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BOARD

Toronto

London

Hong Kong



Asset Owner's Perspective on Sustainable Investing in Multiple Asset Classes

Eric Wetlaufer – Senior Vice President and Head of Public Market Investments

Boston Security Analysts Society Sustainable Investing Seminar – November 19, 2013

Who we are

A professional investment management organization

Arm's-length
governance
structure

Investment-
only mandate

Transparency
and
accountability

Segregated
assets

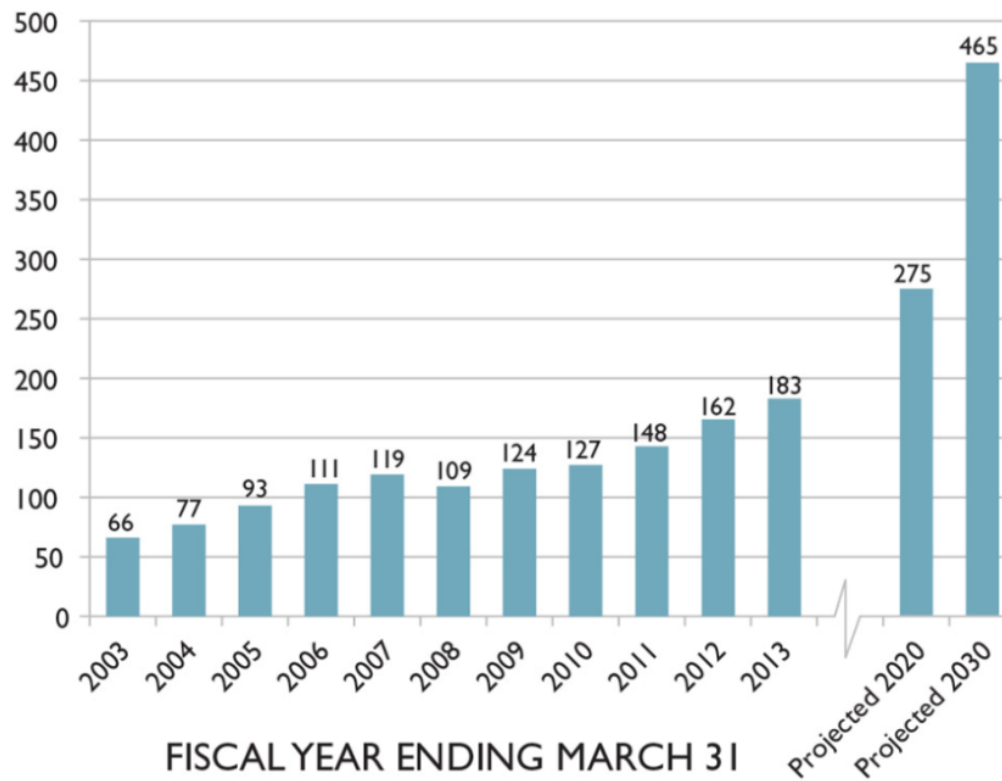
working for 18 million workers in Canada



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Growth of CPP Fund

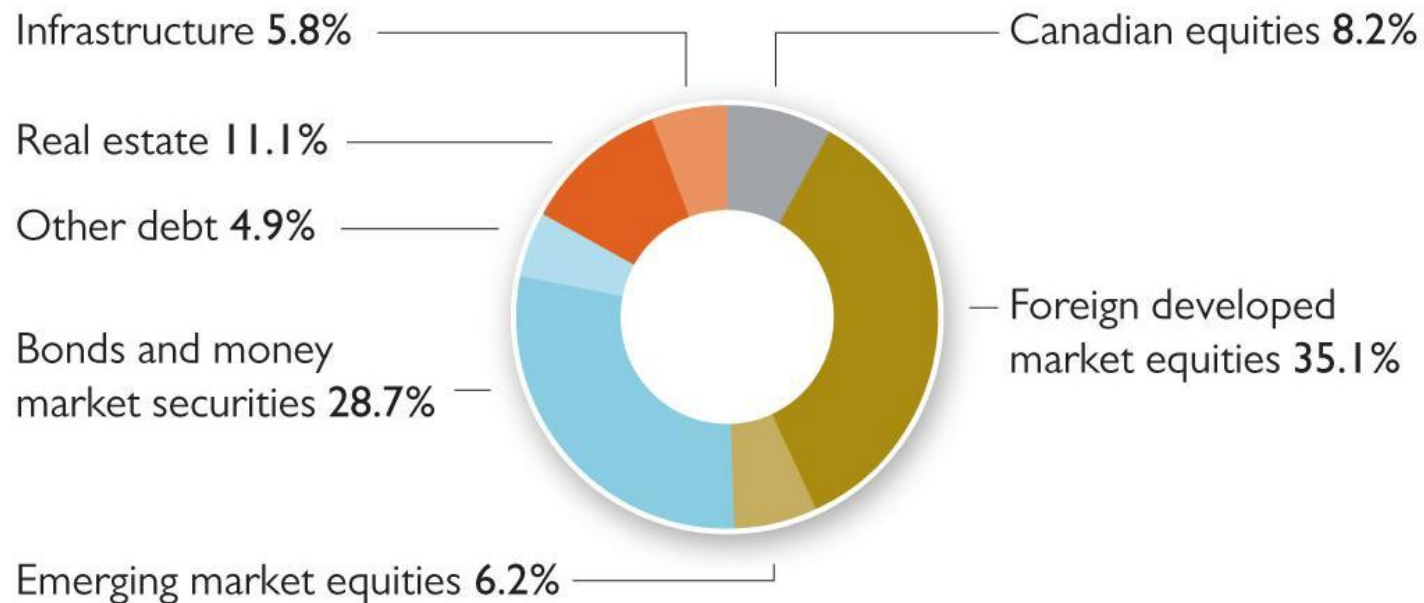
C\$ BILLIONS



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Multiple Asset Classes

ASSET DISTRIBUTION AS AT JUNE 30, 2013



CPPIB's Overall Approach to Responsible Investing

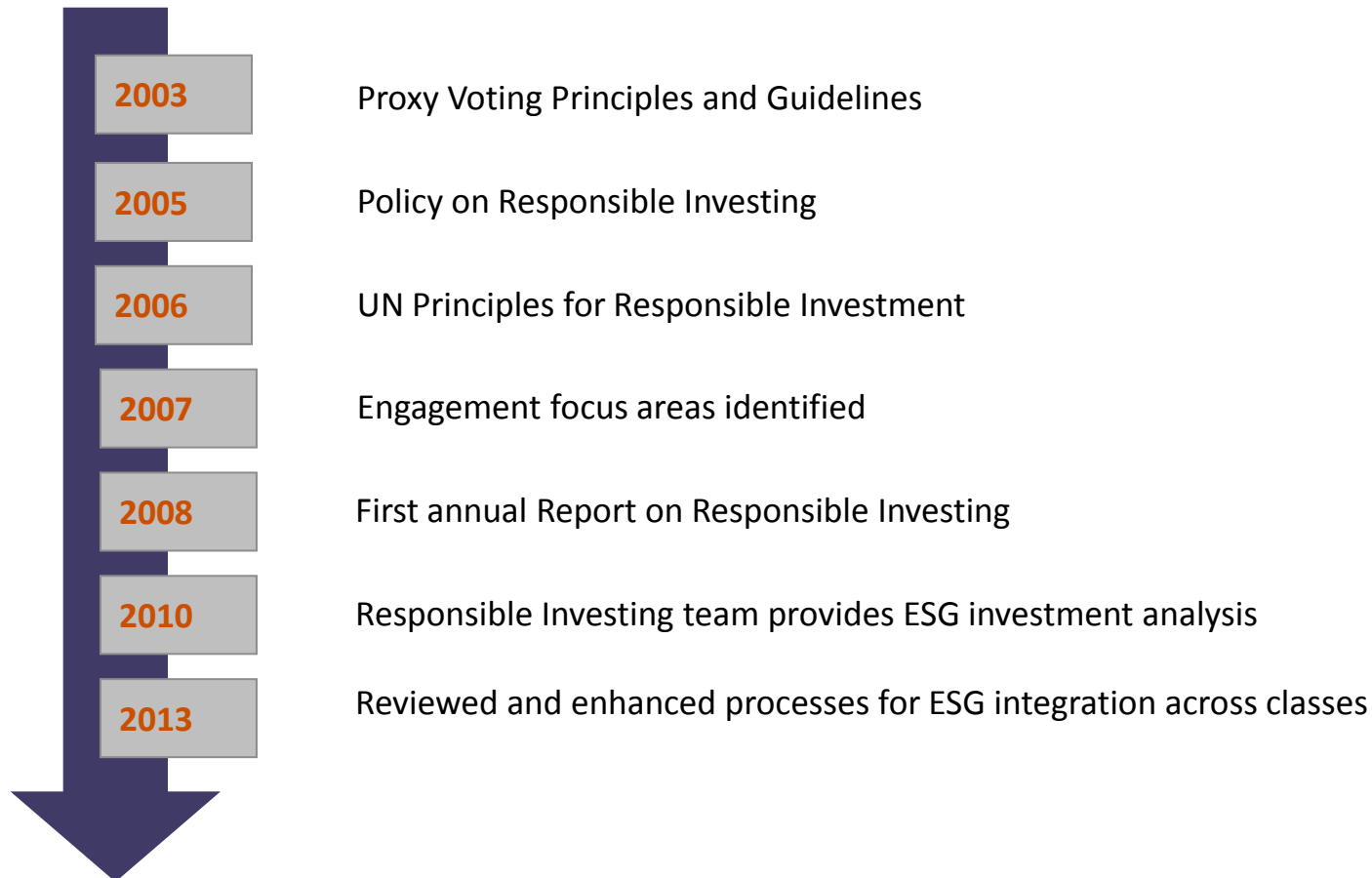
Investment-only mandate

- Consider ESG factors only as they affect the risk and return of investments
 - › Not compliance, not box ticking
- Belief that effective management of ESG factors can generally have a positive influence on corporate financial performance
 - › As a long-term investor, ESG factors are especially material to our investments

Core elements

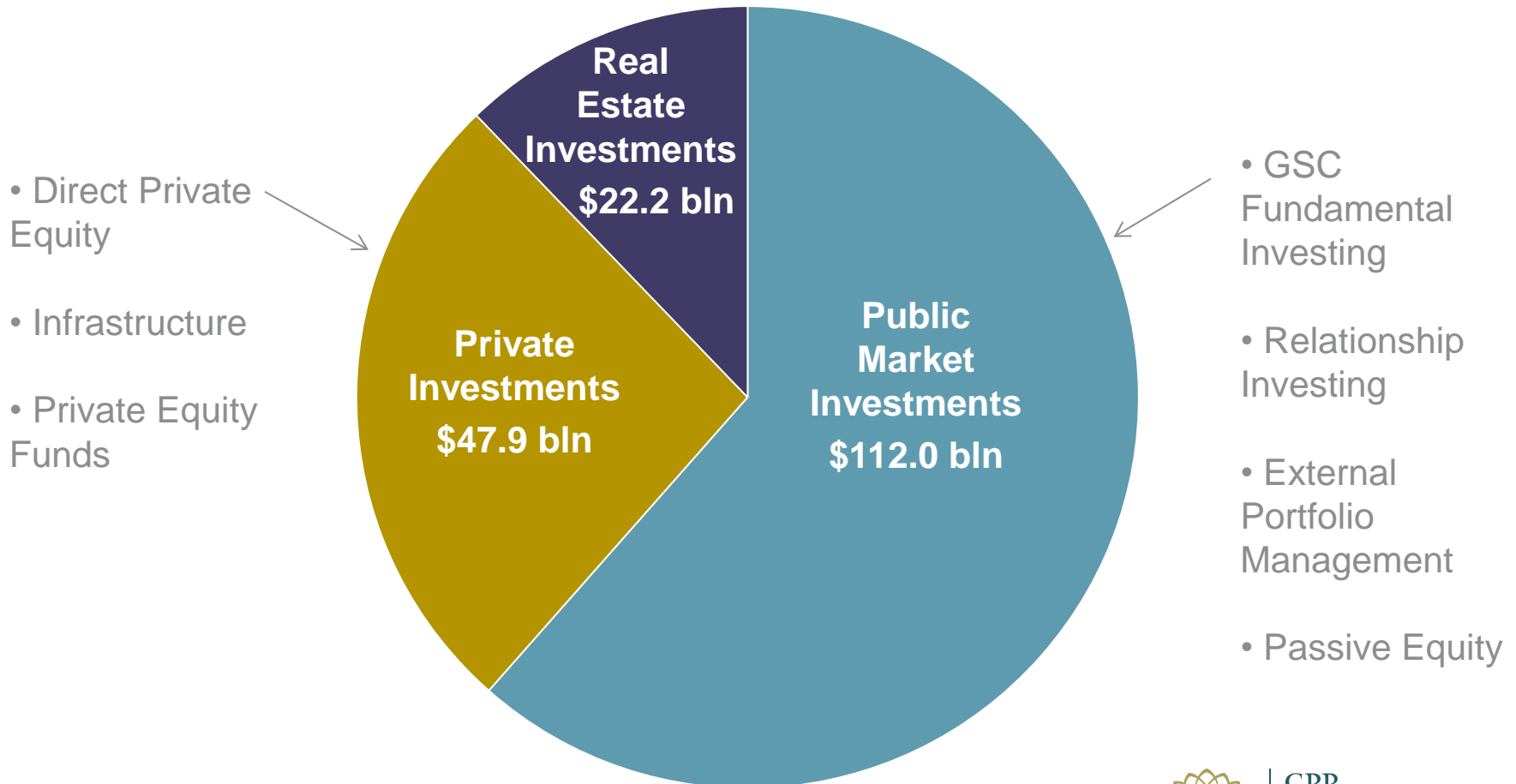
- Corporate engagement
- ESG integration in our investment and asset management activities

Evolution of CPPIB's Responsible Investing Activities



ESG Due Diligence and Monitoring: Tailor to Asset Class

CPPIB Investment Departments (at March 31, 2013)



Public Market Investments

GCS Fundamental Investing	Relationship Investments	External Portfolio Management	Passive Equity
Global portfolio with long-horizon view of up to five years	Significant minority investments in public companies	Invest in a range of strategies	2,500+ public companies
Examine ESG risks that could affect a company's ability to execute its business plans, the value of its assets and liabilities, and its future profitability	ESG factors are an integral part of due diligence	Evaluate fund manager approach to ESG risks in due diligence	Responsible Investing team leads ESG engagement and proxy voting
	Monitor and promote good ESG practices post investment	Annual monitoring process	Direct engagement, collaboration, and input to regulators
Input from Responsible Investing team includes company ESG Profiles during initial research / screening and ongoing monitoring			



Private Investments

Direct Private Equity	Infrastructure	Private Equity Funds
Invests across multiple industry sectors	Invests in global infrastructure assets with stable long-term returns	Relationships with more than 80 general partners globally
Start with a standard due diligence checklist and tailor it to the asset based on deal structure, industry and geography	<p>Due diligence of fund manager's approach to ESG informed by our own approach to ESG integration on direct private equity</p>	<p>Refresh the review annually through discussion with the fund manager and monitor best practices</p>
Six broad areas of focus: Environment, Labor and Working Conditions, Health & Safety, Community Relations, Corporate Governance, Business Integrity		
Portfolio Value Creation group's role includes ensuring implementation of ESG diligence and monitoring process for direct investments in private equity and infrastructure assets		



Private Investments Example - ista International GmbH

Aligning ESG opportunities and investment fundamentals

- In June 2013, CPPIB made a €175 million investment in ista International GmbH
- ista is the world leader in sub-metering
- Reducing energy consumption
- Emerging regulation presents growth opportunity



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Real Estate Investments



BARANGAROO SOUTH

Australia • 50% interest • Mixed use



INTERLINK

Hong Kong • 50% Interest • Industrial



1221 AVENUE OF THE AMERICAS

U.S. • 45% Interest • Office

- Focus on the asset, operating partners and property managers
- Examine ESG factors including operational efficiency and social impact
- ESG due diligence and annual ESG monitoring tools



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What's next ...

Management of ESG factors by investors and companies continues to evolve

- Ongoing review of emerging best practices on ESG integration
- Improvements in ESG data and transparency enabling better integration
- Investors increasingly considering ESG factors
- More extensive collaboration among investors both locally and globally
- Advocating long-term investing and consideration of ESG factors

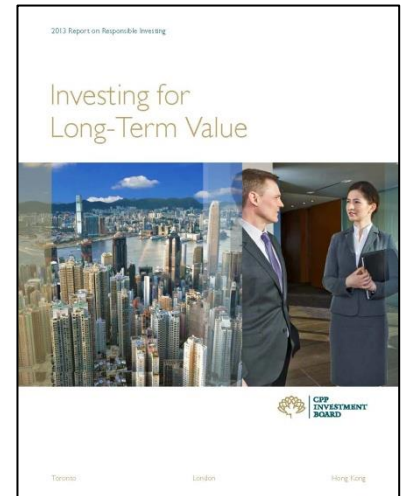


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For more information

Please refer to the Responsible Investing section on CPP Investment Board's website for more information, including:

- 2013 Report on Responsible Investing
- Policy on Responsible Investing
- Proxy Voting Principles and Guidelines



<http://www.cppib.com/en/how-we-invest/responsible-invest-approach.html>