,289	9,837	138,228	
Investment funds	–	21,477	2,804	24,281	
Investment receivables and Other					
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	–	23,417	–	23,417	
Derivative assets	–	2,839	–	2,839	
Other ¹	–	1,643	–	1,643	
Total investment receivables and Other	–	27,899	–	27,899	
Investments in investment holding subsidiaries (Note 3.2)	–	–	326,863	326,863	
Total investments	\$ 233,842	\$ 94,575	\$ 362,588	\$ 691,005	
Investment liabilities					
Debt financing liabilities	53,027	429	–	53,456	
Securities sold under repurchase agreements and cash collateral received on securities lent	–	54,303	–	54,303	
Securities sold short	22,065	–	–	22,065	
Derivative liabilities	41	2,669	–	2,710	
Other ¹	–	933	116	1,049	
Total investment liabilities	75,133	58,334	116	133,583	
Cash and cash equivalents^{2,3}	\$ –	\$ 11,528	\$ –	\$ 11,528	
Pending trades receivable ²	–	2,945	–	2,945	
Pending trades payable ²	–	1,599	–	1,599	
Net investments	\$ 158,709	\$ 49,115	\$ 362,472	\$ 570,296	

1. Included in Other investment receivables is cash pledged as collateral on derivative transactions of \$1,850 million (March 31, 2023 – \$1,426 million). Included in Other investment liabilities is cash held as collateral of \$469 million (March 31, 2023 – \$777 million) on derivative transactions.

2. Cash and cash equivalents, Pending trades receivable and Pending trades payable are measured at amortized cost as it approximates fair value.

3. Consists of cash and cash equivalents used for investment purposes. In contrast, the Consolidated Balance Sheet presents cash and cash equivalents used for both investment purposes and operating purposes. This results in a difference of \$228 million (March 31, 2023 – \$188 million) as compared to Cash and cash equivalents as presented in the Consolidated Balance Sheet.

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.

(CAD millions)	As at March 31, 2024				
	Level 1	Level 2	Level 3	Total	
Equities					
Public equities	\$ 11,286	\$ -	\$ -	\$ 11,286	
Private equities	–	9,944	174,659	184,603	
Total equities	11,286	9,944	174,659	195,889	
Debt					
Bonds	–	3,771	69	3,840	
Other debt	–	5,147	33,799	38,946	
Total debt	–	8,918	33,868	42,786	
Investment funds	–	29,411	86,341	115,752	
Investment receivables and Other					
Securities purchased under reverse repurchase agreements	–	167	–	167	
Derivative assets	–	5	–	5	
Other ¹	–	61	2,923	2,984	
Total investment receivables and Other	–	233	2,923	3,156	
Total investments held by investment holding subsidiaries	\$ 11,286	\$ 48,506	\$ 297,791	\$ 357,583	
Investment liabilities					
Debt financing liabilities	–	5,173	51	5,224	
Loans sold under repurchase agreements	–	230	–	230	
Other ¹	–	391	1,492	1,883	
Total investment liabilities held by investment holding subsidiaries	–	5,794	1,543	7,337	
Cash and cash equivalents²	\$ –	\$ 1,023	\$ –	\$ 1,023	
Pending trades receivable ²	–	239	–	239	
Pending trades payable ²	–	579	–	579	
Investments in investment holding subsidiaries	\$ 11,286	\$ 43,395	\$ 296,248	\$ 350,929	

(CAD millions)	As at March 31, 2023 ³				
	Level 1	Level 2	Level 3	Total	
Equities					
Public equities	\$ 11,489	\$ -	\$ -	\$ 11,489	
Private equities	–	3,842	164,460	168,302	
Total equities	11,489	3,842	164,460	179,791	
Debt					
Bonds	–	3,411	257	3,668	
Other debt	–	5,598	30,557	36,155	
Total debt	–	9,009	30,814	39,823	
Investment funds	–	22,802	87,831	110,633	
Investment receivables and Other					
Securities purchased under reverse repurchase agreements	–	132	–	132	
Derivative assets	–	23	–	23	
Other ¹	–	66	3,217	3,283	
Total investment receivables and Other	–	221	3,217	3,438	
Total investments held by investment holding subsidiaries	\$ 11,489	\$ 35,874	\$ 286,322	\$ 333,685	
Investment liabilities					
Debt financing liabilities	–	5,846	60	5,906	
Loans sold under repurchase agreements	–	212	–	212	
Other ¹	–	430	1,932	2,362	
Total investment liabilities held by investment holding subsidiaries	–	6,488	1,992	8,480	
Cash and cash equivalents²	\$ –	\$ 1,350	\$ –	\$ 1,350	
Pending trades receivable ²	–	581	–	581	
Pending trades payable ²	–	273	–	273	
Investments in investment holding subsidiaries	\$ 11,489	\$ 31,044	\$ 284,330	\$ 326,863	

- Included in Other investment receivables and Other investment liabilities is investment property of \$2,916 million (March 31, 2023 – \$3,174 million) and deferred tax liabilities of \$1,446 million (March 31, 2023 – \$1,714 million) on investments, respectively.
- Cash and cash equivalents, Pending trades receivable and Pending trades payable are recorded at amortized cost, as it approximates fair value.
- 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, 2024, there were no transfers from Level 1 to Level 2 of investments or investment liabilities held directly by CPP Investments (during the year ended March 31, 2023 – nil). During the year ended March 31, 2024, there were

no transfers from Level 2 to Level 1 of investments or investment liabilities held directly by CPP Investments (during the year ended March 31, 2023 – \$240 million and nil, respectively). Transfers between Level 1 and Level 2 are driven by 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 table presents the reconciliations for investments held directly by CPP Investments included in Level 3 of the fair value hierarchy:

	For the year ended March 31, 2024										
(CAD millions)	Fair value as at April 1, 2023	Gain (loss) included in net income (loss)	Purchases	Sales ²	Transfers into Level 3	Transfers out of Level 3	Fair value as at March 31, 2024	Change in unrealized gains (losses) on investments still held at March 31, 2024 ³			
Equities											
Private equities	\$ 23,084	\$ (1,082)	\$ 694	\$ (3,258)	\$ 364	\$ (103)	\$ 19,699	\$ (2,480)			
Debt											
Other debt	9,837	(20)	7,597	(7,203)	—	—	10,211	79			
Investment funds	2,804	286	16	(2,473)	—	—	633	(576)			
Investment receivables and Other											
Other	—	—	—	—	—	—	—	—			
Investments in investment holding subsidiaries¹	326,863	24,952	5,998	(6,884)	—	—	350,929	19,986			
Total investments	\$ 362,588	\$ 24,136	\$ 14,305	\$ (19,818)	\$ 364	\$ (103)	\$ 381,472	\$ 17,009			
Investment liabilities											
Other	116	247	—	(12)	—	—	351	247			
Net investments	\$ 362,472	\$ 23,889	\$ 14,305	\$ (19,806)	\$ 364	\$ (103)	\$ 381,121	\$ 16,762			

	For the year ended March 31, 2023 ⁴										
(CAD millions)	Fair value as at April 1, 2022	Gain (loss) included in net income (loss)	Purchases	Sales ²	Transfers into Level 3	Transfers out of Level 3	Fair value as at March 31, 2023	Change in unrealized gains (losses) on investments still held at March 31, 2023 ³			
Equities											
Private equities	\$ 25,570	\$ (530)	\$ 1,752	\$ (2,848)	\$ —	\$ (860)	\$ 23,084	\$ (279)			
Debt											
Other debt	5,728	95	7,201	(3,187)	—	—	9,837	145			
Investment funds	1,099	(49)	—	(158)	1,912	—	2,804	(151)			
Investment receivables and Other											
Other	22	9	—	—	—	(31)	—	—			
Investments in investment holding subsidiaries¹	299,556	21,259	13,986	(7,938)	—	—	326,863	17,155			
Total investments	\$ 331,975	\$ 20,784	\$ 22,939	\$ (14,131)	\$ 1,912	\$ (891)	\$ 362,588	\$ 16,870			
Investment liabilities											
Other	267	(105)	—	—	—	(46)	116	(114)			
Net investments	\$ 331,708	\$ 20,889	\$ 22,939	\$ (14,131)	\$ 1,912	\$ (845)	\$ 362,472	\$ 16,984			

1. 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 and interest from these subsidiaries.

2. Includes return of capital and repayments.

3. Included in income (loss). Includes or excludes investments transferred into or out of Level 3, respectively.

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

During the year ended March 31, 2024, there were \$240 million transfers of investments from Level 2 to Level 3 (during the year ended March 31, 2023 – \$1,912 million) and \$103 million of transfers of investments from Level 3 to Level 2 (during the year ended March 31, 2023 – \$594 million). Transfers into and out of Level 3 are driven by changes in the availability of market observable inputs used to determine fair value. Transfers 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 and its investment holding subsidiaries, including valuation techniques used to determine their fair values and the ranges and weighted averages of unobservable inputs used in the calculation of their fair values.

While investment holding subsidiaries are classified as Level 3 given the nature of their underlying holdings, certain investments

held by these subsidiaries are based on quoted prices in an active market (Level 1) or are valued using observable inputs (Level 2). These amount to \$11,286 million (March 31, 2023 – \$11,489 million) and \$43,395 million (March 31, 2023 – \$31,043 million), respectively. Refer to Note 3.2 for further details on Level 1 and Level 2 investments relating to investment holding subsidiaries.

As at March 31, 2024						
	Fair value of investments held by:					
(CAD millions)	CPP Investments	Investment holding subsidiaries		Primary valuation techniques used ³	Significant unobservable inputs	Range of input values ⁴
Public equities	\$ –	\$ 11,286		Quoted market price	–	–
Private equities	18,885	133,931		Earnings multiples of comparable companies	EBITDA multiple	11.0X-25.0X
				Discounted cash flow	Discount rate	6.0%-15.8%
					Terminal capitalization rate	5.3%-9.1%
	814	50,672		Net asset value provided by investment manager	–	–
Debt						–
Bonds	–	3,840		Quoted market prices or discounted cash flow using observable inputs	–	–
Direct private debt	1,062	37,332		Discounted cash flow	Discount rate	4.3%-64.0%
	–	296		Net asset value provided by investment manager	–	–
Asset-backed securities	9,149	1,318		Comparable pricing	Price	57.3%-111.8%
Investment funds	633	115,752		Net asset value provided by investment manager	–	–
Investment receivables and Other						–
Securities purchased under reverse repurchase agreements	–	167		Discounted cash flow	–	–
Derivative assets	–	5		Option model	–	–
Other ¹	–	69		Cost with accrued interest	–	–
	–	2,915		Discounted cash flow	Discount rate	6.3%-7.5%
					Terminal capitalization rate	4.9%-6.6%
Investment liabilities						–
Debt financing liabilities	–	5,224		Discounted cash flow	Discount rate	5.6%-6.6%
Loans sold under repurchase agreements	–	230		Cost with accrued interest	–	–
Other ²	351	1,883		Amortized cost	–	–
Cash and cash equivalents	–	1,023		Cost with accrued interest	–	–
Pending trades net receivable/(payable)	–	(340)		Amortized cost	–	–
Total	\$ 30,192	\$ 350,929				

As at March 31, 2023 ⁵							
Fair value of investments held by:							
(CAD millions)	CPP Investments	Investment holding subsidiaries	Primary valuation techniques used ³	Significant unobservable inputs	Range of input values ⁴	Weighted average ⁴	
Public equities	\$ –	\$ 11,489	Quoted market price	–	–	–	
Private equities	22,439	119,650	Earnings multiples of comparable companies Discounted cash flow	EBITDA multiple Discount rate Terminal capitalization rate	6.3X-25.0X 6.0%-17.2% 4.5%-8.3%	16.0X 10.0% 5.9%	
	645	48,652	Net asset value provided by investment manager	–	–	–	
Debt							
Bonds	–	3,668	Quoted market prices or discounted cash flow using observable inputs	–	–	–	
Direct private debt	1,334	34,253	Discounted cash flow	Discount rate	5.5%-26.5%	11.6%	
	–	614	Net asset value provided by investment manager	–	–	–	
Asset-backed securities	8,503	1,288	Comparable pricing	Price	59.5%-101.7%	97.4%	
Investment funds	2,804	110,633	Net asset value provided by investment manager	–	–	–	
Investment receivables and Other							
Securities purchased under reverse repurchase agreements	–	132	Discounted cash flow	–	–	–	
Derivative assets	–	23	Option model	–	–	–	
Other ¹	–	109	Cost with accrued interest	–	–	–	
	–	3,174	Discounted cash flow	Discount rate Terminal capitalization rate	5.5%-7.3% 4.3%-6.3%	6.4% 5.4%	
Investment liabilities							
Debt financing liabilities	–	5,906	Discounted cash flow	Discount rate	2.1%-3.4%	3.2%	
Loans sold under repurchase agreements	–	212	Cost with accrued interest	–	–	–	
Other ²	116	2,362	Amortized cost	–	–	–	
Cash and cash equivalents	–	1,350	Cost with accrued interest	–	–	–	
Pending trades net receivable/(payable)	–	308	Amortized cost	–	–	–	
Total	\$ 35,609	\$ 326,863					

1. Primarily includes investment properties.

2. Primarily includes deferred tax liabilities related to investments.

3. May include certain recently acquired investments held at cost, which approximates fair value.

4. For each instrument category as presented in the Consolidated Schedule of Investment Portfolio, the range of input values represents the highest and lowest inputs used to value the investments, whereas the weighted average of the input values is calculated based on the relative fair values of the investments. The diversity of investments reported within each category, 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.

5. 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, such as a decrease in EBITDA multiples or an increase in discount rates and terminal capitalization rates, would result in a decrease of \$10,400 million (March 31, 2023 – \$10,300 million) in net assets. Conversely, an increase in EBITDA multiples or a decrease in discount rates and terminal capitalization rates would result in an increase of \$11,700 million (March 31, 2023 – \$9,900 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 obtain 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 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 that are not centrally cleared 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, 2024		As at March 31, 2023	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Equity contracts				
Futures	\$ 3	\$ –	\$ –	\$ –
Swaps	1,806	(1,730)	1,610	(1,562)
Options:				
Over-the-counter – purchased	1	–	1	–
Over-the-counter – written	–	(114)	–	(73)
Warrants	5	–	18	–
Total equity contracts	1,815	(1,844)	1,629	(1,635)
Foreign exchange contracts				
Forwards	701	(1,135)	848	(292)
Options:				
Over-the-counter – purchased	43	–	73	–
Over-the-counter – written	–	(36)	–	(27)
Total foreign exchange contracts	744	(1,171)	921	(319)
Interest rate contracts				
Futures	–	–	–	–
Swaps	7	(396)	66	(545)
Options:				
Exchange-traded – written	–	(7)	–	–
Over-the-counter – purchased	315	–	220	–
Over-the-counter – written	–	(112)	–	(127)
Total interest rate contracts	322	(515)	286	(672)
Credit contracts				
Credit default swaps:				
Over-the-counter – purchased	2	(25)	2	(2)
Over-the-counter – written	77	(2)	21	(23)
Options:				
Over-the-counter – purchased	2	–	3	–
Over-the-counter – written	–	(18)	–	(18)
Total credit contracts	81	(45)	26	(43)
Commodity contracts				
Futures	–	–	–	–
Options:				
Exchange-traded – written	–	(72)	–	(41)
Total commodity contracts	–	(72)	–	(41)
Total¹	\$ 2,962	\$ (3,647)	\$ 2,862	\$ (2,710)

1. Reflects positive fair values of \$5 million (March 31, 2023 – \$18 million) relating to warrants and nil (March 31, 2023 – \$5 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:

(CAD millions)	Terms to maturity						Total	
	As at March 31, 2024			As at March 31, 2023				
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total			
Equity contracts								
Futures	\$ 5,525	\$ -	\$ -	\$ -	\$ 5,525	\$ 2,209		
Swaps	119,399	2,838	-	-	122,237	103,486		
Options:								
Over-the-counter – purchased	1,212	-	-	-	1,212	162		
Over-the-counter – written	8,165	-	-	-	8,165	5,368		
Warrants	-	124	14	59	197	136		
Total equity contracts	134,301	2,962	14	59	137,336	111,361		
Foreign exchange contracts								
Forwards	137,642	-	-	-	137,642	94,220		
Options:								
Over-the-counter – purchased	739	900	-	-	1,639	1,768		
Over-the-counter – written	13,949	-	-	-	13,949	8,319		
Total foreign exchange contracts	152,330	900	-	-	153,230	104,307		
Interest rate contracts								
Futures	59,372	257	-	-	59,629	16,391		
Swaps	82,625	62,096	22,492	17,073	184,286	189,884		
Options:								
Exchange-traded – written	3,099	-	-	-	3,099	-		
Over-the-counter – purchased	11,611	-	-	-	11,611	7,227		
Over-the-counter – written	11,557	-	-	-	11,557	7,782		
Total interest rate contracts	168,264	62,353	22,492	17,073	270,182	221,284		
Credit contracts								
Credit default swaps:								
Over-the-counter – purchased	3,234	29,370	985	-	33,589	87,906		
Over-the-counter – written	3,343	52,859	17,048	-	73,250	121,843		
Options:								
Over-the-counter – purchased	2,761	-	-	-	2,761	1,309		
Over-the-counter – written	18,042	-	-	-	18,042	10,010		
Total credit contracts	27,380	82,229	18,033	-	127,642	221,068		
Commodity contracts								
Futures	8,062	-	-	-	8,062	8,546		
Options:								
Exchange-traded – written	2,099	-	-	-	2,099	1,374		
Total commodity contracts	10,161	-	-	-	10,161	9,920		
Total¹	\$ 492,436	\$ 148,444	\$ 40,539	\$ 17,132	\$ 698,551	\$ 667,940		

1. Includes \$196 million (March 31, 2023 – \$134 million) relating to warrants and nil (March 31, 2023 – \$63 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.

(CAD millions)	For the years ended March 31,	
	2024	2023 ¹
Income:		
Interest income	\$ 4,182	\$ 3,352
Dividend income	6,639	4,699
Net gains on private investments	13,803	13,358
Net gains (losses) on public investments	569	(65)
Other	225	384
	25,418	21,728
Expenses:		
Transaction-related	179	121
Taxes	(91)	140
Financing	378	208
	466	469
Net gains before dividends paid to CPP Investments:		
Dividends paid to CPP Investments	24,952	21,259
Interest paid to CPP Investments	4,449	3,668
	517	436
Net gains on investment holding subsidiaries	\$ 19,986	\$ 17,155

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 designing and recommending CPP Investments' strategic and tactical portfolio and compositional targets, capital allocations to investment strategies in conjunction with the Chief Investment Officer, and the management of exposures, leverage, and liquidity to those targets. As part of these activities, Total Fund Management manages a completion portfolio diversified across asset classes and geographic exposures. Total Fund Management and the Chief Investment Officer lead the ongoing execution of the Total Portfolio Investment Framework and ensure that its active and balancing investing activities, alongside the other investment departments, 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, commodities, including derivatives of each. Capital Markets and Factor Investing strategies are constructed as market neutral portfolios.
- Active Equities** – Invests in global public and soon-to-be-public companies, leveraging long-term fundamental research to generate unique company-specific insights.
- 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 local currency government 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 broad range of exposures, income and capital growth to CPP Investments, while also providing cash flows that increase with inflation over time.

6.1.1 Net income (loss) by investment segment

The table below presents the income (loss) and expenses incurred by each investment department.

(CAD millions)	For the year ended March 31, 2024									
	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment	Total		
Income (loss):	\$ 22,308	\$ 5,300	\$ 3,004	\$ 8,571	\$ 15,974	\$ 3,546	\$ (3,904)	\$ 54,799		
Expenses¹:										
Personnel	99	119	164	151	250	304	–	1,087		
General and administrative	75	63	109	67	100	116	–	530		
Management fees ²	23	566	14	19	647	180	(1,433)	16		
Performance fees ²	–	913	–	2	936	216	(2,005)	62		
Transaction-related ³	106	29	61	60	65	106	(179)	248		
Taxes ³	198	9	102	86	19	(18)	91	487		
Financing ³	5,927	–	–	260	108	10	(378)	5,927		
	\$ 6,428	\$ 1,699	\$ 450	\$ 645	\$ 2,125	\$ 914	\$ (3,904)	\$ 8,357		
Net income (loss)	\$ 15,880	\$ 3,601	\$ 2,554	\$ 7,926	\$ 13,849	\$ 2,632	\$ –	\$ 46,442		

(CAD millions)	For the year ended March 31, 2023 ⁴									
	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment	Total		
Income (loss):	\$ (7,277)	\$ 4,422	\$ (1,015)	\$ 4,364	\$ 7,876	\$ 7,182	\$ (3,603)	\$ 11,949		
Expenses¹:										
Personnel	119	118	139	139	247	276	–	1,038		
General and administrative	85	71	83	60	91	112	–	502		
Management fees ²	–	543	13	58	681	164	(1,440)	19		
Performance fees ²	–	1,010	–	1	664	90	(1,694)	71		
Transaction-related ³	70	27	58	63	57	141	(121)	295		
Taxes ³	48	7	32	29	20	50	(140)	46		
Financing ³	2,147	–	–	135	51	22	(208)	2,147		
	\$ 2,469	\$ 1,776	\$ 325	\$ 485	\$ 1,811	\$ 855	\$ (3,603)	\$ 4,118		
Net income (loss)	\$ (9,746)	\$ 2,646	\$ (1,340)	\$ 3,879	\$ 6,065	\$ 6,327	\$ –	\$ 7,831		

1. Includes expenses borne by CPP Investments and its investment holding subsidiaries in relation to the respective departments.

2. Adjustments consist of costs incurred within funds.

3. Adjustments consist of expenses borne by investment holding subsidiaries, which are reclassified into income (loss).

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

6.1.2 Net investments by investment segment

(CAD millions)	Net investments ¹									
	Total Fund Management	Capital Markets and Factor Investing								
		Active Equities	Credit Investments	Private Equity	Real Assets	Total				
As at:										
March 31, 2024	\$ 266,921	\$ 2,040	\$ 2,795	\$ 67,662	\$ 155,852	\$ 137,329	\$ 632,599			
March 31, 2023	\$ 228,554	\$ 1,254	\$ 1,474	\$ 57,714	\$ 146,070	\$ 135,230	\$ 570,296			

1. Net investments excludes net corporate liabilities of \$232 million (March 31, 2023 – \$254 million), which is comprised of Cash and cash equivalents held for operating purposes, Premise and equipment, Other assets, and Accounts payable and accrued liabilities.

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)	Net investments ¹									
		Asia Pacific								
		Canada	U.S.	Europe	Latin America	Total				
As at:										
March 31, 2024	\$ 73,930	\$ 267,548	\$ 133,528	\$ 117,829	\$ 39,764	\$ 632,599				
March 31, 2023	\$ 83,236	\$ 206,144	\$ 147,578	\$ 100,462	\$ 32,876	\$ 570,296				

1. Net investments excludes net corporate liabilities of \$232 million (March 31, 2023 – \$254 million), which is comprised of Cash and cash equivalents held for operating purposes, Premise and equipment, Other assets, and Accounts payable and accrued liabilities.

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 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.

CPP Investments remains 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 investment risks in accordance with the 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 CPP Investments' mandate.

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 department within CPP Investments reports to the Chief 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. These assessments are reported to both Senior Management and the Board of Directors.

7.1.4 Model validation

The model validation function within the Risk department 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 risk to which the Investment Portfolios are exposed.

Key investment risk measures include:

- Market risk: The target level of market risk, expressed in terms of 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 risk and credit risk as that of the applicable Investment Portfolio. The target level of market risk 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%.
- Potential investment loss: The loss of the Investment Portfolios over a one-year horizon is not expected to exceed the established limit 19 times out of 20.
- 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 the Risk department, reporting to the Chief Risk Officer, using both industry standard and internally developed risk models. The tables below provide a summary of the key investment risk measures of the Investment Portfolios.

	As at		As at March 31, 2023
	March 31, 2024	base CPP	
	Limit	base CPP	base CPP
Market risk	80–90%	86%	85%
One-year potential investment loss ¹	21%	19%	19%

	As at		As at March 31, 2023
	March 31, 2024	additional CPP	
	Limit	additional CPP	additional CPP
Market risk	50–60%	55%	56%
One-year potential investment loss ¹	15%	13%	13%

1. Percentage of investment value.

7.2.1 Stress scenarios and results

As part of ongoing monitoring, CPP Investments performs historical stress tests and scenario analysis to assess the impact of potential events and identify possible portfolio vulnerabilities that may not be fully captured by standard risk measures and models. These include how severe market and geopolitical events could affect the Investment Portfolios. Stress scenarios are hypothetical events that are highly dependent on assumptions which will vary based on different factors such as macro-economic variables, market conditions or geopolitical events. The Risk department runs various scenarios to assess CPP Investments' ability to manage potential risks and ensure estimated losses are broadly consistent with risk appetite.

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

- A repeat of the Global Financial Crisis (GFC) of 2008 – In this scenario, CPP Investments applies changes observed in relevant market parameters during the period of April 2008 to March 2009, as an instantaneous shock to the Investment Portfolios. This includes the foreign currency gains typically realized in market stresses, where the Canadian dollar depreciates against the U.S. dollar. CPP Investments estimates if an event like the GFC were to recur, it would result in losses of approximately 12% or \$79 billion. This is a decrease in percentage terms from the previous year due to the materially higher U.S. dollar exposure within the Investment Portfolios at year-end.

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 of the individual investment departments' market risks growing faster than originally anticipated. Market risk is also incorporated as a component of the potential investment loss measure in Note 7.2. These measures are supplemented with drawdown or reported loss thresholds that highlight any

- Severe Stress scenario – A hypothetical worst-case scenario that aggregates several historical market stress events, using a single period instantaneous shock without portfolio rebalancing. This scenario removes the foreign currency gains typically realized in past market stress events. If this more extreme scenario were to happen, CPP Investments estimates that it would result in losses of approximately 22% or \$141 billion, which is a slight increase in percentage terms from the previous year, attributable to the increase in the Investment Portfolios' size and exclusion of the U.S. dollar foreign exchange gains. While this stress scenario is less plausible, it highlights the sensitivity of portfolio returns to changes in foreign currency rates.

Ad hoc analysis is also performed on various plausible stress scenarios based on current global events, such as inflation shocks, potential impacts of economic/regulatory policies, China/U.S. geopolitical tensions, and bank credit crisis scenarios. The resulting potential loss estimates are monitored and considered in the context of CPP Investments' stated risk appetites.

public market strategies that are experiencing losses greater than their estimated market risk levels. More granular limits are also used in certain cases that are investment strategy 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 a 1 basis point increase/decrease in interest rate yield curves, and divergence limits that track the risks against the limits' 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

(CAD millions)	As at		As at	
	March 31, 2024	Impact of 1% decrease in the S&P 500 Index	March 31, 2023	
Loss on public equity investments	\$ 1,699	\$ 1,248		

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

The primary measure CPP Investments uses to assess interest rate sensitivity for investments directly impacted by interest rate changes is DV01. Notwithstanding, interest rate changes of greater magnitudes are also computed for informational purposes assuming a parallel shift in the interest rate curve. With all other variables held constant, the impact of a 100 basis point increase/decrease in nominal risk-free rates on the value of investments directly impacted by interest rate changes are as follows:

(CAD millions)	As at		As at	
	March 31, 2024	Impact of increase of 100 basis points on net assets ¹	March 31, 2023 ²	
Maturity				
Within 1 year	\$ 222	\$ 109		
1 to 5 years	(3,562)	(2,909)		
6 to 10 years	(3,741)	(2,766)		
Over 10 years	(8,849)	(7,693)		
Total	\$ (15,930)	\$ (13,259)		

1. This sensitivity only applies to debt instruments and interest-rate-sensitive derivatives priced directly from an interest rate curve. This estimate does not include the impact of the shift on other instruments such as public equities, private equities or real assets, such as real estate or infrastructure, which may have a variable interest rate sensitivity.
2. Certain comparatives have been updated to conform to the current year's presentation.

For investments that are directly sensitive to interest rates, the sensitivity to various countries' risk-free rates is as follows:

Region	As at	
	March 31, 2024	As at March 31, 2023
U.S.	39%	37%
Europe	20	15
Canada	16	18
Japan	12	15
United Kingdom	9	7
China	1	4
Other	3	4
Total	100%	100%

As part of ongoing monitoring, CPP Investments performs stress testing with sensitivities beyond the 100 basis points, with the interest rate sensitivities tailored to specific scenarios such as inflation and China/U.S. geopolitical tensions to better assess the estimated financial impact. Refer to Note 7.2.1 for further details on the stress scenarios and results.

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 investments.

(CAD millions)	As at March 31, 2024	As at March 31, 2023
	Impact of 1 basis point widening of credit spread	
Decrease in net investments ¹		
AAA	5.2	2.9
AA	16.5	10.0
A	14.3	15.6
BBB	12.3	9.0
BB	3.6	2.3
B	7.4	6.5
CCC and below	3.5	4.3
Total	62.8	50.6

1. Excludes the financial benefit to CPP Investments of credit spreads widening by 1 basis point on its term debt. Including these would reduce the sensitivity to \$33 million (March 31, 2023 – \$26 million).

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, 2024		As at March 31, 2023 ²	
Currency	Net exposure	% of total ¹	Net exposure	% of total ¹
U.S. dollar	\$ 367,899	58%	\$ 276,146	48%
Euro	34,895	6	45,124	8
Japanese yen	24,774	4	17,324	3
Indian rupee	15,962	3	12,798	2
Other	55,736	8	96,750	18
Total foreign exposure	499,266	79	448,142	79
Canadian dollar	133,333	21	122,154	21
Total	\$ 632,599	100%	\$ 570,296	100%

1. May not reflect actual percentage of total due to rounding.

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

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 investment by \$49,927 million (March 31, 2023 – \$44,814 million).

9. Credit risk

Credit risk represents the potential 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 Consolidated Balance Sheet date. Credit risk is also incorporated as a component of the potential investment loss measure in Note 7.2.

9.1 Counterparty exposures

The fair value of debt securities and over-the-counter derivatives exposed to credit risk held directly by CPP Investments and its investment holding subsidiaries, by credit rating category and without taking account of any collateral held or other credit enhancements, is as follows:

Credit rating	As at March 31, 2024								% of Total ³
	Bonds ¹	Cash equivalents ¹	Money market securities ¹	Reverse repurchase agreements ¹	Over-the-counter derivatives	Other debt ^{1,2}	Total		
AAA	\$ 50,292	\$ 134	\$ -	\$ -	\$ -	\$ 6,630	\$ 57,056	24%	
AA	60,726	2,033	6,172	3,028	753	1,065	73,777	31	
A	33,557	3,611	1,538	7,749	2,100	1,136	49,691	21	
BBB	10,347	-	-	-	100	2,121	12,568	5	
BB	7,364	-	-	-	-	5,840	13,204	6	
B	2,584	-	-	167	-	20,665	23,416	10	
CCC/CC/D	388	-	-	-	-	5,897	6,285	3	
Total	\$ 165,258	\$ 5,778	\$ 7,710	\$ 10,944	\$ 2,953	\$ 43,354	\$ 235,997	100%	

Credit rating	As at March 31, 2023 ⁴								% of Total ³
	Bonds ¹	Cash equivalents ¹	Money market securities ¹	Reverse repurchase agreements ¹	Over-the-counter derivatives	Other debt ^{1,2}	Total		
AAA	\$ 29,773	\$ -	\$ -	\$ -	\$ -	\$ 5,752	\$ 35,525	17%	
AA	46,242	5,967	1,915	3,163	970	1,803	60,060	29	
A	36,319	3,247	666	16,399	1,678	1,084	59,393	29	
BBB	9,667	-	-	2,837	192	3,028	15,724	8	
BB	4,081	-	-	-	-	4,223	8,304	4	
B	2,663	-	-	-	-	17,863	20,526	10	
CCC/CC/D	487	-	-	-	-	6,262	6,749	3	
Total	\$ 129,232	\$ 9,214	\$ 2,581	\$ 22,399	\$ 2,840	\$ 40,015	\$ 206,281	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.

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

In addition to the above, the Investment Portfolios are indirectly exposed to credit risk on the underlying holdings 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, 2024		As at March 31, 2023	
	base CPP	additional CPP	base CPP	additional CPP
Credit value-at-risk	3.3%	2.3%	3.4%	2.3%

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, 2024	As at March 31, 2023
Liquidity coverage ratio	1.0x	3.8x	3.5x

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 unsecured debt, including term debt, as well as 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, 2024 and March 31, 2023.

(CAD millions)	As at March 31, 2024	As at March 31, 2023
Unsecured credit facilities held	\$ 1,500	\$ 1,500

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 limited recourse measures. Recourse leverage is a notional-based measure with direct recourse to CPP Investments, which represents the

net amount of borrowed funds and synthetic financing used by CPP Investments to increase its investment exposure. Limited recourse leverage generally refers to the debt issued through CPP Investments' investment holding subsidiaries that limits recourse to specific investments held within these subsidiaries. The recourse leverage measures are as follows:

		As at Limit	March 31, 2024	As at March 31, 2023
Recourse leverage:				
base CPP		45%	31.6%	28.1%
additional CPP		30	19.2	16.8

As at March 31, 2024, recourse and limited recourse leverage amounted to \$194,829 million and \$5,812 million, respectively (March 31, 2023 – \$157,301 million and \$6,473 million, respectively).

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, 2023 ³	
	As at March 31, 2024					Average effective yield ²	Total ¹			
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total ¹		Total ¹	Average effective yield ²		
Non-marketable bonds										
Canadian provincial government	\$ 1,825	\$ 1,377	\$ 1,323	\$ 9,910	\$ 14,435	4.4%	\$ 16,305	4.1%		
Marketable bonds										
Government of Canada	–	6,647	2,371	1,837	10,855	3.5	7,533	3.1		
Canadian provincial government	332	2,240	2,186	3,819	8,577	4.3	8,065	3.9		
Canadian government corporations	4	2,787	1,880	270	4,941	3.9	3,090	3.5		
Foreign government	3,207	40,474	19,515	44,436	107,632	3.2	80,279	2.9		
Corporate bonds	386	5,371	5,720	3,501	14,978	5.4	10,195	5.2		
Other debt										
Private debt	–	–	1,062	–	1,062	6.7	1,474	11.1		
Asset-backed securities	15	4,245	3,239	1,650	9,149	6.4	8,503	5.4		
Securities purchased under reverse repurchase agreements	10,777	–	–	–	10,777	5.1	22,267	2.6		
Cash collateral pledged on securities borrowed	1,199	–	–	–	1,199	n/a	1,150	n/a		
Total	\$ 17,745	\$ 63,141	\$ 37,296	\$ 65,423	\$ 183,605	3.7%	\$ 158,861	3.4%		

1. Represents fair value.

2. Total average effective yield excludes certain investments for which the average effective yield is not applicable.

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

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, 2024					As at March 31, 2023 ²			
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total ¹	Average effective yield	Total ¹	Average effective yield	
Marketable bonds									
Corporate bonds	\$ 27	\$ 1,828	\$ 1,985	\$ -	\$ 3,840	8.1%	\$ 3,668	10.3%	
Other debt									
Private debt	4,393	23,743	5,788	1,769	35,693	11.5	33,068	11.6	
Asset-backed securities	3	11	588	716	1,318	(1.2)	1,288	2.9	
Securities purchased under reverse repurchase agreements	-	167	-	-	167	6.0	132	6.2	
Total	\$ 4,423	\$ 25,749	\$ 8,361	\$ 2,485	\$ 41,018	10.1%	\$ 38,156	11.0%	

1. Represents fair value.

2. 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

(CAD millions)	Terms to maturity								
	As at March 31, 2024					As at March 31, 2023			
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total contractual amount	Weighted average interest rate ³	Total contractual amount	Weighted average interest rate ³	
Debt financing liabilities	\$ 10,471	\$ 37,826	\$ 17,690	\$ 6,362	\$ 72,349	2.6%	\$ 58,720	1.9%	
Securities sold under repurchase agreements	67,343	448	-	-	67,791	3.7	50,785	2.7%	
Cash collateral received on securities lent	5,197	-	-	-	5,197	n/a	3,910	n/a	
Securities sold short ^{1,2}	26,229	-	-	-	26,229	n/a	22,065	n/a	
Total	\$ 109,240	\$ 38,274	\$ 17,690	\$ 6,362	\$ 171,566	2.5%	\$ 135,480	2.0%	

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. Total weighted average interest rate excludes certain investment liabilities for which the average interest rate is not applicable.

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.

(CAD millions)	Terms to maturity								
	As at March 31, 2024					As at March 31, 2023			
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total contractual amount	Weighted average interest rate	Total contractual amount	Weighted average interest rate	
Debt financing liabilities	\$ 678	\$ 3,740	\$ -	\$ 542	\$ 4,960	7.3%	\$ 5,845	4.8%	
Loans sold under repurchase agreements	-	230	-	-	230	7.9	211	7.2	
Total	\$ 678	\$ 3,970	\$ -	\$ 542	\$ 5,190	7.2%	\$ 6,056	4.9%	

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,	
	2024	2023
Balance, beginning of year	\$ 53,456	\$ 45,362
Proceeds	24,166	13,671
Repayments	(10,546)	(4,724)
Non-cash changes in fair value ¹	822	(853)
Balance, end of year	\$ 67,898	\$ 53,456

1. Includes foreign exchange losses of \$31 million (March 31, 2023 – losses of \$2,337 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 includes 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.

(CAD millions)	As at March 31, 2024											
	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 ¹	\$ 10,944	\$ –	\$ 10,944	\$ (5,309)	\$ (5,309)	\$ (5,309)	\$ (5,635)	\$ –	\$ (5,635)	\$ –		
Cash collateral on securities borrowed	1,199	–	1,199	–	–	–	(1,199)	–	(1,199)	–		
Derivative assets ²	2,962	–	2,962	(2,121)	(2,121)	(2,121)	(841)	–	(841)	–		
Total investment receivables and Other	\$ 15,105	\$ –	\$ 15,105	\$ (7,430)	\$ (7,430)	\$ (7,430)	\$ (7,675)	\$ –	\$ (7,675)	\$ –		
Securities and loans sold under repurchase agreements ¹	\$ 66,944	\$ –	\$ 66,944	\$ (5,309)	\$ (5,309)	\$ (5,309)	\$ (61,635)	\$ –	\$ (61,635)	\$ –		
Cash collateral on securities lent	5,197	–	5,197	–	–	–	(5,197)	–	(5,197)	–		
Derivative liabilities	3,647	–	3,647	(2,121)	(2,121)	(2,121)	(1,526)	–	(1,526)	–		
Total investment liabilities	\$ 75,788	\$ –	\$ 75,788	\$ (7,430)	\$ (7,430)	\$ (7,430)	\$ (68,358)	\$ –	\$ (68,358)	\$ –		

(CAD millions)	As at March 31, 2023 ⁴									
	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 ¹	\$ 22,399	\$ -	\$ 22,399	\$ (10,614)	\$ (11,785)	\$ -				
Cash collateral on securities borrowed	1,150	-	1,150	-	(1,150)	-				
Derivative assets ²	2,862	-	2,862	(1,631)	(1,231)	-				
Total investment receivables and Other	\$ 26,411	\$ -	\$ 26,411	\$ (12,245)	\$ (14,166)	\$ -				
Securities and loans sold under repurchase agreements ¹	\$ 50,605	\$ -	\$ 50,605	\$ (10,614)	\$ (39,991)	\$ -				
Cash collateral on securities lent	3,910	-	3,910	-	(3,910)	-				
Derivative liabilities	2,710	-	2,710	(1,631)	(1,079)	-				
Total investment liabilities	\$ 57,225	\$ -	\$ 57,225	\$ (12,245)	\$ (44,980)	\$ -				

- Includes \$167 million (March 31, 2023 – \$132 million) relating to Securities purchased under reverse repurchase agreements and \$230 million (March 31, 2023 – \$212 million) relating to Loans sold under repurchase agreements transacted by investment holding subsidiaries.
- Includes \$5 million (March 31, 2023 – \$18 million) relating to warrants and nil (March 31, 2023 – \$5 million) relating to interest rate swaps transacted by investment holding subsidiaries.
- 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.
- Certain comparatives have been reclassified to conform to the current year's presentation.

13. General and administrative expenses

General and administrative expenses consist of the following:

(CAD millions)	For the years ended March 31,	
	2024	2023
Professional services	\$ 150	\$ 157
Information technology	125	110
Data services	77	80
Amortization of premises and equipment	76	72
Premises and equipment	37	26
Travel and accommodation	24	23
Communication	24	19
Auditor's remuneration	8	8
Directors' remuneration	2	3
Other	7	4
Total	\$ 530	\$ 502

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 245 wholly owned investment holding subsidiaries (see Note 1.2) (March 31, 2023 – 250) managed by CPP Investments. The 245 investment holding subsidiaries are incorporated as follows: 173 in Canada (March 31, 2023 – 170), 29 in the U.S. (March 31, 2023 – 36), 20 in Australia (March 31, 2023 – 20), six in Hong Kong (March 31, 2023 – six), and 17 in other jurisdictions (March 31, 2023 – 18). 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,	
	2024	2023
Short-term employee compensation and benefits	\$ 26	\$ 25
Other long-term compensation and benefits	19	20
Total	\$ 45	\$ 45

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 fair value of collateral held and pledged directly by CPP Investments was as follows:

(CAD millions)	As at	
	March 31, 2024	As at March 31, 2023
Third-party assets held as collateral on¹:		
Reverse repurchase agreements	\$ 10,809	\$ 22,592
Derivative transactions	469	777
Securities lent ^{2,3}	6,654	6,900
Total	\$ 17,932	\$ 30,269
Own and third-party assets pledged as collateral on:		
Repurchase agreements	(66,822)	(50,527)
Securities borrowed ^{3,4}	(28,000)	(26,840)
Derivative transactions	(15,147)	(10,778)
Debt financing liabilities	(1,113)	(953)
Total	\$ (111,082)	\$ (89,098)

1. The fair value of collateral sold or repledged as at March 31, 2024 was \$3,503 million (March 31, 2023 – \$7,347 million).

2. The fair value of securities lent as at March 31, 2024 was \$6,589 million (March 31, 2023 – \$6,800 million).

3. Cash collateral payable on the Consolidated Balance Sheet of \$5,197 million (March 31, 2023 – \$3,910 million) consists of collateral receivable of nil and collateral payable of \$5,197 million that qualify for netting (March 31, 2023 – nil and \$3,910 million, respectively).

4. The fair value of securities borrowed as at March 31, 2024 was \$23,430 million (March 31, 2023 – \$21,313 million) of which \$23,048 million (March 31, 2023 – \$18,914 million) was used for short selling activity.

15.2 Supplemental information on collateral relating to investment holding subsidiaries

The fair value of collateral held and pledged by investment holding subsidiaries was as follows:

(CAD millions)		As at March 31, 2024	As at March 31, 2023
Third-party assets held as collateral on¹:			
Reverse repurchase agreements	\$ 167	\$ 132	
Total	\$ 167	\$ 132	
Own and third-party assets pledged as collateral on:			
Repurchase agreements	(399)	(353)	
Securities borrowed ^{2,3}	(17,367)	(13,611)	
Derivative transactions ³	(2,130)	(785)	
Private equities ⁴	(12,474)	(11,715)	
Debt financing liabilities	(10,284)	(10,466)	
Total	\$ (42,654)	\$ (36,930)	

1. The fair value of collateral sold or repledged as at March 31, 2024 was nil (March 31, 2023 – nil).
2. The fair value of securities borrowed as at March 31, 2024 was \$10,294 million (March 31, 2023 – \$8,020 million), which were all used for short selling activity.
3. The cash collateral at the prime brokers may be used for securities borrowed and derivatives transacted by brokers.
4. Represents securities pledged as collateral on loan borrowings of the investees.

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, 2024, the

unfunded commitments for CPP Investments and its investment holding subsidiaries totalled \$994 million (March 31, 2023 – \$1,160 million) and \$57,000 million (March 31, 2023 – \$60,187 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, 2024, up to \$190 million (March 31, 2023 – \$366 million) and \$7,011 million (March 31, 2023 – \$7,052 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 the Government 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:

(CAD millions)	Accumulated net transfers from CPP			Accumulated net income and comprehensive income			Total net assets
	base CPP	additional CPP	Total	base CPP	additional CPP	Total	
As at April 1, 2022	\$ 149,184	\$ 12,047	\$ 161,231	\$ 377,510	\$ 570	\$ 378,080	\$ 539,311
Total net income and comprehensive income	–	–	–	7,500	331	7,831	7,831
Transfers from CPP	55,702	10,896	66,598	–	–	–	66,598
Transfers to CPP	(43,698)	–	(43,698)	–	–	–	(43,698)
As at March 31, 2023	\$ 161,188	\$ 22,943	\$ 184,131	\$ 385,010	\$ 901	\$ 385,911	\$ 570,042
As at April 1, 2023	\$ 161,188	\$ 22,943	\$ 184,131	\$ 385,010	\$ 901	\$ 385,911	\$ 570,042
Total net income and comprehensive income	–	–	–	44,460	1,982	46,442	46,442
Transfers from CPP	52,541	13,054	65,595	–	–	–	65,595
Transfers to CPP	(49,368)	(344)	(49,712)	–	–	–	(49,712)
As at March 31, 2024	\$ 164,361	\$ 35,653	\$ 200,014	\$ 429,470	\$ 2,883	\$ 432,353	\$ 632,367

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:

(CAD millions)	As at March 31, 2024			As at March 31, 2023 ¹		
	base CPP	additional CPP	Total	base CPP	additional CPP	Total
Net investments	\$ 594,044	\$ 38,555	\$ 632,599	\$ 546,432	\$ 23,864	\$ 570,296
Cash and cash equivalents held for operating purposes	222	6	228	182	6	188
Premises and equipment	657	22	679	512	15	527
Other assets	92	3	95	90	3	93
Accounts payable and accrued liabilities	1,184	50	1,234	1,018	44	1,062
Net assets	\$ 593,831	\$ 38,536	\$ 632,367	\$ 546,198	\$ 23,844	\$ 570,042

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

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:

(CAD millions)	As at March 31, 2024 ^{1,2}			Total
	base CPP	additional CPP	Total	
Equities				
Public equities	\$ 205,819	\$ 8,254	\$ 214,073	
Private equities	200,508	8,041	208,549	
Total equities	406,327	16,295	422,622	
Debt				
Bonds	145,195	20,063	165,258	
Other debt	47,262	1,895	49,157	
Money market securities	7,421	289	7,710	
Total debt	199,878	22,247	222,125	
Investment funds	136,494	5,474	141,968	
Investment receivables and Other				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	11,309	834	12,143	
Derivative assets	2,842	120	2,962	
Other	4,718	191	4,909	
Total investment receivables and Other	18,869	1,145	20,014	
Total investments	\$ 761,568	\$ 45,161	\$ 806,729	
Investment liabilities				
Debt financing liabilities	70,302	2,820	73,122	
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	68,994	3,147	72,141	
Securities sold short	25,218	1,011	26,229	
Derivative liabilities	3,506	141	3,647	
Other	2,736	110	2,846	
Total investment liabilities	170,756	7,229	177,985	
Cash and cash equivalents	\$ 9,545	\$ 881	\$ 10,426	
Pending trades receivable	4,556	284	4,840	
Pending trades payable	10,869	542	11,411	
Net investments	\$ 594,044	\$ 38,555	\$ 632,599	

(CAD millions)	As at March 31, 2023 ^{1,2}		
	base CPP	additional CPP	Total
Equities			
Public equities	\$ 153,917	\$ 4,312	\$ 158,229
Private equities	189,973	5,323	195,296
Total equities	343,890	9,635	353,525
Debt			
Bonds	117,405	11,730	129,135
Other debt	45,072	1,263	46,335
Money market securities	2,511	70	2,581
Total debt	164,988	13,063	178,051
Investment funds	131,237	3,677	134,914
Investment receivables and Other			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	22,215	1,334	23,549
Derivative assets	2,784	78	2,862
Other	4,792	134	4,926
Total investment receivables and Other	29,791	1,546	31,337
Total investments	\$ 669,906	\$ 27,921	\$ 697,827
Investment liabilities			
Debt financing liabilities	57,744	1,618	59,362
Securities sold under repurchase agreements and cash collateral received on securities lent	52,343	2,172	54,515
Securities sold short	21,464	601	22,065
Derivative liabilities	2,636	74	2,710
Other	3,318	93	3,411
Total investment liabilities	137,505	4,558	142,063
Cash and cash equivalents	\$ 12,275	\$ 603	\$ 12,878
Pending trades receivable	3,430	96	3,526
Pending trades payable	1,674	198	1,872
Net investments	\$ 546,432	\$ 23,864	\$ 570,296

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:

(CAD millions)	For the years ended March 31,						2023 ¹	
	2024			2023 ¹				
	base CPP	additional CPP	Total	base CPP	additional CPP	Total		
Income:								
Interest income	\$ 7,121	\$ 672	\$ 7,793	\$ 4,350	\$ 255	\$ 4,605		
Dividend income	8,926	138	9,064	7,039	65	7,104		
Net (losses) on private investments	(4,298)	(213)	(4,511)	(11,248)	(372)	(11,620)		
Net gains (losses) on public investments	21,860	810	22,670	(5,949)	(52)	(6,001)		
Net gains on investment holding subsidiaries	19,112	874	19,986	16,640	515	17,155		
Other	(199)	(4)	(203)	686	20	706		
	52,522	2,277	54,799	11,518	431	11,949		
Expenses:								
Personnel	1,049	38	1,087	1,014	24	1,038		
General and administrative	510	20	530	488	14	502		
Management fees	15	1	16	19	—	19		
Performance fees	60	2	62	70	1	71		
Transaction-related	241	7	248	290	5	295		
Taxes	471	16	487	45	1	46		
Financing	5,716	211	5,927	2,092	55	2,147		
	8,062	295	8,357	4,018	100	4,118		
Net income and comprehensive income	\$ 44,460	\$ 1,982	\$ 46,442	\$ 7,500	\$ 331	\$ 7,831		

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

Ten-year Review^{1,2}

(\$ billions)	For the year ended March 31									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
CHANGE IN NET ASSETS										
Net income	46.4	7.8	34.4	83.9	12.1	32.0	36.7	33.4	9.1	40.6
Net contributions	15.9	22.9	7.7	3.7	5.5	3.8	2.7	4.3	5.2	4.9
Increase in net assets	62.3	30.7	42.1	87.6	17.6	35.8	39.5	37.7	14.3	45.5
NET ASSETS	632.3	570.0	539.3	497.2	409.6	392.0	356.1	316.7	278.9	264.6
 (\$ billions)										
Public Equities	176.7	137.3	146.6	144.5	112.7	130.1	139.9	120.1	103.9	89.6
Private Equities	197.6	190.7	169.8	153.1	116.9	106.4	81.5	67.3	54.3	49.2
Government Bonds	76.0	70.3	40.2	48.1	47.6	38.9	37.6	47.5	45.9	63.3
Credit	79.2	68.2	85.7	67.4	50.8	35.8	22.6	17.6	17.0	17.2
Real Estate	49.7	51.9	48.7	43.0	46.5	47.5	46.1	40.1	36.7	30.3
Infrastructure	53.4	51.9	48.4	41.2	35.1	33.3	28.6	24.3	21.3	15.2
Net Investments	632.6	570.3	539.4	497.3	409.6	392.0	356.3	316.9	279.1	264.8
Non-Investment Assets (Liabilities)	(0.2)	(0.3)	(0.1)	(0.1)	–	–	(0.2)	(0.2)	(0.2)	(0.1)
Net Assets	632.3	570.0	539.3	497.2	409.6	392.0	356.1	316.7	278.9	264.6
Net Assets – base CPP	593.8	546.2	526.7	490.9	407.3	391.6	356.1	316.7	278.9	264.6
Net Assets – additional CPP	38.5	23.8	12.6	6.3	2.3	0.4	–	–	–	–
NET RETURN (%)										
base CPP	8.1%	1.4%	6.9%	20.5%	3.1%	8.9%	11.5%	11.8%	3.4%	18.2%
additional CPP	5.7%	0.3%	2.8%	11.6%	4.2%	5.0%	–	–	–	–
TOTAL FUND	8.0%	1.3%	6.8%	20.4%	3.1%	8.9%	11.5%	11.8%	3.4%	18.2%

1. The net asset table aligns with the Asset Class Mix within the Management's Discussion & Analysis.

2. Certain figures may not add up due to rounding and certain comparatives have been reclassified to conform to the current year's presentation.

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