CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT and AFFIDAVIT
Related to Contract/Amendment/Solicitation
EDS # 183676

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting the EDS:

WSP USA Inc.

Enter d/b/a if applicable:

The Disclosing Party submitting this EDS is:

the Applicant

B. Business address of the Disclosing Party:

One Penn Plaza
New York, NY 10119
United States

C. Telephone:

206-382-5282

Fax:

717-859-7926

D. Name of contact person:

Ms. Laura S Unger

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains:

CATEGORY 8: CONSTRUCTION ENGINEERING FOR ROADWAY AND BRIDGE PROJECTS, CITY-WIDE ROADWAY & BRIDGE IMPROVEMENTS

G. Which City agency or department is requesting this EDS?

DEPT OF PROCUREMENT SERVICES

Specification Number

112832

Contract (PO) Number

29724

Revision Number

3

Release Number

0

User Department Project Number

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

Privately held business corporation

Is the Disclosing Party incorporated or organized in the State of Illinois?

No

State or foreign country of incorporation or organization:

New York

Registered to do business in the State of Illinois as a foreign entity?

Yes

B. DISCLOSING PARTY IS A LEGAL ENTITY:

1.a.1 Does the Disclosing Party have any directors?

Yes

1.a.3 List below the full names and titles of all executive officers and all directors, if any, of the entity. Do not include any directors who have no power to select the entity's officers.

Officer/Director:	Mr. Andrew Esposito
Title:	Senior Vice President & Treasurer
Role:	Both

Officer/Director:	Mr. Andrew J. Lynn
Title:	Vice President
Role:	Officer

Officer/Director:	Ms. Hillary F. Jassey
Title:	Secretary
Role:	Officer

Officer/Director:	Mr. W. Stephen Dale
Title:	Assistant Secretary
Role:	Officer

Officer/Director:	Mr. Gregory P. Benz
Title:	Board Director
Role:	Director

Officer/Director:	Mr. Gerald S. Jannetti
Title:	Senior Vice President
Role:	Officer

Officer/Director:	Mr. Bernard P. McNeilly
Title:	President and CEO
Role:	Both

Officer/Director:	Mr. Garry E. Nunes
Title:	Senior Vice President
Role:	Officer

Officer/Director:	Mr. John Trotta
Title:	Senior Vice President

Role: Officer

Officer/Director: Mr. Nicholas Mitrakis

Title: Controller

Role: Officer

Officer/Director: Mr. Christopher J D'Aquino

Title: Assistant Controller

Role: Officer

Officer/Director: Mr. Christopher L Peters

Title: Senior Vice President

Role: Officer

Officer/Director: Mr. Amir J. Degany

Title: Assistant Vice President

Role: Officer

Officer/Director: Mr. Kevin B. Reed

Title: Vice President

Role: Officer

Officer/Director: Mr. Leslie Gartner

Title: Assistant Vice President

Role: Officer

Officer/Director: Mr. Robert Rohlfs

Title: Assistant Vice President

Role: Officer

Officer/Director: Mr. Fadi S. Walieddine

Title: Assistant Vice President

Role: Officer

Officer/Director: Ms. Sandy Bishay

Title: Assistant Vice President

Role: Officer

Officer/Director: Mr. David Patterson

Title: Assistant Vice President

Role: Officer

Officer/Director: Mr. Arpit Talati

Title: Senior Vice President
Role: Officer

Officer/Director: Mr. David B. Terry
Title: Senior Vice President
Role: Officer

Officer/Director: Mr. Joseph B. Willhite
Title: Senior Vice President
Role: Officer

Officer/Director: Mr. Lewis P. Cornell
Title: Executive Vice President
Role: Officer

Officer/Director: Mr. Jacob Borchers
Title: Assistant Vice President
Role: Officer

Officer/Director: Mr. David Church
Title: Assistant Vice President
Role: Officer

Officer/Director: Mr. Scott Cogan
Title: Assistant Vice President
Role: Officer

Officer/Director: Mr. David Odeh
Title: Board Director
Role: Director

Officer/Director: Mr. Joseph Sczurko
Title: Senior Vice President
Role: Officer

Officer/Director: Ms. Laura S. Unger
Title: Assistant Secretary
Role: Officer

Officer/Director: Mr. Lyle Troutt
Title: Senior Vice President
Role: Officer

Officer/Director: Ms. Mary Volpe
Title: Assistant Vice President
Role: Officer

Officer/Director: Mr. Michael Case
Title: Senior Vice President
Role: Officer

Officer/Director: Mr. Neil Weitman
Title: Senior Vice President
Role: Officer

Officer/Director: Ms. Rebecca Nolan
Title: Senior Vice President
Role: Officer

Officer/Director: Ms. Sofia Berger
Title: Senior Vice President
Role: Officer

Officer/Director: Mr. Stuart Sunshine
Title: Senior Vice President
Role: Officer

Officer/Director: Rory Gayle
Title: Assistant Vice President
Role: Officer

Officer/Director: Mr. Jarad R. Machala
Title: Assistant Vice President
Role: Officer

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2. Ownership Information

Please provide ownership information concerning each person or entity that holds, or is anticipated to hold (see next paragraph), a direct or indirect beneficial interest in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate, or other similar entity. Note: Each legal entity below may be required to submit an EDS on its own behalf.

Please disclose present owners below. Please disclose anticipated owners in an attachment submitted through the "Additional Info" tab. "Anticipated owner" means an individual or entity in existence at the time application for City action is made, which is not an applicant or owner at such time, but which the applicant expects to assume a legal status, within six months of the time the City action occurs, that would render such individual or entity an applicant or owner if they had held such legal status at the time application was made.

- Parsons Brinckerhoff Holdings Inc. - 100.0% - EDS 183677
  - WSP USA Buildings Inc. - 100.0% - EDS 183678
    - WSP USA Holdings, Inc. - 100.0% - EDS 183679
      - WSP Group Holding LLC - 100.0% - EDS 183680
        - WSP USA Group Holding Inc. - 100.0% - EDS 183681
          - WSP Group Consulting Inc. - 100.0% - EDS 183682
            - WSP Global Inc. - 100.0% - EDS 183683

Owner Details

Name	Business Address
Parsons Brinckerhoff Holdings Inc.	One Penn Plaza New York, NY United States
WSP Global Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada
WSP Group Consulting Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada
WSP Group Holding LLC	One Penn Plaza 4th Floor New York, NY United States
WSP USA Buildings Inc.	One Penn Plaza New York, NY United States
WSP USA Group Holding Inc.	One Penn Plaza 4th Floor New York, NY

	United States
WSP USA Holdings, Inc.	One Penn Plaza New York, NY United States

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

A. Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS?

No

B. Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS?

No

D. Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code ("MCC")) in the Disclosing Party?

No

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

1. Has the Disclosing Party retained or does it anticipate retaining any legal entities in connection with the Matter?

Yes

2. List below the names of all legal entities which are retained parties.

Name:	The Roderick Group, Inc. dba Ardmore Roderick
Anticipated/Retained:	Anticipated
Business Address:	1327 W Washington Blvd Ste 105 Chicago, IL 60607 United States
Relationship:	Subcontractor - MWDBE
Fees ($$ or %):	10
Estimated/Paid:	Estimated

Name:	Globetrotters Engineering Corporation
Anticipated/Retained:	Anticipated
Business Address:	300 S Wacker Drive Ste 400 Chicago, IL 60606 United States
Relationship:	Subcontractor - MWDBE
Fees ($$ or %):	15
Estimated/Paid:	Estimated

Name:	Program Management & Controls Services, llc
Anticipated/Retained:	Anticipated
Business Address:	46 S Waiola Ave La Grange, IL 60525 United States
Relationship:	Subcontractor - MWDBE
Fees ($$ or %):	5
Estimated/Paid:	Estimated

Name:	RM Chin & Associates, Inc.
Anticipated/Retained:	Anticipated
Business Address:	500 W 18th St Chicago, IL 60616 United States
Relationship:	Subcontractor - MWDBE
Fees ($$ or %):	4
Estimated/Paid:	Estimated

Name:	Sanchez & Associates, P.C.
Anticipated/Retained:	Anticipated
Business Address:	8604 West Catalpa Ave Ste 912 Chicagoa, IL 60656 United States
Relationship:	Subcontractor - MWDBE
Fees ($$ or %):	2
Estimated/Paid:	Estimated

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3. Has the Disclosing Party retained or does it anticipate retaining any persons in connection with the Matter?

No

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage of any child support obligations by any Illinois court of competent jurisdiction?

Not applicable because no person directly or indirectly owns 10% or more of the Disclosing Party

B. FURTHER CERTIFICATIONS

1. [This certification applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e. an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

I am unable to certify the above to be true

Explain :

Please see attached disclosure statement provided under Additional Information tab regarding subsidiary WSP USA Solutions Inc. f/k/a Louis Berger U.S., Inc.

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

I certify the above to be true

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

I certify the above to be true

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapter 2-56 (Inspector General) and Chapter 2-156 (Governmental Ethics).

I certify the above to be true

5. Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an

Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

I certify the above to be true

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of

- bid-rigging in violation of 720 ILCS 5/33E-3;
- bid-rotating in violation of 720 ILCS 5/33E-4; or
- any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

I certify the above to be true

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

I certify the above to be true

8. [FOR APPLICANT ONLY]

i. Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency" ; and
ii. the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City.

NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

I certify the above to be true

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM")

I certify the above to be true

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/ subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

I certify the above to be true

11. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago.

I have a disclosure to make

List below the names of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago:

Name:	Mr. Michael Ogonji
City Title:	Functional Lead - Chicago Public Schools

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12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $25 per recipient, or (iii) a political contribution otherwise duly reported as required by law.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies, as defined in MCC Section 2-32-455(b), the Disclosing Party

is not a "financial institution"

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

No

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

If the Disclosing Party cannot make this verification, the Disclosing Party must disclose all required information in the space provided below or in an attachment in the "Additional Info" tab. Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

I can make the above verification

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

Is the Matter federally funded? For the purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

No

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

I acknowledge and consent to the above

The Disclosing Party understands and agrees that:

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/ or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the

information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

I acknowledge and consent to the above

APPENDIX A - FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a, if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

No

APPENDIX B - BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

No

APPENDIX C-PROHIBITION ON WAGE & SALARY HISTORY SCREENING

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1).

Yes

ADDITIONAL INFO

Please add any additional explanatory information here. If explanation is longer than 1000 characters, you may add an attachment below. Please note that your EDS, including all attachments, becomes available for public viewing upon contract award. Your attachments will be viewable "as is" without manual redaction by the City. You are responsible for redacting any non-public information from your documents before uploading.

Applicant's ultimate parent company is WSP Global Inc., which is publicly traded on the Toronto Stock Exchange. The following entities having more than a 7.5% interest in WSP

Global Inc. are exempt from filing an EDS under Rule 1(i) of the Rules Regarding Economic Disclosure Statement and Affidavit, but were disclosed in the March 30, 2023 Management Information Circular: the Canadian Pension Plan Investment Board ("CPPIB") owns 14.67% and the Caisse de Depot et Placement du Quebec ("CDPQ") owns 18.13%. Their year-end public financial statements are attached to WSP Global Inc.'s EDS in accordance with the rule.

List of vendor attachments uploaded by City staff

None.

List of attachments uploaded by vendor

Louis Berger U.S., Inc. Disclosure Statement

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable appendices, are true, accurate and complete as of the date furnished to the City. Submission of this form constitutes making the oath associated with notarization.

/s/ 05/16/2023
Ms. Laura S Unger
Assistant General Counsel, Regulatory Compliance
WSP USA Inc.

This is a printed copy of the Economic Disclosure Statement, the original of which is filed electronically with the City of Chicago. Any alterations must be made electronically, alterations on this printed copy are void and of no effect.

DISCLOSURE STATEMENT FOR LOUIS BERGER COMPANIES

This Statement provides disclosures about the legacy Louis Berger companies for events occurring prior to the acquisition of Berger Group Holdings, Inc. ("BGH") by WSP Global Inc. ("WSP") which acquired BGH on December 18, 2018. WSP continues to provide this Statement in accordance with the highest standards of corporate transparency and conduct.

Louis Berger Companies

Prior to December 18, 2018, BGH, a holding company, was the common parent of a group of professional services companies (collectively the "legacy LB Company") with its first-tier subsidiaries being:

- Louis Berger Group, Inc. ("LBG"), formed in 1963, is an operating company with a general purpose of providing engineering, planning, architecture, development, construction management and program management services primarily to U.S. federal, state and local governments and private clients.
    - Louis Berger U.S., Inc. was acquired by the legacy LB Company in November 2015 and was a subsidiary of LBG. After the WSP acquisition in December 2018, Louis Berger U.S., Inc. became a wholly-owned subsidiary of WSP USA Inc. As of January 2, 2020, Louis Berger U.S., Inc. changed its name to WSP USA Solutions Inc.
- Louis Berger International, Inc. ("LBI"), formed in 2012, is a holding company with a general purpose of owning certain foreign subsidiaries that provide engineering, planning, architecture, development, construction management and program management services to foreign governments and private clients.
- Louis Berger Services, Inc. ("LBS"), acquired in 2012 is an operating company with a general purpose of providing commercial services related to operations and maintenance, power generation, and related services to federal, state and local governments and private clients. LBS is currently a wholly-owned subsidiary of WSP USA Services Inc. and is the parent of Louis Berger Aircraft Services, Inc. and Louis Berger Hawthorne Services, Inc.

BGH and two of its subsidiaries, LBG and LBI, were the subject of related investigations involving conduct by former employees in 2010 and earlier. These investigations resulted in a False Claims Act Settlement Agreement and an Administrative Agreement in 2010 as well as Deferred Prosecution Agreements in 2010 and 2015. All of these agreements have expired. These matters, discussed below, have been fully resolved with the U.S. government. The legacy LB Company took full responsibility for the historical actions of former managers and employees. The legacy LB Company entered into Integrity Monitoring Agreements with the Port Authority of New York and New Jersey, the New York City Department of Investigation, New York State Department of Transportation and the Metropolitan Transportation Authority, and a Contractor Certification with the City University of New York. These Integrity Monitoring Agreements have expired.

CORRECTIVE ACTIONS BY LEGACY LB COMPANY

The legacy LB Company implemented and continuously improved on a $25-million reform program including: broadening ownership by employees; implementing a new, state-of-the-art Enterprise Resource Planning (Accounting) System; and, creation of an Office of Compliance and Ethics, managed by an executive-level Ethics & Compliance leader. Now as part of WSP, the legacy LB Company has adopted the WSP comprehensive code of business conduct and other internal controls, specifically including an anti-corruption program.

LOUIS BERGER COMPANIES ARE RESPONSIBLE, CONTRACT AWARD-ELIGIBLE VENDORS

The legacy Louis Berger companies remaining active is part of WSP, are responsible vendors serving and are receiving new contract awards from federal civil and military agencies, and state and local government clients. The matters discussed below arise out of misconduct of legacy LB Company employees, who were terminated as the events became known, that occurred in 2010 and earlier. This disclosure statement, the reform efforts undertaken, and the continuing attention to corporate responsibility ensure that the certain entities of the legacy LB Company now as an

LOUIS BERGER

412 Mount Kemble Avenue | Morristown | New Jersey | 07962-1946 | USA | Tel +1.973.407.1000

active part of WSP, are presently a responsible vendor that deals fairly and honestly with its clients. This responsibility is best evidenced by the continued receipt of government contract awards from federal, state and local government agencies.

2010-2012: False Claims Matter (LBG)

LBG was the subject of a False Claims Act ("FCA") investigation by the U.S. Attorney's Office in Newark, New Jersey for the over-allocation of overhead charges in connection with contracts performed for the U.S. Government overseas, primarily for USAID, between 1998 and 2007. LBG voluntarily refunded the over-allocated overhead charges to the U.S. Government. On November 5, 2010, LBG entered into a two-year Deferred Prosecution Agreement (the "2010 DPA") with the U.S. Department of Justice (the "DOJ"), a civil FCA Settlement Agreement (the "FCA Settlement"), and a three-year Administrative Agreement (the "AA") with USAID. LBG fully complied with the terms of and successfully completed the 2010 DPA, which expired in accordance with its terms on November 5, 2012 The AA was successfully completed on November 5, 2013. USAID has praised the Company's performance under the AA. All potential charges associated with the 2010 DPA were dismissed in November 2012. LBG paid a fine of $18.7 million under the 2010 DPA. LBG also paid $50.6 million (including the refunded overhead) under the FCA Settlement. The former LBG employees who were identified as orchestrating the improper conduct at issue in the FCA matter were separated from the company in 2009 and 2010, and were separately prosecuted by the DOJ.

2015-2018: Foreign Corrupt Practices Act Matter (LBI)

During its own internal investigation of the FCA matter, the LB Company discovered evidence of potential inappropriate payments made to foreign government officials by rogue employees in breach of express company policy. The Company disclosed that information to the U.S. Government. The legacy LB Company voluntarily commissioned a private law firm to conduct an extensive internal investigation for potential Foreign Corrupt Practices Act ("FCPA") violations, as well as a review of company business operations for potential violations of the standards of conduct applicable to projects financed by the World Bank and the Japan International Cooperation Agency ("JICA"). These apparent violations by personnel, previously employed by the legacy LB Company, were limited to several overseas offices involving certain procurements in several countries in the Middle East and Asia and occurred between 1998 and 2010. The legacy LB Company self-reported the misconduct uncovered by its internal investigation to the DOJ, the World Bank and JICA. The reviews performed by the DOJ, the World Bank, and JICA all centered on the conduct by same former employees.

- 2015 Deferred Prosecution Agreement: The DOJ and the U.S. Attorney's Office in Newark, New Jersey evaluated the self-reported FCPA issues involving conduct that occurred in 2010 and prior. LBI is the business unit that houses the operations responsible for these actions. In July 2015, LBI entered into a Deferred Prosecution Agreement with the DOJ and the U.S. Attorney's Office (the "2015 DPA") for a term of three years. LBI fully complied with the terms of and successfully completed the 2015 DPA, which expired in accordance with its terms on July 7, 2018. The legacy LB Company fully cooperated with the criminal investigations of the individuals responsible for the misconduct, both of whom were separated from the legacy LB Company in 2012, and eventually plead guilty to charges brought by the DOJ.
- World Bank Matter: The World Bank, as a public international organization, is not subject to U.S. domestic law and it is not a "governmental entity." It applies its own rules of conduct to the use of its finances. The World Bank reviewed the results of the legacy LB Company's internal FCPA investigation of the legacy LB Company's foreign business units with respect to World Bank-financed international development projects under the World Bank's internal standards of conduct. On January 29, 2015, the World Bank debarred LBG and its controlled subsidiaries for a period of 12 months, based on LBG's Vietnam contracts awarded before 2010, from participating in World Bank-financed projects. LBG worked cooperatively with the World Bank to satisfy the conditions of the World Bank order. On January 28, 2016, LBG fully complied with the terms of and successfully

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completed the one-year World Bank debarment and the LBG is now fully eligible to participate in World Bank projects.

- JICA Matter: As the FCPA investigation progressed toward conclusion, the legacy LB Company's legal and management representatives briefed JICA regarding two JICA-financed international development projects, based in India, that were later named in the 2015 DPA. On September 18, 2015, JICA sanctioned LBG, the legal entity that originally entered into these two India-based JICA-financed projects, from pursuing new JICA-financed projects for a period of nine months. JICA did not impose any fine upon LBG or seek restitution of any payments received by LBG under the contracts at issue. On June 18, 2016, LBG fully complied with the terms of and successfully completed the JICA sanction period and the LBG is reinstated as an eligible bidder on all JICA-financed projects.

- India Projects Inquiries**:** The JICA-financed India projects referenced in the 2015 DPA were water supply projects in the Indian state of Goa and city of Guwahati. After the 2015 DPA was announced, local Indian authorities initiated investigations of the same self-reported conduct by former rogue employees that formed the basis of the 2015 DPA. This conduct occurred before the legacy LB Company's comprehensive reform that began in 2010. LBG continues to cooperate with Indian investigative authorities in all aspects of their investigations.

    - During the Goa Crime Branch investigation, the legacy LB Company shared requested documents and information and also shared the results of its internal investigations, with respect to the Goa project, with the authorities. Two former Louis Berger non-management employees provided evidence to Goa authorities. In August 2015, former Louis Berger India employee Satyakam Mohanty and former Goa Public Works Department Minister Churchill Alemao were arrested as part of this investigation. In addition, former Goa Chief Minister Digambar Kamat was charged with disappearance of evidence relevant to the investigation. In January 2017, Mr. Kamat was charged as a prime accused in the matter.

        - As part of the Goa investigation, LBG was charged on September 25, 2015 with violating section 120-B of the Indian Penal Code relating to conspiracy and with violating sections 7, 8, 9, and 13 of the Prevention of Corruption Act of 1988. The matter is pending before Special Judge, CBI Court Goa, and the charges in this matter have not yet been framed by the court against the accused.

    - The Directorate of Enforcement, Goa (the "ED") is currently conducting an investigation under the Prevention of Money Laundering Act, 2002 (the "PMLA") with respect to the Goa water supply project. The Company is fully cooperating with ED officials in all aspects of this investigation. On July 12, 2018, ED filed a criminal complaint in the Special Court under PMLA against the former Goa Chief Minister Digambar Kamath and former Minister Churchill Alemao charging them with violations of PMLA. LBG is not charged in this charge sheet.

    - The Guwahati Criminal Investigation Department ("CID") investigation, subsequently transferred to the Indian Central Bureau of Investigation ("CBI"), the legacy LB Company shared requested documents and information required by the CID and CBI and also shared the results of its internal investigations, with respect to the Guwahati project. The CBI initiated their review in the normal manner for their cases, which consists of filing a First Information Report (FIR). The legacy LB Company is fully cooperating with the authorities' ongoing investigation in Guwahati.

    - As a result of the Goa investigation, the Government of Maharashtra created an inquiry committee to look into the Maharashtra infrastructure contracts held by the legacy LB Company. The committee has not sent any notices to the legacy LB Company requesting any information or statements.

Statement as of 21 September, 2020. Additional information on these topics are available, upon request, from the WSP USA legal department.

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CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT and AFFIDAVIT
Related to Contract/Amendment/Solicitation
EDS # 183677

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting the EDS:

Parsons Brinckerhoff Holdings Inc.

Enter d/b/a if applicable:

The Disclosing Party submitting this EDS is:

a legal entity currently holding an interest in the Applicant

The Disclosing Party holds an interest in

WSP USA Inc. and EDS is 183676

B. Business address of the Disclosing Party:

One Penn Plaza
New York, NY 10119
United States

C. Telephone:

206-382-5282

Fax:

D. Name of contact person:

Ms. Laura Sue Unger

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

Privately held business corporation

Is the Disclosing Party incorporated or organized in the State of Illinois?

No

State or foreign country of incorporation or organization:

Delaware

Registered to do business in the State of Illinois as a foreign entity?

No

B. DISCLOSING PARTY IS A LEGAL ENTITY:

1.a.1 Does the Disclosing Party have any directors?

Yes

1.a.3 List below the full names and titles of all executive officers and all directors, if any, of the entity. Do not include any directors who have no power to select the entity's officers.

Officer/Director:	Mr. Lewis P. Cornell
Title:	President & Chief Executive Officer
Role:	Both
Officer/Director:	Mr. Andrew Esposito
Title:	Executive Vice President, Â Â Chief Financial Officer & Treasurer
Role:	Both
Officer/Director:	Mr. W. Stephen Dale
Title:	Senior Vice President, General Counsel & Secretary
Role:	Both
Officer/Director:	Ms. Hillary F. Jassey
Title:	Assistant Secretary

Role: Officer

---

2. Ownership Information

Please confirm ownership information concerning each person or entity that having a direct or indirect beneficial interest in excess of 7.5% of the Disclosing Party (your entity). Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited lability company, or interest of a beneficiary of a trust, estate, or other similar entity. Note: Each legal entity below may be required to submit an EDS on its own behalf.

As reported by the Disclosing Party, the immediate owner(s) of the Disclosing Party is/ are listed below:

- WSP USA Buildings Inc. - 100.0%
  - WSP USA Holdings, Inc. - 100.0%
    - WSP Group Holding LLC - 100.0%
      - WSP USA Group Holding Inc. - 100.0%
        - WSP Group Consulting Inc. - 100.0%
          - WSP Global Inc. - 100.0%

Owner Details

Name	Business Address
WSP Global Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada
WSP Group Consulting Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada
WSP Group Holding LLC	One Penn Plaza 4th Floor New York, NY United States
WSP USA Buildings Inc.	One Penn Plaza New York, NY United States
WSP USA Group Holding Inc.	One Penn Plaza 4th Floor

	New York, NY United States
WSP USA Holdings, Inc.	One Penn Plaza New York, NY United States

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

A. Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS?

No

B. Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS?

No

D. Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code ("MCC")) in the Disclosing Party?

No

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage of any child support obligations by any Illinois court of competent jurisdiction?

Not applicable because no person directly or indirectly owns 10% or more of the Disclosing Party

B. FURTHER CERTIFICATIONS

1. [This certification applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e. an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

I certify the above to be true

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

I certify the above to be true

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

I certify the above to be true

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapter 2-56 (Inspector General) and Chapter 2-156 (Governmental Ethics).

I certify the above to be true

5. Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

I certify the above to be true

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of

- bid-rigging in violation of 720 ILCS 5/33E-3;
- bid-rotating in violation of 720 ILCS 5/33E-4; or
- any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

I certify the above to be true

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

I certify the above to be true

11. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at

any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago.

None

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $25 per recipient, or (iii) a political contribution otherwise duly reported as required by law.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies, as defined in MCC Section 2-32-455(b), the Disclosing Party

is not a "financial institution"

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

If the Disclosing Party cannot make this verification, the Disclosing Party must disclose all required information in the space provided below or in an attachment in the "Additional Info" tab. Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

I can make the above verification

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the

City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

I acknowledge and consent to the above

The Disclosing Party understands and agrees that:

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

I acknowledge and consent to the above

APPENDIX A - FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a, if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

No

APPENDIX B - BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

No

ADDITIONAL INFO

Please add any additional explanatory information here. If explanation is longer than 1000 characters, you may add an attachment below. Please note that your EDS, including all attachments, becomes available for public viewing upon contract award. Your attachments will be viewable "as is" without manual redaction by the City. You are responsible for redacting any non-public information from your documents before uploading.

Disclosing Party's ultimate parent company is WSP Global Inc., which is publicly traded on the Toronto Stock Exchange. The following entities, having more than a 7.5% shareholder interest in WSP Global, Inc., are exempt from filing an EDS, but were disclosed in the March 30, 2023 Management Information Circular: the Canadian Pension Plan Investment Board (CPPIB) owns 14.67% and the Caisse de Depot et Placement du Quebec (CDPQ) owns 18.13%.

List of attachments uploaded by vendor

None.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable appendices, are true, accurate and complete as of the date furnished to the City. Submission of this form constitutes making the oath associated with notarization.

/s/ 06/07/2023
Ms. Laura Sue Unger
Asst. General Counsel, Regulatory Compliance
Parsons Brinckerhoff Holdings Inc.

This is a printed copy of the Economic Disclosure Statement, the original of which is filed electronically with the City of Chicago. Any alterations must be made electronically, alterations on this printed copy are void and of no effect.

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT and AFFIDAVIT
Related to Contract/Amendment/Solicitation
EDS # 183678

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting the EDS:

WSP USA Buildings Inc.

Enter d/b/a if applicable:

The Disclosing Party submitting this EDS is:

a legal entity currently holding an interest in the Applicant

The Disclosing Party holds an interest in

WSP USA Inc. and EDS is 183676

B. Business address of the Disclosing Party:

One Penn Plaza
New York, NY 10119
United States

C. Telephone:

206-382-5282

Fax:

D. Name of contact person:

Ms. Laura Sue Unger

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

Privately held business corporation

Is the Disclosing Party incorporated or organized in the State of Illinois?

No

State or foreign country of incorporation or organization:

New York

Registered to do business in the State of Illinois as a foreign entity?

Yes

B. DISCLOSING PARTY IS A LEGAL ENTITY:

1.a.1 Does the Disclosing Party have any directors?

Yes

1.a.3 List below the full names and titles of all executive officers and all directors, if any, of the entity. Do not include any directors who have no power to select the entity's officers.

Officer/Director:	Mr. Andrew Esposito
Title:	Chief Financial Officer & Treasurer
Role:	Both
Officer/Director:	Mr. Andrew J. Lynn
Title:	Vice President
Role:	Officer
Officer/Director:	Mr. W. Stephen Dale
Title:	Secretary
Role:	Officer
Officer/Director:	Mr. Eric Hechler
Title:	Assistant Secretary
Role:	Officer

Officer/Director: Ms. Hillary F. Jassey
Title: Assistant Secretary
Role: Officer

Officer/Director: Ms. Sarah S. Kuchera
Title: Vice President
Role: Officer

Officer/Director: Mr. Lewis P. Cornell
Title: Executive Vice President
Role: Officer

Officer/Director: Mr. Leslie Gartner
Title: Assistant Vice President
Role: Officer

Officer/Director: Mr. Robert Rohlfs
Title: Assistant Vice President
Role: Officer

Officer/Director: Ms. Mindy Whisler
Title: Assistant Vice President
Role: Officer

Officer/Director: Mr. Allistair Macgregor
Title: Senior Vice President
Role: Officer

Officer/Director: Ms. Mary Volpe
Title: Assistant Vice President
Role: Officer

Officer/Director: Mr. David J Odeh
Title: President & CEO
Role: Both

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2. Ownership Information

Please confirm ownership information concerning each person or entity that having a direct or indirect beneficial interest in excess of 7.5% of the Disclosing Party (your entity). Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited

lability company, or interest of a beneficiary of a trust, estate, or other similar entity. Note: Each legal entity below may be required to submit an EDS on its own behalf.

As reported by the Disclosing Party, the immediate owner(s) of the Disclosing Party is/ are listed below:

- WSP USA Holdings, Inc. - 100.0%
  - WSP Group Holding LLC - 100.0%
    - WSP USA Group Holding Inc. - 100.0%
      - WSP Group Consulting Inc. - 100.0%
        - WSP Global Inc. - 100.0%

Owner Details

Name	Business Address
WSP Global Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada
WSP Group Consulting Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada
WSP Group Holding LLC	One Penn Plaza 4th Floor New York, NY United States
WSP USA Group Holding Inc.	One Penn Plaza 4th Floor New York, NY United States
WSP USA Holdings, Inc.	One Penn Plaza New York, NY United States

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

A. Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS?

No

B. Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS?

No

D. Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code ("MCC")) in the Disclosing Party?

No

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage of any child support obligations by any Illinois court of competent jurisdiction?

Not applicable because no person directly or indirectly owns 10% or more of the Disclosing Party

B. FURTHER CERTIFICATIONS

1. [This certification applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e. an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

I certify the above to be true

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property

taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

I certify the above to be true

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

I certify the above to be true

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapter 2-56 (Inspector General) and Chapter 2-156 (Governmental Ethics).

I certify the above to be true

5. Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

I certify the above to be true

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of

- bid-rigging in violation of 720 ILCS 5/33E-3;
- bid-rotating in violation of 720 ILCS 5/33E-4; or
- any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

I certify the above to be true

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

I certify the above to be true

11. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago.

None

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $25 per recipient, or (iii) a political contribution otherwise duly reported as required by law.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies, as defined in MCC Section 2-32-455(b), the Disclosing Party

is not a "financial institution"

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

If the Disclosing Party cannot make this verification, the Disclosing Party must disclose all required information in the space provided below or in an attachment in the "Additional Info" tab. Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

I can make the above verification

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.
B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

I acknowledge and consent to the above

The Disclosing Party understands and agrees that:

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/ or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

I acknowledge and consent to the above

APPENDIX A - FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild,

father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a, if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

No

APPENDIX B - BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

No

ADDITIONAL INFO

Please add any additional explanatory information here. If explanation is longer than 1000 characters, you may add an attachment below. Please note that your EDS, including all attachments, becomes available for public viewing upon contract award. Your attachments will be viewable "as is" without manual redaction by the City. You are responsible for redacting any non-public information from your documents before uploading.

Disclosing Party's ultimate parent company is WSP Global Inc., which is publicly traded on the Toronto Stock Exchange. The following entities, having more than a 7.5% shareholder interest in WSP Global, Inc., are exempt from filing an EDS, but were disclosed in the March 30, 2023

Management Information Circular: the Canadian Pension Plan Investment Board (CPPIB) owns 14.67% and the Caisse de Depot et Placement du Quebec (CDPQ) owns 18.13%.

List of attachments uploaded by vendor

None.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable appendices, are true, accurate and complete as of the date furnished to the City. Submission of this form constitutes making the oath associated with notarization.

/s/ 06/07/2023
Ms. Laura Sue Unger
Asst. General Counsel, Regulatory Compliance
WSP USA Buildings Inc.

This is a printed copy of the Economic Disclosure Statement, the original of which is filed electronically with the City of Chicago. Any alterations must be made electronically, alterations on this printed copy are void and of no effect.

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT and AFFIDAVIT
Related to Contract/Amendment/Solicitation
EDS # 183679

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting the EDS:

WSP USA Holdings, Inc.

Enter d/b/a if applicable:

The Disclosing Party submitting this EDS is:

a legal entity currently holding an interest in the Applicant

The Disclosing Party holds an interest in

WSP USA Inc. and EDS is 183676

B. Business address of the Disclosing Party:

One Penn Plaza
New York, NY 10119
United States

C. Telephone:

206-382-5282

Fax:

D. Name of contact person:

Ms. Laura Sue Unger

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

Privately held business corporation

Is the Disclosing Party incorporated or organized in the State of Illinois?

No

State or foreign country of incorporation or organization:

Delaware

Registered to do business in the State of Illinois as a foreign entity?

No

B. DISCLOSING PARTY IS A LEGAL ENTITY:

1.a.1 Does the Disclosing Party have any directors?

Yes

1.a.3 List below the full names and titles of all executive officers and all directors, if any, of the entity. Do not include any directors who have no power to select the entity's officers.

Officer/Director:	Mr. Lewis P. Cornell
Title:	President, CEO and Director
Role:	Both

Officer/Director:	Mr. Andrew Esposito
Title:	Executive Vice President, CFO, Treasurer and Director
Role:	Both

Officer/Director:	Mr. W. Stephen Dale
Title:	Senior Vice President, General Counsel & Secretary
Role:	Officer

Officer/Director:	Mr. Andrew J. Lynn
Title:	Vice President
Role:	Officer

Officer/Director: Ms. Hillary F. Jassey
Title: Assistant Secretary
Role: Officer

Officer/Director: Jennifer Brown
Title: Board Director
Role: Director

Officer/Director: Robert Giambrone
Title: Board Director
Role: Director

Officer/Director: Mr. Trevor Odell
Title: Board Director
Role: Director

Officer/Director: Mr. Philippe Fortier
Title: Board Director
Role: Director

Officer/Director: Mr. Karl Bissonnette
Title: Board Director
Role: Director

Officer/Director: Mr. Todd T. Semonite
Title: Board Director
Role: Director

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2. Ownership Information

Please confirm ownership information concerning each person or entity that having a direct or indirect beneficial interest in excess of 7.5% of the Disclosing Party (your entity). Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited lability company, or interest of a beneficiary of a trust, estate, or other similar entity. Note: Each legal entity below may be required to submit an EDS on its own behalf.

As reported by the Disclosing Party, the immediate owner(s) of the Disclosing Party is/ are listed below:

- WSP Group Holding LLC - 100.0%
  - WSP USA Group Holding Inc. - 100.0%
    - WSP Group Consulting Inc. - 100.0%
      - WSP Global Inc. - 100.0%

Owner Details

Name	Business Address
WSP Global Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada
WSP Group Consulting Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada
WSP Group Holding LLC	One Penn Plaza 4th Floor New York, NY United States
WSP USA Group Holding Inc.	One Penn Plaza 4th Floor New York, NY United States

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

A. Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS?

No

B. Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS?

No

D. Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code ("MCC")) in the Disclosing Party?

No

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage of any child support obligations by any Illinois court of competent jurisdiction?

Not applicable because no person directly or indirectly owns 10% or more of the Disclosing Party

B. FURTHER CERTIFICATIONS

1. [This certification applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e. an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

I am unable to certify the above to be true

Explain :

Please see attached disclosure statement provided under Additional Info tab regarding affiliate Berger Group Holdings, Inc.

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

I certify the above to be true

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

I certify the above to be true

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapter 2-56 (Inspector General) and Chapter 2-156 (Governmental Ethics).

I certify the above to be true

5. Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

I certify the above to be true

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of

- bid-rigging in violation of 720 ILCS 5/33E-3;
- bid-rotating in violation of 720 ILCS 5/33E-4; or
- any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

I certify the above to be true

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

I certify the above to be true

11. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago.

None

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $25 per recipient, or (iii) a political contribution otherwise duly reported as required by law.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies, as defined in MCC Section 2-32-455(b), the Disclosing Party

is not a "financial institution"

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

If the Disclosing Party cannot make this verification, the Disclosing Party must disclose all required information in the space provided below or in an attachment in the "Additional Info" tab. Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

I can make the above verification

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

I acknowledge and consent to the above

The Disclosing Party understands and agrees that:

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions.

Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

I acknowledge and consent to the above

APPENDIX A - FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a, if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all

managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

No

APPENDIX B - BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

No

ADDITIONAL INFO

Please add any additional explanatory information here. If explanation is longer than 1000 characters, you may add an attachment below. Please note that your EDS, including all attachments, becomes available for public viewing upon contract award. Your attachments will be viewable "as is" without manual redaction by the City. You are responsible for redacting any non-public information from your documents before uploading.

Disclosing Party's ultimate parent company is WSP Global Inc., which is publicly traded on the Toronto Stock Exchange. The following entities, having more than a 7.5% shareholder interest in WSP Global, Inc., are exempt from filing an EDS, but were disclosed in the March 30, 2023 Management Information Circular: the Canadian Pension Plan Investment Board (CPPIB) owns 14.67% and the Caisse de Depot et Placement du Quebec (CDPQ) owns 18.13%.

List of attachments uploaded by vendor

Affiliate Disclosure Statement

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable appendices, are true, accurate and complete as of the date furnished to the City. Submission of this form constitutes making the oath associated with notarization.

/s/ 06/07/2023
Ms. Laura Sue Unger
U.S. Regulatory Compliance Manager
WSP USA Holdings, Inc.

This is a printed copy of the Economic Disclosure Statement, the original of which is filed electronically with the City of Chicago. Any alterations must be made electronically, alterations on this printed copy are void and of no effect.

DISCLOSURE STATEMENT FOR LOUIS BERGER COMPANIES

This Statement provides disclosures about the legacy Louis Berger companies for events occurring prior to the acquisition of Berger Group Holdings, Inc. ("BGH") by WSP Global Inc. ("WSP") which acquired BGH on December 18, 2018. WSP continues to provide this Statement in accordance with the highest standards of corporate transparency and conduct.

Louis Berger Companies

Prior to December 18, 2018, BGH, a holding company, was the common parent of a group of professional services companies (collectively the "legacy LB Company") with its first-tier subsidiaries being:

- Louis Berger Group, Inc. ("LBG"), formed in 1963, is an operating company with a general purpose of providing engineering, planning, architecture, development, construction management and program management services primarily to U.S. federal, state and local governments and private clients.
    - Louis Berger U.S., Inc. was acquired by the legacy LB Company in November 2015 and was a subsidiary of LBG. After the WSP acquisition in December 2018, Louis Berger U.S., Inc. became a wholly-owned subsidiary of WSP USA Inc. As of January 2, 2020, Louis Berger U.S., Inc. changed its name to WSP USA Solutions Inc.
- Louis Berger International, Inc. ("LBI"), formed in 2012, is a holding company with a general purpose of owning certain foreign subsidiaries that provide engineering, planning, architecture, development, construction management and program management services to foreign governments and private clients.
- Louis Berger Services, Inc. ("LBS"), acquired in 2012 is an operating company with a general purpose of providing commercial services related to operations and maintenance, power generation, and related services to federal, state and local governments and private clients. LBS is currently a wholly-owned subsidiary of WSP USA Services Inc. and is the parent of Louis Berger Aircraft Services, Inc. and Louis Berger Hawthorne Services, Inc.

BGH and two of its subsidiaries, LBG and LBI, were the subject of related investigations involving conduct by former employees in 2010 and earlier. These investigations resulted in a False Claims Act Settlement Agreement and an Administrative Agreement in 2010 as well as Deferred Prosecution Agreements in 2010 and 2015. All of these agreements have expired. These matters, discussed below, have been fully resolved with the U.S. government. The legacy LB Company took full responsibility for the historical actions of former managers and employees. The legacy LB Company entered into Integrity Monitoring Agreements with the Port Authority of New York and New Jersey, the New York City Department of Investigation, New York State Department of Transportation and the Metropolitan Transportation Authority, and a Contractor Certification with the City University of New York. These Integrity Monitoring Agreements have expired.

CORRECTIVE ACTIONS BY LEGACY LB COMPANY

The legacy LB Company implemented and continuously improved on a $25-million reform program including: broadening ownership by employees; implementing a new, state-of-the-art Enterprise Resource Planning (Accounting) System; and, creation of an Office of Compliance and Ethics, managed by an executive-level Ethics & Compliance leader. Now as part of WSP, the legacy LB Company has adopted the WSP comprehensive code of business conduct and other internal controls, specifically including an anti-corruption program.

LOUIS BERGER COMPANIES ARE RESPONSIBLE, CONTRACT AWARD-ELIGIBLE VENDORS

The legacy Louis Berger companies remaining active is part of WSP, are responsible vendors serving and are receiving new contract awards from federal civil and military agencies, and state and local government clients. The matters discussed below arise out of misconduct of legacy LB Company employees, who were terminated as the events became known, that occurred in 2010 and earlier. This disclosure statement, the reform efforts undertaken, and the continuing attention to corporate responsibility ensure that the certain entities of the legacy LB Company now as an

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active part of WSP, are presently a responsible vendor that deals fairly and honestly with its clients. This responsibility is best evidenced by the continued receipt of government contract awards from federal, state and local government agencies.

2010-2012: False Claims Matter (LBG)

LBG was the subject of a False Claims Act ("FCA") investigation by the U.S. Attorney's Office in Newark, New Jersey for the over-allocation of overhead charges in connection with contracts performed for the U.S. Government overseas, primarily for USAID, between 1998 and 2007. LBG voluntarily refunded the over-allocated overhead charges to the U.S. Government. On November 5, 2010, LBG entered into a two-year Deferred Prosecution Agreement (the "2010 DPA") with the U.S. Department of Justice (the "DOJ"), a civil FCA Settlement Agreement (the "FCA Settlement"), and a three-year Administrative Agreement (the "AA") with USAID. LBG fully complied with the terms of and successfully completed the 2010 DPA, which expired in accordance with its terms on November 5, 2012 The AA was successfully completed on November 5, 2013. USAID has praised the Company's performance under the AA. All potential charges associated with the 2010 DPA were dismissed in November 2012. LBG paid a fine of $18.7 million under the 2010 DPA. LBG also paid $50.6 million (including the refunded overhead) under the FCA Settlement. The former LBG employees who were identified as orchestrating the improper conduct at issue in the FCA matter were separated from the company in 2009 and 2010, and were separately prosecuted by the DOJ.

2015-2018: Foreign Corrupt Practices Act Matter (LBI)

During its own internal investigation of the FCA matter, the LB Company discovered evidence of potential inappropriate payments made to foreign government officials by rogue employees in breach of express company policy. The Company disclosed that information to the U.S. Government. The legacy LB Company voluntarily commissioned a private law firm to conduct an extensive internal investigation for potential Foreign Corrupt Practices Act ("FCPA") violations, as well as a review of company business operations for potential violations of the standards of conduct applicable to projects financed by the World Bank and the Japan International Cooperation Agency ("JICA"). These apparent violations by personnel, previously employed by the legacy LB Company, were limited to several overseas offices involving certain procurements in several countries in the Middle East and Asia and occurred between 1998 and 2010. The legacy LB Company self-reported the misconduct uncovered by its internal investigation to the DOJ, the World Bank and JICA. The reviews performed by the DOJ, the World Bank, and JICA all centered on the conduct by same former employees.

- 2015 Deferred Prosecution Agreement: The DOJ and the U.S. Attorney's Office in Newark, New Jersey evaluated the self-reported FCPA issues involving conduct that occurred in 2010 and prior. LBI is the business unit that houses the operations responsible for these actions. In July 2015, LBI entered into a Deferred Prosecution Agreement with the DOJ and the U.S. Attorney's Office (the "2015 DPA") for a term of three years. LBI fully complied with the terms of and successfully completed the 2015 DPA, which expired in accordance with its terms on July 7, 2018. The legacy LB Company fully cooperated with the criminal investigations of the individuals responsible for the misconduct, both of whom were separated from the legacy LB Company in 2012, and eventually plead guilty to charges brought by the DOJ.
- World Bank Matter: The World Bank, as a public international organization, is not subject to U.S. domestic law and it is not a "governmental entity." It applies its own rules of conduct to the use of its finances. The World Bank reviewed the results of the legacy LB Company's internal FCPA investigation of the legacy LB Company's foreign business units with respect to World Bank-financed international development projects under the World Bank's internal standards of conduct. On January 29, 2015, the World Bank debarred LBG and its controlled subsidiaries for a period of 12 months, based on LBG's Vietnam contracts awarded before 2010, from participating in World Bank-financed projects. LBG worked cooperatively with the World Bank to satisfy the conditions of the World Bank order. On January 28, 2016, LBG fully complied with the terms of and successfully

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completed the one-year World Bank debarment and the LBG is now fully eligible to participate in World Bank projects.

- JICA Matter: As the FCPA investigation progressed toward conclusion, the legacy LB Company's legal and management representatives briefed JICA regarding two JICA-financed international development projects, based in India, that were later named in the 2015 DPA. On September 18, 2015, JICA sanctioned LBG, the legal entity that originally entered into these two India-based JICA-financed projects, from pursuing new JICA-financed projects for a period of nine months. JICA did not impose any fine upon LBG or seek restitution of any payments received by LBG under the contracts at issue. On June 18, 2016, LBG fully complied with the terms of and successfully completed the JICA sanction period and the LBG is reinstated as an eligible bidder on all JICA-financed projects.

- India Projects Inquiries**:** The JICA-financed India projects referenced in the 2015 DPA were water supply projects in the Indian state of Goa and city of Guwahati. After the 2015 DPA was announced, local Indian authorities initiated investigations of the same self-reported conduct by former rogue employees that formed the basis of the 2015 DPA. This conduct occurred before the legacy LB Company's comprehensive reform that began in 2010. LBG continues to cooperate with Indian investigative authorities in all aspects of their investigations.

    - During the Goa Crime Branch investigation, the legacy LB Company shared requested documents and information and also shared the results of its internal investigations, with respect to the Goa project, with the authorities. Two former Louis Berger non-management employees provided evidence to Goa authorities. In August 2015, former Louis Berger India employee Satyakam Mohanty and former Goa Public Works Department Minister Churchill Alemao were arrested as part of this investigation. In addition, former Goa Chief Minister Digambar Kamat was charged with disappearance of evidence relevant to the investigation. In January 2017, Mr. Kamat was charged as a prime accused in the matter.

        - As part of the Goa investigation, LBG was charged on September 25, 2015 with violating section 120-B of the Indian Penal Code relating to conspiracy and with violating sections 7, 8, 9, and 13 of the Prevention of Corruption Act of 1988. The matter is pending before Special Judge, CBI Court Goa, and the charges in this matter have not yet been framed by the court against the accused.

    - The Directorate of Enforcement, Goa (the "ED") is currently conducting an investigation under the Prevention of Money Laundering Act, 2002 (the "PMLA") with respect to the Goa water supply project. The Company is fully cooperating with ED officials in all aspects of this investigation. On July 12, 2018, ED filed a criminal complaint in the Special Court under PMLA against the former Goa Chief Minister Digambar Kamath and former Minister Churchill Alemao charging them with violations of PMLA. LBG is not charged in this charge sheet.

    - The Guwahati Criminal Investigation Department ("CID") investigation, subsequently transferred to the Indian Central Bureau of Investigation ("CBI"), the legacy LB Company shared requested documents and information required by the CID and CBI and also shared the results of its internal investigations, with respect to the Guwahati project. The CBI initiated their review in the normal manner for their cases, which consists of filing a First Information Report (FIR). The legacy LB Company is fully cooperating with the authorities' ongoing investigation in Guwahati.

    - As a result of the Goa investigation, the Government of Maharashtra created an inquiry committee to look into the Maharashtra infrastructure contracts held by the legacy LB Company. The committee has not sent any notices to the legacy LB Company requesting any information or statements.

Statement as of 21 September, 2020. Additional information on these topics are available, upon request, from the WSP USA legal department.

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CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT and AFFIDAVIT
Related to Contract/Amendment/Solicitation
EDS # 183680

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting the EDS:

WSP Group Holding LLC

Enter d/b/a if applicable:

The Disclosing Party submitting this EDS is:

a legal entity currently holding an interest in the Applicant

The Disclosing Party holds an interest in

WSP USA Inc. and EDS is 183676

B. Business address of the Disclosing Party:

One Penn Plaza
4th Floor
New York, NY 10119
United States

C. Telephone:

206-382-5282

Fax:

D. Name of contact person:

Ms. Laura S. Unger

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

Limited liability company

Is the Disclosing Party incorporated or organized in the State of Illinois?

No

State or foreign country of incorporation or organization:

Delaware

Registered to do business in the State of Illinois as a foreign entity?

No

B. DISCLOSING PARTY IS A LEGAL ENTITY:

1.a.2 Does the Disclosing Party have any officers?

No

B. CERTIFICATION REGARDING CONTROLLING INTEREST

1.b.1 Are there any individuals who directly or indirectly control the day-to-day management of the Disclosing Party as a general partner, managing member, manager, or other capacity?

Yes

1.b.2 List all general partners, managing members, managers, and any others who directly or indirectly control the day-to-day management of the Disclosing Party. Don't include any legal entities in this answer- these will be named later:

Name: Mr. Thomas Andrew Opdyke
Title: Director

Name: Mr. Joseph Patrick Walsh
Title: Director

Name: Ms. Joelle El- FÃ©ghali
Title: Director

1.b.3 Are there any legal entities that directly or indirectly control the day-to-day management of the Disclosing Party as a general partner, managing member, manager, or other capacity?

No

2. Ownership Information

Please confirm ownership information concerning each person or entity that having a direct or indirect beneficial interest in excess of 7.5% of the Disclosing Party (your entity). Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited lability company, or interest of a beneficiary of a trust, estate, or other similar entity. Note: Each legal entity below may be required to submit an EDS on its own behalf.

As reported by the Disclosing Party, the immediate owner(s) of the Disclosing Party is/ are listed below:

- WSP USA Group Holding Inc. - 100.0%
    - WSP Group Consulting Inc. - 100.0%
        - WSP Global Inc. - 100.0%

Owner Details

Name	Business Address
WSP Global Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada
WSP Group Consulting Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada
WSP USA Group Holding Inc.	One Penn Plaza 4th Floor New York, NY United States

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

A. Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS?

No

B. Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS?

No

D. Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code ("MCC")) in the Disclosing Party?

No

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage of any child support obligations by any Illinois court of competent jurisdiction?

Not applicable because no person directly or indirectly owns 10% or more of the Disclosing Party

B. FURTHER CERTIFICATIONS

1. [This certification applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e. an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

I am unable to certify the above to be true

Explain :

Please see attached disclosure statement provided under Additional Info Tab regarding affiliate Berger Group Holdings, Inc.

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

I certify the above to be true

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

I certify the above to be true

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapter 2-56 (Inspector General) and Chapter 2-156 (Governmental Ethics).

I certify the above to be true

5. Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

I certify the above to be true

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of

- bid-rigging in violation of 720 ILCS 5/33E-3;
- bid-rotating in violation of 720 ILCS 5/33E-4; or
- any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

I certify the above to be true

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

I certify the above to be true

11. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago.

None

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official

City business and having a retail value of less than $25 per recipient, or (iii) a political contribution otherwise duly reported as required by law.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies, as defined in MCC Section 2-32-455(b), the Disclosing Party

is not a "financial institution"

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

If the Disclosing Party cannot make this verification, the Disclosing Party must disclose all required information in the space provided below or in an attachment in the "Additional Info" tab. Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

I can make the above verification

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from

the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

I acknowledge and consent to the above

The Disclosing Party understands and agrees that:

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

I acknowledge and consent to the above

APPENDIX A - FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof

currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a, if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

No

APPENDIX B - BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

No

ADDITIONAL INFO

Please add any additional explanatory information here. If explanation is longer than 1000 characters, you may add an attachment below. Please note that your EDS, including all attachments, becomes available for public viewing upon contract award. Your attachments will be viewable "as is" without manual redaction by the City. You

are responsible for redacting any non-public information from your documents before uploading.

Disclosing Party's ultimate parent company is WSP Global Inc., which is publicly traded on the Toronto Stock Exchange. The following entities, having more than a 7.5% shareholder interest in WSP Global, Inc., are exempt from filing an EDS, but were disclosed in the March 30, 2023 Management Information Circular: the Canadian Pension Plan Investment Board (CPPIB) owns 14.67% and the Caisse de Depot et Placement du Quebec (CDPQ) owns 18.13%.

List of attachments uploaded by vendor

Affiliate Disclosure Statement

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable appendices, are true, accurate and complete as of the date furnished to the City. Submission of this form constitutes making the oath associated with notarization.

/s/ 06/07/2023
Ms. Laura S. Unger
Asst. General Counsel, Regulatory Compliance
WSP Group Holding LLC

This is a printed copy of the Economic Disclosure Statement, the original of which is filed electronically with the City of Chicago. Any alterations must be made electronically, alterations on this printed copy are void and of no effect.

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active part of WSP, are presently a responsible vendor that deals fairly and honestly with its clients. This responsibility is best evidenced by the continued receipt of government contract awards from federal, state and local government agencies.

2010-2012: False Claims Matter (LBG)

LBG was the subject of a False Claims Act ("FCA") investigation by the U.S. Attorney's Office in Newark, New Jersey for the over-allocation of overhead charges in connection with contracts performed for the U.S. Government overseas, primarily for USAID, between 1998 and 2007. LBG voluntarily refunded the over-allocated overhead charges to the U.S. Government. On November 5, 2010, LBG entered into a two-year Deferred Prosecution Agreement (the "2010 DPA") with the U.S. Department of Justice (the "DOJ"), a civil FCA Settlement Agreement (the "FCA Settlement"), and a three-year Administrative Agreement (the "AA") with USAID. LBG fully complied with the terms of and successfully completed the 2010 DPA, which expired in accordance with its terms on November 5, 2012 The AA was successfully completed on November 5, 2013. USAID has praised the Company's performance under the AA. All potential charges associated with the 2010 DPA were dismissed in November 2012. LBG paid a fine of $18.7 million under the 2010 DPA. LBG also paid $50.6 million (including the refunded overhead) under the FCA Settlement. The former LBG employees who were identified as orchestrating the improper conduct at issue in the FCA matter were separated from the company in 2009 and 2010, and were separately prosecuted by the DOJ.

2015-2018: Foreign Corrupt Practices Act Matter (LBI)

During its own internal investigation of the FCA matter, the LB Company discovered evidence of potential inappropriate payments made to foreign government officials by rogue employees in breach of express company policy. The Company disclosed that information to the U.S. Government. The legacy LB Company voluntarily commissioned a private law firm to conduct an extensive internal investigation for potential Foreign Corrupt Practices Act ("FCPA") violations, as well as a review of company business operations for potential violations of the standards of conduct applicable to projects financed by the World Bank and the Japan International Cooperation Agency ("JICA"). These apparent violations by personnel, previously employed by the legacy LB Company, were limited to several overseas offices involving certain procurements in several countries in the Middle East and Asia and occurred between 1998 and 2010. The legacy LB Company self-reported the misconduct uncovered by its internal investigation to the DOJ, the World Bank and JICA. The reviews performed by the DOJ, the World Bank, and JICA all centered on the conduct by same former employees.

- 2015 Deferred Prosecution Agreement: The DOJ and the U.S. Attorney's Office in Newark, New Jersey evaluated the self-reported FCPA issues involving conduct that occurred in 2010 and prior. LBI is the business unit that houses the operations responsible for these actions. In July 2015, LBI entered into a Deferred Prosecution Agreement with the DOJ and the U.S. Attorney's Office (the "2015 DPA") for a term of three years. LBI fully complied with the terms of and successfully completed the 2015 DPA, which expired in accordance with its terms on July 7, 2018. The legacy LB Company fully cooperated with the criminal investigations of the individuals responsible for the misconduct, both of whom were separated from the legacy LB Company in 2012, and eventually plead guilty to charges brought by the DOJ.
- World Bank Matter: The World Bank, as a public international organization, is not subject to U.S. domestic law and it is not a "governmental entity." It applies its own rules of conduct to the use of its finances. The World Bank reviewed the results of the legacy LB Company's internal FCPA investigation of the legacy LB Company's foreign business units with respect to World Bank-financed international development projects under the World Bank's internal standards of conduct. On January 29, 2015, the World Bank debarred LBG and its controlled subsidiaries for a period of 12 months, based on LBG's Vietnam contracts awarded before 2010, from participating in World Bank-financed projects. LBG worked cooperatively with the World Bank to satisfy the conditions of the World Bank order. On January 28, 2016, LBG fully complied with the terms of and successfully

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completed the one-year World Bank debarment and the LBG is now fully eligible to participate in World Bank projects.

- JICA Matter: As the FCPA investigation progressed toward conclusion, the legacy LB Company's legal and management representatives briefed JICA regarding two JICA-financed international development projects, based in India, that were later named in the 2015 DPA. On September 18, 2015, JICA sanctioned LBG, the legal entity that originally entered into these two India-based JICA-financed projects, from pursuing new JICA-financed projects for a period of nine months. JICA did not impose any fine upon LBG or seek restitution of any payments received by LBG under the contracts at issue. On June 18, 2016, LBG fully complied with the terms of and successfully completed the JICA sanction period and the LBG is reinstated as an eligible bidder on all JICA-financed projects.

- India Projects Inquiries**:** The JICA-financed India projects referenced in the 2015 DPA were water supply projects in the Indian state of Goa and city of Guwahati. After the 2015 DPA was announced, local Indian authorities initiated investigations of the same self-reported conduct by former rogue employees that formed the basis of the 2015 DPA. This conduct occurred before the legacy LB Company's comprehensive reform that began in 2010. LBG continues to cooperate with Indian investigative authorities in all aspects of their investigations.

    - During the Goa Crime Branch investigation, the legacy LB Company shared requested documents and information and also shared the results of its internal investigations, with respect to the Goa project, with the authorities. Two former Louis Berger non-management employees provided evidence to Goa authorities. In August 2015, former Louis Berger India employee Satyakam Mohanty and former Goa Public Works Department Minister Churchill Alemao were arrested as part of this investigation. In addition, former Goa Chief Minister Digambar Kamat was charged with disappearance of evidence relevant to the investigation. In January 2017, Mr. Kamat was charged as a prime accused in the matter.

        - As part of the Goa investigation, LBG was charged on September 25, 2015 with violating section 120-B of the Indian Penal Code relating to conspiracy and with violating sections 7, 8, 9, and 13 of the Prevention of Corruption Act of 1988. The matter is pending before Special Judge, CBI Court Goa, and the charges in this matter have not yet been framed by the court against the accused.

    - The Directorate of Enforcement, Goa (the "ED") is currently conducting an investigation under the Prevention of Money Laundering Act, 2002 (the "PMLA") with respect to the Goa water supply project. The Company is fully cooperating with ED officials in all aspects of this investigation. On July 12, 2018, ED filed a criminal complaint in the Special Court under PMLA against the former Goa Chief Minister Digambar Kamath and former Minister Churchill Alemao charging them with violations of PMLA. LBG is not charged in this charge sheet.

    - The Guwahati Criminal Investigation Department ("CID") investigation, subsequently transferred to the Indian Central Bureau of Investigation ("CBI"), the legacy LB Company shared requested documents and information required by the CID and CBI and also shared the results of its internal investigations, with respect to the Guwahati project. The CBI initiated their review in the normal manner for their cases, which consists of filing a First Information Report (FIR). The legacy LB Company is fully cooperating with the authorities' ongoing investigation in Guwahati.

    - As a result of the Goa investigation, the Government of Maharashtra created an inquiry committee to look into the Maharashtra infrastructure contracts held by the legacy LB Company. The committee has not sent any notices to the legacy LB Company requesting any information or statements.

Statement as of 21 September, 2020. Additional information on these topics are available, upon request, from the WSP USA legal department.

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CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT and AFFIDAVIT
Related to Contract/Amendment/Solicitation
EDS # 183681

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting the EDS:

WSP USA Group Holding Inc.

Enter d/b/a if applicable:

The Disclosing Party submitting this EDS is:

a legal entity currently holding an interest in the Applicant

The Disclosing Party holds an interest in

WSP USA Inc. and EDS is 183676

B. Business address of the Disclosing Party:

One Penn Plaza
4th Floor
New York, NY 10119
United States

C. Telephone:

206-382-5282

Fax:

D. Name of contact person:

Ms. Laura S. Unger

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

Privately held business corporation

Is the Disclosing Party incorporated or organized in the State of Illinois?

No

State or foreign country of incorporation or organization:

Delaware

Registered to do business in the State of Illinois as a foreign entity?

No

B. DISCLOSING PARTY IS A LEGAL ENTITY:

1.a.1 Does the Disclosing Party have any directors?

Yes

1.a.3 List below the full names and titles of all executive officers and all directors, if any, of the entity. Do not include any directors who have no power to select the entity's officers.

Officer/Director:	Ms. Joelle El- FÃ©ghali
Title:	Secretary and Director
Role:	Both
Officer/Director:	Mr. Joseph Patrick Walsh
Title:	President and Director
Role:	Both
Officer/Director:	Mr. Thomas Andrew Opdyke
Title:	Director
Role:	Director

2. Ownership Information

Please confirm ownership information concerning each person or entity that having a direct or indirect beneficial interest in excess of 7.5% of the Disclosing Party (your entity). Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited lability company, or interest of a beneficiary of a trust, estate, or other similar entity. Note: Each legal entity below may be required to submit an EDS on its own behalf.

As reported by the Disclosing Party, the immediate owner(s) of the Disclosing Party is/ are listed below:

- WSP Group Consulting Inc. - 100.0%
  - WSP Global Inc. - 100.0%

Owner Details

Name	Business Address
WSP Global Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada
WSP Group Consulting Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

A. Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS?

No

B. Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS?

No

D. Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code ("MCC")) in the Disclosing Party?

No

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage of any child support obligations by any Illinois court of competent jurisdiction?

Not applicable because no person directly or indirectly owns 10% or more of the Disclosing Party

B. FURTHER CERTIFICATIONS

1. [This certification applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e. an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

I am unable to certify the above to be true

Explain :

Please see attached disclosure statement provided under Additional Info tab regarding affiliate Berger Group Holdings, Inc.

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

I certify the above to be true

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

I certify the above to be true

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapter 2-56 (Inspector General) and Chapter 2-156 (Governmental Ethics).

I certify the above to be true

5. Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

I certify the above to be true

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of

- bid-rigging in violation of 720 ILCS 5/33E-3;
- bid-rotating in violation of 720 ILCS 5/33E-4; or
- any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

I certify the above to be true

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

I certify the above to be true

11. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago.

None

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $25 per recipient, or (iii) a political contribution otherwise duly reported as required by law.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies, as defined in MCC Section 2-32-455(b), the Disclosing Party

is not a "financial institution"

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

If the Disclosing Party cannot make this verification, the Disclosing Party must disclose all required information in the space provided below or in an attachment in the "Additional Info" tab. Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

I can make the above verification

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

I acknowledge and consent to the above

The Disclosing Party understands and agrees that:

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions.

Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

I acknowledge and consent to the above

APPENDIX A - FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a, if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all

managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

No

APPENDIX B - BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

No

ADDITIONAL INFO

Please add any additional explanatory information here. If explanation is longer than 1000 characters, you may add an attachment below. Please note that your EDS, including all attachments, becomes available for public viewing upon contract award. Your attachments will be viewable "as is" without manual redaction by the City. You are responsible for redacting any non-public information from your documents before uploading.

Disclosing Party's ultimate parent company is WSP Global Inc., which is publicly traded on the Toronto Stock Exchange. The following entities, having more than a 7.5% shareholder interest in WSP Global, Inc., are exempt from filing an EDS, but were disclosed in the March 30, 2023 Management Information Circular: the Canadian Pension Plan Investment Board (CPPIB) owns 14.67% and the Caisse de Depot et Placement du Quebec (CDPQ) owns 18.13%.

List of attachments uploaded by vendor

Affiliate Disclosure Statement

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable appendices, are true, accurate and complete as of the date furnished to the City. Submission of this form constitutes making the oath associated with notarization.

/s/ 06/07/2023
Ms. Laura S. Unger
Asst. General Counsel, Regulatory Compliance
WSP USA Group Holding Inc.

This is a printed copy of the Economic Disclosure Statement, the original of which is filed electronically with the City of Chicago. Any alterations must be made electronically, alterations on this printed copy are void and of no effect.

DISCLOSURE STATEMENT FOR LOUIS BERGER COMPANIES

This Statement provides disclosures about the legacy Louis Berger companies for events occurring prior to the acquisition of Berger Group Holdings, Inc. ("BGH") by WSP Global Inc. ("WSP") which acquired BGH on December 18, 2018. WSP continues to provide this Statement in accordance with the highest standards of corporate transparency and conduct.

Louis Berger Companies

Prior to December 18, 2018, BGH, a holding company, was the common parent of a group of professional services companies (collectively the "legacy LB Company") with its first-tier subsidiaries being:

- Louis Berger Group, Inc. ("LBG"), formed in 1963, is an operating company with a general purpose of providing engineering, planning, architecture, development, construction management and program management services primarily to U.S. federal, state and local governments and private clients.
    - Louis Berger U.S., Inc. was acquired by the legacy LB Company in November 2015 and was a subsidiary of LBG. After the WSP acquisition in December 2018, Louis Berger U.S., Inc. became a wholly-owned subsidiary of WSP USA Inc. As of January 2, 2020, Louis Berger U.S., Inc. changed its name to WSP USA Solutions Inc.
- Louis Berger International, Inc. ("LBI"), formed in 2012, is a holding company with a general purpose of owning certain foreign subsidiaries that provide engineering, planning, architecture, development, construction management and program management services to foreign governments and private clients.
- Louis Berger Services, Inc. ("LBS"), acquired in 2012 is an operating company with a general purpose of providing commercial services related to operations and maintenance, power generation, and related services to federal, state and local governments and private clients. LBS is currently a wholly-owned subsidiary of WSP USA Services Inc. and is the parent of Louis Berger Aircraft Services, Inc. and Louis Berger Hawthorne Services, Inc.

BGH and two of its subsidiaries, LBG and LBI, were the subject of related investigations involving conduct by former employees in 2010 and earlier. These investigations resulted in a False Claims Act Settlement Agreement and an Administrative Agreement in 2010 as well as Deferred Prosecution Agreements in 2010 and 2015. All of these agreements have expired. These matters, discussed below, have been fully resolved with the U.S. government. The legacy LB Company took full responsibility for the historical actions of former managers and employees. The legacy LB Company entered into Integrity Monitoring Agreements with the Port Authority of New York and New Jersey, the New York City Department of Investigation, New York State Department of Transportation and the Metropolitan Transportation Authority, and a Contractor Certification with the City University of New York. These Integrity Monitoring Agreements have expired.

CORRECTIVE ACTIONS BY LEGACY LB COMPANY

The legacy LB Company implemented and continuously improved on a $25-million reform program including: broadening ownership by employees; implementing a new, state-of-the-art Enterprise Resource Planning (Accounting) System; and, creation of an Office of Compliance and Ethics, managed by an executive-level Ethics & Compliance leader. Now as part of WSP, the legacy LB Company has adopted the WSP comprehensive code of business conduct and other internal controls, specifically including an anti-corruption program.

LOUIS BERGER COMPANIES ARE RESPONSIBLE, CONTRACT AWARD-ELIGIBLE VENDORS

The legacy Louis Berger companies remaining active is part of WSP, are responsible vendors serving and are receiving new contract awards from federal civil and military agencies, and state and local government clients. The matters discussed below arise out of misconduct of legacy LB Company employees, who were terminated as the events became known, that occurred in 2010 and earlier. This disclosure statement, the reform efforts undertaken, and the continuing attention to corporate responsibility ensure that the certain entities of the legacy LB Company now as an

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active part of WSP, are presently a responsible vendor that deals fairly and honestly with its clients. This responsibility is best evidenced by the continued receipt of government contract awards from federal, state and local government agencies.

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completed the one-year World Bank debarment and the LBG is now fully eligible to participate in World Bank projects.

- JICA Matter: As the FCPA investigation progressed toward conclusion, the legacy LB Company's legal and management representatives briefed JICA regarding two JICA-financed international development projects, based in India, that were later named in the 2015 DPA. On September 18, 2015, JICA sanctioned LBG, the legal entity that originally entered into these two India-based JICA-financed projects, from pursuing new JICA-financed projects for a period of nine months. JICA did not impose any fine upon LBG or seek restitution of any payments received by LBG under the contracts at issue. On June 18, 2016, LBG fully complied with the terms of and successfully completed the JICA sanction period and the LBG is reinstated as an eligible bidder on all JICA-financed projects.

- India Projects Inquiries**:** The JICA-financed India projects referenced in the 2015 DPA were water supply projects in the Indian state of Goa and city of Guwahati. After the 2015 DPA was announced, local Indian authorities initiated investigations of the same self-reported conduct by former rogue employees that formed the basis of the 2015 DPA. This conduct occurred before the legacy LB Company's comprehensive reform that began in 2010. LBG continues to cooperate with Indian investigative authorities in all aspects of their investigations.

    - During the Goa Crime Branch investigation, the legacy LB Company shared requested documents and information and also shared the results of its internal investigations, with respect to the Goa project, with the authorities. Two former Louis Berger non-management employees provided evidence to Goa authorities. In August 2015, former Louis Berger India employee Satyakam Mohanty and former Goa Public Works Department Minister Churchill Alemao were arrested as part of this investigation. In addition, former Goa Chief Minister Digambar Kamat was charged with disappearance of evidence relevant to the investigation. In January 2017, Mr. Kamat was charged as a prime accused in the matter.

        - As part of the Goa investigation, LBG was charged on September 25, 2015 with violating section 120-B of the Indian Penal Code relating to conspiracy and with violating sections 7, 8, 9, and 13 of the Prevention of Corruption Act of 1988. The matter is pending before Special Judge, CBI Court Goa, and the charges in this matter have not yet been framed by the court against the accused.

    - The Directorate of Enforcement, Goa (the "ED") is currently conducting an investigation under the Prevention of Money Laundering Act, 2002 (the "PMLA") with respect to the Goa water supply project. The Company is fully cooperating with ED officials in all aspects of this investigation. On July 12, 2018, ED filed a criminal complaint in the Special Court under PMLA against the former Goa Chief Minister Digambar Kamath and former Minister Churchill Alemao charging them with violations of PMLA. LBG is not charged in this charge sheet.

    - The Guwahati Criminal Investigation Department ("CID") investigation, subsequently transferred to the Indian Central Bureau of Investigation ("CBI"), the legacy LB Company shared requested documents and information required by the CID and CBI and also shared the results of its internal investigations, with respect to the Guwahati project. The CBI initiated their review in the normal manner for their cases, which consists of filing a First Information Report (FIR). The legacy LB Company is fully cooperating with the authorities' ongoing investigation in Guwahati.

    - As a result of the Goa investigation, the Government of Maharashtra created an inquiry committee to look into the Maharashtra infrastructure contracts held by the legacy LB Company. The committee has not sent any notices to the legacy LB Company requesting any information or statements.

Statement as of 21 September, 2020. Additional information on these topics are available, upon request, from the WSP USA legal department.

LOUIS BERGER

412 Mount Kemble Avenue | Morristown | New Jersey | 07962-1946 | USA | Tel +1.973.407.1000

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT and AFFIDAVIT
Related to Contract/Amendment/Solicitation
EDS # 183682

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting the EDS:

WSP Group Consulting Inc.

Enter d/b/a if applicable:

The Disclosing Party submitting this EDS is:

a legal entity currently holding an interest in the Applicant

The Disclosing Party holds an interest in

WSP USA Inc. and EDS is 183676

B. Business address of the Disclosing Party:

16 Floor - 1600 Rene-Levesque Blvd. West
Montreal, Quebec H3H 1P9
Canada

C. Telephone:

206-382-5282

Fax:

D. Name of contact person:

Ms. Laura Sue Unger

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

Privately held business corporation

Is the Disclosing Party incorporated or organized in the State of Illinois?

No

State or foreign country of incorporation or organization:

Canada

Registered to do business in the State of Illinois as a foreign entity?

No

B. DISCLOSING PARTY IS A LEGAL ENTITY:

1.a.1 Does the Disclosing Party have any directors?

Yes

1.a.3 List below the full names and titles of all executive officers and all directors, if any, of the entity. Do not include any directors who have no power to select the entity's officers.

Officer/Director:	Mr. David Langlois
Title:	Treasurer and Director
Role:	Both
Officer/Director:	Ms. Barbara Oberleitner
Title:	Vice-President, Global Head of Tax
Role:	Officer
Officer/Director:	Mr. Alain Michaud
Title:	President and Director
Role:	Both
Officer/Director:	Mr. Philippe Fortier
Title:	Corporate Secretary
Role:	Officer

Officer/Director:	Ms. Joelle El- FÃ©ghali
Title:	Assistant Secretary
Role:	Officer

---

2. Ownership Information

Please confirm ownership information concerning each person or entity that having a direct or indirect beneficial interest in excess of 7.5% of the Disclosing Party (your entity). Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited lability company, or interest of a beneficiary of a trust, estate, or other similar entity. Note: Each legal entity below may be required to submit an EDS on its own behalf.

As reported by the Disclosing Party, the immediate owner(s) of the Disclosing Party is/ are listed below:

- WSP Global Inc. - 100.0%

Owner Details

Name	Business Address
WSP Global Inc.	16 Floor - 1600 Rene-Levesque Blvd. West Montreal, Quebec Canada

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

A. Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS?

No

B. Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS?

No

D. Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code ("MCC")) in the Disclosing Party?

No

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage of any child support obligations by any Illinois court of competent jurisdiction?

Not applicable because no person directly or indirectly owns 10% or more of the Disclosing Party

B. FURTHER CERTIFICATIONS

1. [This certification applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e. an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

I certify the above to be true

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

I certify the above to be true

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

I certify the above to be true

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapter 2-56 (Inspector General) and Chapter 2-156 (Governmental Ethics).

I certify the above to be true

5. Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

I certify the above to be true

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of

- bid-rigging in violation of 720 ILCS 5/33E-3;
- bid-rotating in violation of 720 ILCS 5/33E-4; or
- any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

I certify the above to be true

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

I certify the above to be true

11. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago.

None

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $25 per recipient, or (iii) a political contribution otherwise duly reported as required by law.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies, as defined in MCC Section 2-32-455(b), the Disclosing Party

is not a "financial institution"

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

If the Disclosing Party cannot make this verification, the Disclosing Party must disclose all required information in the space provided below or in an attachment in the "Additional Info" tab. Failure to comply with these disclosure requirements may make

any contract entered into with the City in connection with the Matter voidable by the City.

The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

I can make the above verification

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.
B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

I acknowledge and consent to the above

The Disclosing Party understands and agrees that:

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/ or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.
D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended

to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

I acknowledge and consent to the above

APPENDIX A - FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a, if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief

financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

No

APPENDIX B - BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

No

ADDITIONAL INFO

Please add any additional explanatory information here. If explanation is longer than 1000 characters, you may add an attachment below. Please note that your EDS, including all attachments, becomes available for public viewing upon contract award. Your attachments will be viewable "as is" without manual redaction by the City. You are responsible for redacting any non-public information from your documents before uploading.

Disclosing Party's ultimate parent company is WSP Global Inc., which is publicly traded on the Toronto Stock Exchange. The following entities, having more than a 7.5% shareholder interest in WSP Global, Inc., are exempt from filing an EDS, but were disclosed in the March 30, 2023 Management Information Circular: the Canadian Pension Plan Investment Board (CPPIB) owns 14.67% and the Caisse de Depot et Placement du Quebec (CDPQ) owns 18.13%. Please see attached updated disclosure for affiliate WSP Canada Inc.

List of attachments uploaded by vendor

Affiliate WSP Canada Inc. disclosure

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable appendices, are true, accurate and complete as of the date furnished to the City. Submission of this form constitutes making the oath associated with notarization.

/s/ 06/07/2023
Ms. Laura Sue Unger
Asst. General Counsel, Regulatory Compliance
WSP Group Consulting Inc.

This is a printed copy of the Economic Disclosure Statement, the original of which is filed electronically with the City of Chicago. Any alterations must be made electronically, alterations on this printed copy are void and of no effect.

ANNEX A

WSP Global Inc. (WSP) is the ultimate parent company of WSP USA Inc. WSP and its affiliates have not and have never been charged or convicted for issues related to corruption, bribery or anti-competitive conduct. That being said, WSP notably wishes to draw the below facts and circumstances to your attention.

Should any additional information about this Annex A be required, please do not hesitate to contact Laura Unger, U.S. Regulatory Compliance Manager (complianceusa@wsp.com)

Facts and circumstances related to Genivar (now WSP Canada Inc., a subsidiary of WSP Global Inc.)

Genivar has never been charged or convicted for issues related to fraud, corruption or anti-competitive conduct.

As WSP has disclosed in public filings, since 2012 Genivar had been the object of investigations and search warrants initiated by Quebec's Unité Permanente Anticorruption (UPAC) and the Canadian Competition Bureau in several regions within the Province of Québec in connection with the award of municipal infrastructure contracts in Québec between 2002 and 2011. In 2013, Genivar was named at a Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry in the Province of Quebec, Canada (colloquially the Charbonneau Commission) which conducted an investigation into the construction industry in Quebec. The Commission identified potential or actual wrongdoing and inappropriate conduct with respect to the award of certain municipal infrastructure contracts by former employees of most consulting firms, including Genivar. The Commission, which had no law enforcement function, issued recommendations in its Report of November 2015. Certain Genivar employees who may have been involved in these potential or actual wrongdoings have been the subject of legal and regulatory proceedings, some of which are still under investigation by Canada's Competition Bureau and the Quebec Order of Engineers. In particular, criminal charges against a former Genivar employee were laid by the Competition Bureau on June 21st, 2018.

During the course of 2017, WSP Canada Inc., in connection with the voluntary reimbursement program established pursuant to Bill 26, An Act to ensure mainly the recovery of amounts improperly paid as a result of fraud or fraudulent tactics in connection with public contracts, came to a settlement with relevant municipalities in Québec and satisfied its obligations under such settlement. Furthermore, in March 2019, the Québec Superior Court approved a settlement between Genivar (now WSP Canada), Canada's Competition Bureau and Director of Public Prosecutions. As a result of the settlement, WSP Canada will not face any prosecution in connection with the award of municipal infrastructure contracts in Québec between 2002 and 2011. In fact, as a reason to approve the settlement, the Court expressly recognized the efficacity of WSP's Compliance and Ethics program, which notably includes the following components:

- WSP has a Chief Ethics and Compliance Officer (CECO) responsible for overseeing the implementation of the global ethics and anti-corruption program. The CECO reports directly to the Board of Directors on a quarterly basis.
- WSP has a Compliance and Ethics team comprised of qualified individuals located in offices across the globe.
- WSP has a Code of Conduct and associated ethics policies, including (i) Anti-corruption Policy, (ii) a Working with Third Parties Policy, and (iii) a Gifts, Entertainment and Hospitality Policy, which are available in 12 different languages. The Code and associated policies are approved and regularly reviewed by the Board and implemented throughout the organization.

- WSP has a whistleblowing hotline managed by an external independent third party service provider. Reports can be made on an anonymous and confidential basis.
- WSP has an anti-retaliation policy that protects persons who allege misconduct in good faith.
- Business ethics and fair competition training is carried out through: an online onboarding training module, yearly online training refreshers, and live training sessions.
- Specific communication campaigns – endorsed by key leaders in the organization to promote tone from the top – are regularly launched on ethics-related subjects such as: whistleblowing, anti-corruption, fraud, and fair competition.

To this day, Genivar has never been charged or convicted for issues related to fraud, corruption or anti-competitive conduct. WSP Canada is fully entitled to bid for and obtain public contracts, including in Quebec.

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT and AFFIDAVIT
Related to Contract/Amendment/Solicitation
EDS # 183683

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting the EDS:

WSP Global Inc.

Enter d/b/a if applicable:

The Disclosing Party submitting this EDS is:

a legal entity currently holding an interest in the Applicant

The Disclosing Party holds an interest in

WSP USA Inc. and EDS is 183676

B. Business address of the Disclosing Party:

16 Floor - 1600 Rene-Levesque Blvd. West
Montreal, Quebec H3H 1P9
Canada

C. Telephone:

206-382-5282

Fax:

D. Name of contact person:

Ms. Laura Sue Unger

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

Publicly registered business corporation

Is the Disclosing Party incorporated or organized in the State of Illinois?

No

State or foreign country of incorporation or organization:

Canada

Registered to do business in the State of Illinois as a foreign entity?

No

B. DISCLOSING PARTY IS A LEGAL ENTITY:

1.a.1 Does the Disclosing Party have any directors?

Yes

1.a.3 List below the full names and titles of all executive officers and all directors, if any, of the entity. Do not include any directors who have no power to select the entity's officers.

Officer/Director:	Mr. Alexandre L'Heureux
Title:	President and CEO
Role:	Both

Officer/Director:	Mr. Christopher Cole
Title:	Chairman of the Board
Role:	Director

Officer/Director:	Ms. Birgit NÃ#rgaard
Title:	Director
Role:	Director

Officer/Director:	Ms. Suzanne Rancourt
Title:	Director
Role:	Director

Officer/Director:	Barbara Oberleitner
Title:	Vice President, Global Head of Tax
Role:	Officer

Officer/Director:	Mr. Alain Michaud
Title:	Chief Financial Officer
Role:	Officer

Officer/Director:	Mr. Pierre Shoiry
Title:	Director
Role:	Director

Officer/Director:	Mr. Philippe Fortier
Title:	Chief Legal Officer and Corporate Secretary
Role:	Officer

Officer/Director:	Mr. Louis-Philippe CarriÃ¨re
Title:	Director
Role:	Director

Officer/Director:	Mr. David Langlois
Title:	Chief Accounting and Treasury Officer
Role:	Officer

Officer/Director:	Mrs. Julianna Fox
Title:	Chief Ethics and Compliance Officer
Role:	Officer

Officer/Director:	Ms. Linda Smith Galipeau
Title:	Director
Role:	Director

Officer/Director:	Mr. Paul Raymond
Title:	Director
Role:	Director

Officer/Director:	JoÃ«lle El-FÃ©ghali
Title:	Associate General Counsel and Assistant Corporate Secretary
Role:	Officer

2. Ownership Information

Please confirm ownership information concerning each person or entity that having a direct or indirect beneficial interest in excess of 7.5% of the Disclosing Party (your entity). Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited lability company, or interest of a beneficiary of a trust, estate, or other similar entity. Note: Each legal entity below may be required to submit an EDS on its own behalf.

As reported by the Disclosing Party, the immediate owner(s) of the Disclosing Party is/ are listed below:

There are no owners with greater than 7.5 percent ownership in the Disclosing Party.

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

A. Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS?

No

B. Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS?

No

D. Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code ("MCC")) in the Disclosing Party?

No

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage of any child support obligations by any Illinois court of competent jurisdiction?

Not applicable because no person directly or indirectly owns 10% or more of the Disclosing Party

B. FURTHER CERTIFICATIONS

1. [This certification applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e. an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

I certify the above to be true

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

I certify the above to be true

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

I certify the above to be true

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapter 2-56 (Inspector General) and Chapter 2-156 (Governmental Ethics).

I certify the above to be true

5. Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

I certify the above to be true

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of

- bid-rigging in violation of 720 ILCS 5/33E-3;
- bid-rotating in violation of 720 ILCS 5/33E-4; or
- any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

I certify the above to be true

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

I certify the above to be true

11. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at

any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago.

None

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $25 per recipient, or (iii) a political contribution otherwise duly reported as required by law.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies, as defined in MCC Section 2-32-455(b), the Disclosing Party

is not a "financial institution"

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

If the Disclosing Party cannot make this verification, the Disclosing Party must disclose all required information in the space provided below or in an attachment in the "Additional Info" tab. Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

I can make the above verification

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the

City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

I acknowledge and consent to the above

The Disclosing Party understands and agrees that:

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

I acknowledge and consent to the above

APPENDIX A - FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a, if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

No

APPENDIX B - BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416??

No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

No

ADDITIONAL INFO

Please add any additional explanatory information here. If explanation is longer than 1000 characters, you may add an attachment below. Please note that your EDS, including all attachments, becomes available for public viewing upon contract award. Your attachments will be viewable "as is" without manual redaction by the City. You are responsible for redacting any non-public information from your documents before uploading.

The Disclosing Party supplements its answer to Section II(2). WSP Global Inc. is publicly traded on the Toronto Stock Exchange. The following entities, having more than a 7.5% shareholder interest in WSP Global Inc., are exempt from filing an EDS on the basis that they are foreign government agencies, but were disclosed in the March 30, 2022 Management Information Circular: the Canadian Pension Plan Investment Board (CPPIB) owns 18.99% and the Caisse de Depot et Placement du Quebec (CDPQ) owns 18.48%. CPPIB is a Canadian crown corporation created by an act of the Canadian Parliament. CPPIB invests assets of the Canada Pension Plan not currently needed to pay benefits. Similarly, the CDPQ is a Canadian state-owned enterprise that invests and manages public and quasi-public pension plans and insurance programs within Canada. The Disclosing Party additionally supplements its response to Section V(B)(3) via the attached document.

List of attachments uploaded by vendor

Disclosure regarding subsidiary WSP Canada Inc.
2023 WSP Global Management Information Circular
2022 Caisse de Depot et Placement du Quebec Annual Report
2022 CPP Investments Annual Report

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable appendices, are true, accurate and complete as of the date

furnished to the City. Submission of this form constitutes making the oath associated with notarization.

/s/ 06/07/2023
Ms. Laura Sue Unger
U.S. Regulatory Compliance Manager
WSP Global Inc.

This is a printed copy of the Economic Disclosure Statement, the original of which is filed electronically with the City of Chicago. Any alterations must be made electronically, alterations on this printed copy are void and of no effect.

ANNEX A

WSP Global Inc. (WSP) is the ultimate parent company of WSP USA Inc. WSP and its affiliates have not and have never been charged or convicted for issues related to corruption, bribery or anti-competitive conduct. That being said, WSP notably wishes to draw the below facts and circumstances to your attention.

Should any additional information about this Annex A be required, please do not hesitate to contact Laura Unger, U.S. Regulatory Compliance Manager (complianceusa@wsp.com)

Facts and circumstances related to Genivar (now WSP Canada Inc., a subsidiary of WSP Global Inc.)

Genivar has never been charged or convicted for issues related to fraud, corruption or anti-competitive conduct.

As WSP has disclosed in public filings, since 2012 Genivar had been the object of investigations and search warrants initiated by Quebec's Unité Permanente Anticorruption (UPAC) and the Canadian Competition Bureau in several regions within the Province of Québec in connection with the award of municipal infrastructure contracts in Québec between 2002 and 2011. In 2013, Genivar was named at a Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry in the Province of Quebec, Canada (colloquially the Charbonneau Commission) which conducted an investigation into the construction industry in Quebec. The Commission identified potential or actual wrongdoing and inappropriate conduct with respect to the award of certain municipal infrastructure contracts by former employees of most consulting firms, including Genivar. The Commission, which had no law enforcement function, issued recommendations in its Report of November 2015. Certain Genivar employees who may have been involved in these potential or actual wrongdoings have been the subject of legal and regulatory proceedings, some of which are still under investigation by Canada's Competition Bureau and the Quebec Order of Engineers. In particular, criminal charges against a former Genivar employee were laid by the Competition Bureau on June 21st, 2018.

During the course of 2017, WSP Canada Inc., in connection with the voluntary reimbursement program established pursuant to Bill 26, An Act to ensure mainly the recovery of amounts improperly paid as a result of fraud or fraudulent tactics in connection with public contracts, came to a settlement with relevant municipalities in Québec and satisfied its obligations under such settlement. Furthermore, in March 2019, the Québec Superior Court approved a settlement between Genivar (now WSP Canada), Canada's Competition Bureau and Director of Public Prosecutions. As a result of the settlement, WSP Canada will not face any prosecution in connection with the award of municipal infrastructure contracts in Québec between 2002 and 2011. In fact, as a reason to approve the settlement, the Court expressly recognized the efficacity of WSP's Compliance and Ethics program, which notably includes the following components:

- WSP has a Chief Ethics and Compliance Officer (CECO) responsible for overseeing the implementation of the global ethics and anti-corruption program. The CECO reports directly to the Board of Directors on a quarterly basis.
- WSP has a Compliance and Ethics team comprised of qualified individuals located in offices across the globe.
- WSP has a Code of Conduct and associated ethics policies, including (i) Anti-corruption Policy, (ii) a Working with Third Parties Policy, and (iii) a Gifts, Entertainment and Hospitality Policy, which are available in 12 different languages. The Code and associated policies are approved and regularly reviewed by the Board and implemented throughout the organization.

- WSP has a whistleblowing hotline managed by an external independent third party service provider. Reports can be made on an anonymous and confidential basis.
- WSP has an anti-retaliation policy that protects persons who allege misconduct in good faith.
- Business ethics and fair competition training is carried out through: an online onboarding training module, yearly online training refreshers, and live training sessions.
- Specific communication campaigns – endorsed by key leaders in the organization to promote tone from the top – are regularly launched on ethics-related subjects such as: whistleblowing, anti-corruption, fraud, and fair competition.

To this day, Genivar has never been charged or convicted for issues related to fraud, corruption or anti-competitive conduct. WSP Canada is fully entitled to bid for and obtain public contracts, including in Quebec.

MARCH 30, 2023

Notice of Annual and Special Meeting of Shareholders

TO BE HELD ON MAY 11, 2023

and

Management Information Circular

March 30, 2023

Dear Shareholders:

You are cordially invited to attend the 2023 annual and special meeting (the "**Meeting**") of holders of common shares (the "**Shareholders**") of WSP Global Inc. (the "**Corporation**" or "**WSP**") to be held on May 11, 2023 at 11:00 a.m. (Eastern Time). The Corporation will be holding a hybrid meeting, conducted in person at Lumi Experience (1250 René-Lévesque Blvd. West, Suite 3610, Montréal, Québec H3B 4W8), as well as via live webcast. This hybrid format means that all Shareholders will have an equal opportunity to participate, regardless of their geographical location.

Thanks to our dedicated workforce, agile operating model and strong fundamentals, we turned in a solid performance in 2022. During the year, we launched our 2022-2024 Global Strategic Action Plan and welcomed over 7,000 professionals from acquisitions. We are proud to have delivered strong financial results, including our best organic growth in the past decade. Despite economic uncertainties, we are beginning 2023 from a position of strength. Leveraging our focused and disciplined approach, we are optimistic about our ability to fulfil our strategic ambitions.

We remain vigilant on a wide variety of issues and risks, including health, safety, inclusion and diversity, as well as broader environmental, social and governance (ESG) matters. We understand the importance of ensuring the sustainability of our operations while continuing to add value for our Shareholders, employees and clients. In so doing, we are positioning WSP to become the world's leading consulting firm in our industry.

As we enter the second year of our strategic cycle, we will continue to build on our solid foundations. Moreover, our stakeholders will be able to rely on a highly engaged Board of Directors to provide accountability and stewardship. These important considerations are discussed in greater detail in the accompanying management information circular dated March 30, 2023.

We look forward to welcoming you to our Meeting.

Yours very truly,

Alexandre L'Heureux
President and Chief Executive Officer

Christopher Cole
Chairman of the Board of Directors

Notice of Annual and Special Meeting of Shareholders and of Availability of Proxy Materials

NOTICE IS HEREBY GIVEN THAT WSP Global Inc. (the **"Corporation"**) will hold its annual and special meeting of shareholders (the **"Meeting"**).

When	Where	
May 11, 2023 11:00 a.m. Eastern Time	**IN PERSON** meeting will be held at Lumi Experience - 1250 René-Lévesque Blvd. W., Suite 3610, Montréal, QC, H3B 4W8	**VIRTUAL** meeting via live audio webcast online at web.lumiagm.com/412171878 Password: WSP2023 (case sensitive)

This year, the Corporation is holding the Meeting as a hybrid meeting, where all holders (the "**Shareholders**") of common shares of the Corporation (the "**Shares**") regardless of geographic location will have an equal opportunity to participate at the Meeting. Shareholders may attend the Meeting in person or via live webcast. The Corporation views the use of technology-enhanced shareholder communications as a method to facilitate individual investor participation, making the Meeting more accessible and engaging for all involved by permitting a broader base of shareholders to participate in the Meeting, which is consistent with the goals of the regulators, stakeholders, and others invested in the corporate governance process. All Shareholders will be able to attend, participate, submit questions and vote at the Meeting either in person, or by logging in online and following the instructions set forth in the management information circular of the Corporation dated March 30, 2023 (the "**Circular**") under the section "*General Proxy Matters - How to attend the Meeting*".

BUSINESS OF THE MEETING

At the Meeting, Shareholders will:

Business of the Meeting	For more details
1. Receive the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2022 and the independent auditor's report thereon	See subsection "1. Presentation of the Financial Statements" under the "Business of the Meeting" section of the Circular
2. Elect each of the directors of the Corporation to hold office until the end of the next annual meeting of the Shareholders or until their successors are appointed	See subsection "2. Election of Directors" under the "Business of the Meeting" section of the Circular
3. Appoint the independent auditor of the Corporation for the forthcoming year and authorize the directors to fix the auditor's remuneration	See subsection "3. Appointment of Auditor" under the "Business of the Meeting" section of the Circular
4. Consider and, if thought fit, approve amendments to the Stock Option Plan	See subsection "4. Approval of Amendments to the Stock Option Plan" under the "Business of the Meeting" section of the Circular
5. Consider and, if thought fit, approve the adoption of the Share Unit Plan and the ratification of grants of awards	See subsection "5. Approval of Share Unit Plan Adoption and Ratification of Grant of Awards" under the "Business of the Meeting" section of the Circular
6. Consider a non-binding advisory resolution on the Corporation's approach to executive compensation	See subsection "6. Non-Binding Advisory Vote on Executive Compensation" under the "Business of the Meeting" section of the Circular
7. Consider such other business, if any, that may properly come before the Meeting or any adjournment thereof	Information respecting the use of discretionary authority to vote on any such other business may be found in the subsection "Completing the Form of Proxy" under the "General Proxy Matters" section of the Circular

NOTICE-AND-ACCESS

As permitted by Canadian securities regulators, you are receiving this notification as the Corporation has decided to use the "notice-and-access" mechanism for delivery to both registered and non-registered Shareholders of this notice of annual and special meeting of Shareholders, the Circular prepared in connection with the Meeting and other proxy-related materials (the "**Meeting Materials**") as well as the annual audited consolidated financial statements of the Corporation for the financial year ended December 31, 2022, together with the independent auditor's report thereon, and related management's discussion and analysis (together, the "**Financial Statements**"). Notice-and-access is a set of rules that allows issuers to post electronic versions of proxy-related materials online, via SEDAR and one other website, rather than mailing paper copies of such materials to Shareholders.

Under notice-and-access, Shareholders still receive a paper copy of the proxy form or voting instruction form enabling them to vote at the Meeting. However, instead of paper copies of the Meeting Materials and of the Financial Statements, Shareholders receive this notice which contains information on how they may access the Meeting Materials and the Financial Statements online and how to request paper copies of such documents. The use of notice-and-access will directly benefit the Corporation by substantially reducing our printing and mailing costs and is more environmentally friendly as it reduces paper use.

In an effort to consciously reduce paper waste, the Corporation strongly encourages its Shareholders to opt for a fully paperless form of communication, including this notice of meeting, proxy voting forms or voting instruction forms. In order to do so, registered Shareholders may contact the Corporation's transfer agent, TSX Trust Company ("**TSX Trust**"), at 1-800-387-0825 or 416-682-3860 and non-registered Shareholders may contact their applicable securities broker holding their Shares. Alternatively, the paperless preference can be requested when submitting a proxy vote through the applicable online platform offered by TSX Trust for registered Shareholders or Broadridge for non-registered Shareholders. For any further questions or assistance, please contact the Corporation by telephone at 438-843-7519 or by email at corporatecommunications@wsp.com.

How to access the Meeting Materials and the Financial Statements	
On our website www.wsp.com under "Investors"/"Reports & Filings"	**On SEDAR** www.sedar.com under the Corporation's profile

Shareholders are reminded to read the Circular and other Meeting Materials carefully before voting their Shares.

HOW TO REQUEST A PAPER COPY OF THE MEETING MATERIALS AND OF THE FINANCIAL STATEMENTS

Before the Meeting

You may request paper copies of the Meeting Materials and of the Financial Statements at no cost to you by calling TSX Trust Company ("**TSX Trust**") at 1-888-433-6443 (toll-free within North America) or 416-682-3801 (outside of North America), or by email at tsxt-fulfilment@tmx.com.

Please note that you will not receive another form of proxy or voting instruction form; please retain your current one to vote your Shares.

In any case, requests for paper copies should be received at least five (5) business days prior to the proxy deposit date and time, which is set for May 9, 2023, at 11:00 a.m. (Eastern Time) in order to receive the Meeting Materials and the Financial Statements in advance of such date and the Meeting date. To ensure receipt of the paper copies in advance of the voting deadline and Meeting date, we estimate that your request must be received by no later than 5:00 pm (Eastern Time) on May 2, 2023.

After the Meeting

By telephone at 438-843-7519 or by email at corporatecommunications@wsp.com. Paper copies of the Meeting Materials and of the Financial Statements should be sent to you within ten (10) calendar days of receiving your request.

VOTING AND QUESTIONS AT THE MEETING

The record date (the "**Record Date**") for determination of Shareholders entitled to receive notice of and to vote at the Meeting is March 30, 2023. Only Shareholders whose names have been entered in the register of Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. Shareholders who acquire Shares after the Record Date will not be entitled to vote such Shares at the Meeting.

Shareholders and duly appointed proxyholders will be able to attend the Meeting, submit questions and submit their vote while the Meeting is being held, either in person or virtually by accessing the live audio webcast of the Meeting. Please see the "*General Proxy Matters*" section of the Circular for further details.

Shareholders who are unable to attend the Meeting or who wish to vote in advance of the Meeting, are asked to carefully follow the instructions on the proxy or voting instruction form. Only registered Shareholders and proxyholders may attend and vote at the Meeting.

Registered Shareholders	Non-Registered Shareholders
You are a "registered Shareholder" if your Shares are held in your name.	You are a "non-registered Shareholder" if your Shares are listed in an account statement provided to you by an intermediary. If you are a non-registered Shareholder and wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you MUST register such proxyholder after having submitted your voting instruction form identifying yourself as proxyholder. Non-registered Shareholders whose Shares are registered in the name of an intermediary should carefully follow the voting instructions provided by the intermediary or as described elsewhere in the Circular.

It is recommended that you vote by telephone or Internet to ensure that your vote is received before the Meeting. To cast your vote by telephone or Internet, please have your proxy card or voting instruction form in hand and carefully follow the instructions contained therein. If you vote by telephone or Internet, your vote must be received before 11:00 a.m. (Eastern Time) on May 9, 2023.

QUESTIONS

If you have any questions regarding this notice, the notice-and-access mechanism or the Meeting, whether you are a registered or non-registered Shareholder, please call TSX Trust at 1-800-387-0825.

DATED at the City of Montréal, in the Province of Québec, this 30th day of March 2023.

BY ORDER OF THE BOARD OF DIRECTORS

Alexandre L'Heureux
President and Chief Executive Officer

Christopher Cole
Chairman of the Board of Directors

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Our approach to ESG matters, including our initiatives, practices and efforts around each of the ESG pillars, is discussed throughout several sections of this Circular. For ease of reference, this icon has been placed next to data relevant to ESG disclosure.

Management Information Circular

GENERAL INFORMATION

This management information circular (the "**Circular**") is provided in connection with the solicitation of proxies by and on behalf of the management (the "**Management**") of WSP Global Inc. (the "**Corporation**" or "**WSP**") for use at the annual and special meeting of holders (the "**Shareholders**") of common shares (the "**Shares**") of the Corporation, and any adjournment thereof, to be held on May 11, 2023 at 11:00 a.m. (Eastern Time) (the "**Meeting**") and for purposes set forth in the accompanying notice of annual and special meeting of shareholders (the "**Notice**"). No person has been authorized to give any information or make any representation in connection with any other matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

This year, the Meeting will be held as a hybrid meeting such that Shareholders may attend the Meeting either in person at Lumi Experience - 1250 René-Lévesque Blvd. W., Suite 3610, Montréal, Québec, H3B 4W8, or virtually via live webcast at web.lumiagm.com/412171878 (password: WSP2023). A summary of the information Shareholders will need to attend the Meeting is provided below.

In this Circular, unless otherwise noted or the context otherwise indicates, references to "**WSP**" or the "**Corporation**" refer to WSP Global Inc. Where the context requires, these terms also include subsidiaries and associated companies to which WSP is the successor public issuer.

References in this Circular to the "**Board of Directors**" or "**Board**" refer to the board of directors of the Corporation. References to the "**Shares**" and to the "**Shareholders**" respectively refer to the common shares of the Corporation and to the shareholders of the Corporation. Capitalized terms not otherwise defined and used in this Circular have the meaning ascribed to such terms in the "*Glossary of Terms*" section on *page 80* of this Circular.

The information provided in this Circular is given as of March 30, 2023, unless otherwise indicated.

SHARES AND QUORUM

The record date for determination of Shareholders entitled to receive notice of, and to vote at, the Meeting is March 30, 2023 (the "**Record Date**"). As of March 30, 2023, there were 124,548,081 Shares issued and outstanding. Each Share carries the right to one vote on all matters which come before the Meeting. Shareholders of record are entitled to receive notice of, and vote at, the Meeting. The list of Shareholders entitled to vote at the Meeting will be available for inspection after March 30, 2023, during usual business hours by contacting the Corporation's transfer agent, TSX Trust Company ("**TSX Trust**"), at 1-800-387-0825 (toll-free within North America) or 416-682-3860 (outside of North America).

Pursuant to the by-laws of the Corporation, a quorum of Shareholders is present at the Meeting if the holders of not less than 25% of the Shares entitled to vote at the Meeting are present or represented by proxy, and at least two persons entitled to vote at the Meeting are actually present at the Meeting, which for the purposes of the by-laws, includes persons participating in the Meeting by electronic means.

PRINCIPAL SHAREHOLDERS

As at March 30, 2023, to the knowledge of the Directors and executive officers of the Corporation based on publicly available filings, the only persons who beneficially owned, directly or indirectly, or exercised control or direction over Shares carrying 10% or more of the votes attached to all outstanding Shares are:

Name	Number of Shares beneficially owned, controlled or directed directly or indirectly	Percentage of Shares outstanding
Caisse de dépôt et placement du Québec	22,579,591	18.13%
Canada Pension Plan Investment Board	18,265,311	14.67%

General proxy matters

PROXY SOLICITATION

The solicitation of proxies by this Circular is being made by or on behalf of Management primarily by mail, but proxies may also be solicited via the Internet, by telephone, in writing or in person, by Directors, officers or regular employees of the Corporation who will receive no compensation therefor in addition to their regular remuneration. The cost of the solicitation is expected to be nominal and will be borne by the Corporation.

NOTICE-AND-ACCESS

As permitted by Canadian securities regulators, the Corporation uses the "notice-and-access" mechanism set out in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* for delivery of the Meeting Materials as well as the Financial Statements to the Shareholders. The Corporation has adopted notice-and-access for both registered and non-registered Shareholders. Notice-and-access is a set of rules that allows issuers to post electronic versions of proxy-related materials online, via SEDAR and one other website, rather than mailing paper copies of such materials to Shareholders. Instead of receiving this Circular with the form of proxy or voting instruction form, Shareholders received a notice with instructions on how to access the remaining Meeting Materials online. The Notice and proxy form or voting instruction form have been sent to both registered and non-registered Shareholders. Non-registered Shareholders are either "objecting beneficial owners" or "OBOs" who object that intermediaries disclose information about their ownership in the Corporation, or "non-objecting beneficial owners" or "NOBOs", who do not object to such disclosure. The Notice and voting instruction form are being sent by the Corporation to "OBOs" and "NOBOs" indirectly through intermediaries and the Corporation assumes the delivery costs thereof.

How to access the Meeting Materials and the Financial Statements	
On our website www.wsp.com under "Investors"/"Reports & Filings"	**On SEDAR** www.sedar.com under the Corporation's profile

YOUR VOTE IS IMPORTANT – HOW TO VOTE YOUR SHARES

As a Shareholder, it is very important that you read the following information on how to vote your Shares and then vote your Shares, either by proxy or by attending the Meeting. How you can vote your Shares depends on whether you are a registered Shareholder or a non-registered Shareholder.

Registered Shareholders	Non-Registered Shareholders
You are a "registered Shareholder" if your Shares are held in your name. If you are not sure whether you are a registered Shareholder, please contact the Corporation's transfer agent, TSX Trust, at 1-800-387-0825.	You are a "non-registered Shareholder" if your Shares are listed in an account statement provided to you by an intermediary, meaning that your Nominee holds your Shares for you. If you are not sure whether you are a non-registered Shareholder, please contact your Nominee, person servicing your account or other intermediary. Non-registered Shareholders whose Shares are registered in the name of an intermediary should carefully follow the voting instructions provided by the intermediary or as described elsewhere in the Circular.

More details on the different options for voting your Shares can be found below:

OPTION 1: VOTE BY PROXY IN ADVANCE OF THE MEETING

Registered Shareholders	
By Mail	Complete your form of proxy following the instructions provided and return it in the business reply envelope provided **for receipt before 11:00 a.m. (Eastern Time) on May 9, 2023.**
By Internet	**Go to the website** www.tsxtrust.com/vote-proxy and follow the instructions on the screen. Your voting instructions are then conveyed electronically over the Internet. You will need your 13-digit control number. You will find this number on your form of proxy. **The cut-off time for voting over the Internet is 11:00 a.m. (Eastern Time) on May 9, 2023.**
By Telephone	Voting by proxy using the telephone is only available to Shareholders located in Canada or the United States. Call 1-888-489-7352 (toll-free in Canada and the United States) from a touchtone telephone and follow the instructions. Your voting instructions are then conveyed by using touchtone selections over the telephone. You will need your 13-digit control number. You will find this number on your form of proxy. If you choose to convey your instructions by telephone, you cannot appoint as your Proxyholder any person other than the Named Proxyholders. **The cut-off time for voting over the telephone is 11:00 a.m. (Eastern Time) on May 9, 2023.**

Non-Registered Shareholders	
Your Nominee is required to ask for your voting instructions before the Meeting. Please contact your Nominee if you did not receive a request for voting instructions. In most cases, non-registered Shareholders will receive a voting instruction form which allows them to provide their voting instructions by mail, by the Internet or by telephone.	
By Mail	You may vote your Shares by completing the voting instruction form as directed on the form and returning it in the business reply envelope provided for receipt before 11:00 a.m. (Eastern Time) on May 9, 2023.
By Internet	**Go to the website at** www.proxyvote.com and follow the instructions on the screen. Your voting instructions are then conveyed electronically over the Internet. You will need the 16-digit control number found on your voting instruction form. **The cut-off time for voting over the Internet is 11:00 a.m. (Eastern Time) on May 9, 2023.**
By Telephone	Voting by proxy using the telephone is only available to Shareholders located in Canada or the United States. Call 1-800-474-7493 or 1-800-474-7501 (toll-free in Canada in English or French, respectively) from a touchtone telephone and follow the instructions. Your voting instructions are then conveyed by using touchtone selections over the telephone. You will need the 16-digit control number found on your voting instruction form. If you choose to convey your instructions by telephone, you cannot appoint as your Proxyholder any person other than the Named Proxyholders. **The cut-off time for voting over the telephone is 11:00 a.m. (Eastern Time) on May 9, 2023.**

Non-Registered Shareholders - Employees holding Shares under the ESPP	
Employee Shares purchased by employees of the Corporation or its subsidiaries under the ESPP are registered in the name of Sun Life as Nominee. Sun Life holds the Employee Shares as trustee, in accordance with the provisions of the ESPP unless the employees have withdrawn their Employee Shares from the plan. If you are not sure whether you are an employee holding your Shares through Sun Life, please contact TSX Trust at 1-800-387-0825. If you hold Employee Shares, you can direct your Proxyholder to vote your Employee Shares as you instruct. Instructions are given to your Proxyholder by proxy in the manner described below. In the event that an employee holds any Shares other than Employee Shares, he or she must also complete a second form of proxy or voting instruction form with respect to such additional Shares in the manner indicated above for registered Shareholders or non-registered Shareholders, as applicable.	
By Mail	You may vote your Employee Shares by completing your voting instruction form and returning it in the business reply envelope provided for receipt before 11:00 a.m. (Eastern Time) on May 9, 2023.
By Internet	**Go to the website at** www.tsxtrust.com/vote-proxy and follow the instructions on the screen. Your voting instructions are then conveyed electronically over the Internet. You will need your 13-digit control number. You will find this number on your voting instruction form. **The cut-off time for voting over the Internet is 11:00 a.m. (Eastern Time) on May 9, 2023.**
By Telephone	Voting by proxy using the telephone is only available to Shareholders located in Canada or the United States. Call 1-888-489-7352 (toll-free in Canada and the United States) from a touchtone telephone and follow the instructions. Your voting instructions are then conveyed by using touchtone selections over the telephone. You will need your 13-digit control number. You will find this number on your voting instruction form. If you choose to convey your instructions by telephone, you cannot appoint as your Proxyholder any person other than the Named Proxyholders. **The cut-off time for voting over the telephone is 11:00 a.m. (Eastern Time) on May 9, 2023.**

OPTION 2: VOTE AT THE MEETING

Registered Shareholders	
In person	You do not need to complete or return your form of proxy. You will only need to register at the registration desk at Lumi Experience - 1250 René-Lévesque Blvd. West, Suite 3610, Montréal, Québec H3B 4W8.
Virtually	If you are a registered Shareholder, you will be able to attend, participate, submit questions and vote at the Meeting by logging in online and following the instructions under the section "How to attend the Meeting" set forth below on page 7.

Non-Registered Shareholders (including employees holding Employee Shares under the ESPP)	
In person	If you are a **non-registered Shareholder (including a Shareholder holding Employee Shares)**, you can vote your Shares at the Meeting if you have instructed your Nominee to appoint you as Proxyholder by submitting your voting instruction form identifying yourself as Proxyholder. To do this, enter your name in the appropriate box on the website or write your name in the blank space provided on the voting instruction form.
Virtually	If you are a **non-registered Shareholder (including a Shareholder holding Employee Shares)**, you can vote your Shares at the Meeting if you have instructed your Nominee to appoint you as Proxyholder by submitting your voting instruction form identifying yourself as Proxyholder. If you are a **non-registered Shareholder** and you have not instructed your Nominee to appoint you as Proxyholder, you will not be able to vote at the Meeting, but you will be able to participate as a guest. This is because your Shares are registered in the name of your Nominee (instead of your name) and as a result, TSX Trust will have no knowledge of your entitlement to vote, unless you instruct your Nominee to appoint you as a Proxyholder. Please refer to the section of this Circular "Appointing a Proxyholder to Vote at the Meeting" below for instructions on how to appoint a Proxyholder to vote at the Meeting. **In order to vote at the Meeting, YOU MUST ALSO call TSX Trust at 1 866 751-6315 (toll-free in Canada and the United States) or 1 647-252-9650 (other countries), or complete the online form at** www.tsxtrust.com/control-number-request, **by 11:00 a.m. (Eastern Time) on May 9, 2023 to properly register, so that TSX Trust may provide you with a 13-digit proxyholder control number via email**. Without a 13-digit proxyholder control number, you (if you appointed yourself as Proxyholder) or your Proxyholder will not be able to participate, interact, ask questions or vote at the Meeting, but you will be able to attend as a guest. For further information on how to access the Meeting, follow the instructions under the section "How to attend the Meeting" set forth on page 7.

APPOINTING A PROXYHOLDER TO VOTE AT THE MEETING

You can attend the Meeting or you can appoint someone else to attend and vote for you as your proxyholder by naming them on your form of proxy (the "**Proxyholder**"). Any Shareholder entitled to vote at the Meeting may by means of a proxy appoint a Proxyholder or one or more alternate Proxyholders, who are not required to be Shareholders, to attend and act at the Meeting in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy. Voting by proxy means that you are giving your Proxyholder the authority to vote your Shares for you, in accordance with your instructions, at the Meeting.

You may choose to direct how your Proxyholder shall vote on matters that may come before the Meeting. Unless you instruct otherwise, your Proxyholder will have full authority to attend, vote, and otherwise act in respect of all matters that may come before the Meeting, even if these matters are not set out in the proxy form or the Circular.

Alexandre L'Heureux and Philippe Fortier, who are named on the form of proxy or voting instruction form ("**Named Proxyholders**"), are executive officers of the Corporation and will vote your Shares for you in accordance with your instructions. As a Shareholder, you have the right to appoint a person or company to be your Proxyholder at the Meeting, other than the Named Proxyholders, by filling in the name of the person voting for you in the blank space provided on the form of proxy or the voting instruction form.

If you choose to appoint a Proxyholder other than the Named Proxyholders, you must make sure that the person you appoint as your Proxyholder is aware that he or she has been appointed and attends and votes at the Meeting, otherwise your vote will not be taken into account. Please refer to the section of this Circular "*Completing the Form of Proxy*" on *page 6* for further details.

Registered Shareholder	Non-Registered Shareholder
If you are appointing someone other than the Named Proxyholders to vote your Shares for you at the Meeting, you must fill in the name of the person voting for you in the space provided on the form of proxy or go to www.tsxtrust.com/vote-proxy and enter the name of the other person attending the Meeting in the space provided herein. **YOU MUST ALSO call TSX Trust at 1 866 751-6315 (toll- free in Canada and the United States) or 1 647-252-9650 (other countries), or complete the online form at** www. tsxtrust.com/control-number-request, **by 11:00 a.m. (Eastern Time) on May 9, 2023 to properly register your Proxyholder, so that TSX Trust may provide such Proxyholder with a 13-digit proxyholder control number via email. Such 13-digit proxyholder control number will differ from the control number set forth on your form of proxy**. Without a 13-digit proxyholder control number, your Proxyholder will not be able to participate, interact, ask questions or vote at the Meeting, but will be able to attend as a guest. You can also change your Proxyholder online at www.tsxtrust.com/vote-proxy.	If you are a non-registered Shareholder and wish to appoint yourself as Proxyholder or someone other than the Named Proxyholders to attend, participate and vote at the Meeting, you MUST register such Proxyholder after having submitted your voting instruction form identifying yourself or someone other than the Named Proxyholders as Proxyholder. Enter your name or the name of the other person attending the Meeting in the space provided in the voting instruction form or go to www.proxyvote.com, click on Change Appointee(s) and enter your name or the name of the other person attending the Meeting in the space provided. **Employees holding Employee Shares** may go to www.tsxtrust.com/vote-proxy and enter their name or the name of the other person attending the Meeting in the space provided. **YOU MUST ALSO call TSX Trust at 1 866 751-6315 (toll-free in Canada and the United States) or 1 647-252-9650 (other countries), or complete the online form at** www.tsxtrust.com/control-number-request, **by 11:00 a.m. (Eastern Time) on May 9, 2023 to properly register** your Proxyholder, so that TSX Trust may provide such Proxyholder with a 13-digit proxyholder control number via email. Without a 13-digit proxyholder control number, your Proxyholder will not be able to participate, interact, ask questions or vote at the Meeting, but will be able to attend as a guest. You can also change your Proxyholder online at www.proxyvote.com unless you are an employee holding Employee Shares in which case you can change your Proxyholder online at www.tsxtrust.com/vote-proxy.

COMPLETING THE FORM OF PROXY

You can choose to vote "FOR" or "AGAINST" (i) the election of each of the proposed nominee directors, namely, Louis-Philippe Carrière, Christopher Cole, Alexandre L'Heureux, Birgit Nørgaard, Suzanne Rancourt, Paul Raymond, Pierre Shoiry, Linda Smith-Galipeau and Macky Tall (the "**Nominee Directors**"), (ii) the approval of an advisory, non-binding resolution in respect of the Corporation's approach to executive compensation, (iii) the ordinary resolution approving amendments to the Corporation's Stock Option Plan, (iv) the ordinary resolution approving the adoption of a new Share Unit Plan, and the approval and ratification of certain grants made under the Share Unit Plan prior to the Meeting. You can choose to vote "FOR" or "WITHHOLD" with respect to the appointment of the independent auditor of the Corporation.

When you submit the form of proxy or voting instruction form, as applicable, without appointing an alternate Proxyholder, you authorize the Named Proxyholders to vote your Shares for you at the Meeting in accordance with your instructions.

If you have NOT specified how to vote on a particular matter, your Proxyholder is entitled to vote your Shares as they see fit. Please note that if you return your proxy without specifying how you want to vote your Shares and if you have authorized the Named Proxyholders as your Proxyholder, the Named Proxyholders will vote your Shares FOR each item scheduled to come before the Meeting and as they see fit on any other matter that may properly come before the Meeting.

Management is not aware of any other matters which will be presented for action at the Meeting. **If, however, other matters properly come before the Meeting, the Named Proxyholders will vote in accordance with their best judgment, pursuant to the discretionary authority conferred by the proxy with respect to such other matters.**

You have the right to appoint a person or company other than the Named Proxyholders to be your Proxyholder. This person does not have to be a Shareholder. If you are appointing someone else to vote your Shares for you at the Meeting, fill in the name of the person voting for you in the blank space provided on the form of proxy or voting instruction form (as applicable).

You may choose to direct how your Proxyholder shall vote on matters that may come before the Meeting. Unless you instruct otherwise, your Proxyholder will have full authority to attend, vote, and otherwise act in respect of all matters that may come before the Meeting, even if these matters are not set out in the form of proxy or voting instruction form or the Circular. You can also change your Proxyholder online at www.tsxtrust.com/vote-proxy.

A Proxyholder has the same rights as the Shareholder by whom he or she was appointed to participate at the Meeting in respect of any matter, to vote by way of ballot at the Meeting and, except where the Proxyholder has conflicting instructions from more than one Shareholder, to vote at the Meeting in respect of any matter.

If you are an individual Shareholder, you or your authorized attorney must sign the form of proxy or voting instruction form. If you are a corporation or other legal entity, an authorized officer or attorney must sign the form of proxy or voting instruction form.

CHANGING YOUR VOTE

In addition to revocation in any other manner permitted by law, a Shareholder giving a proxy and submitting it by mail may revoke it by an instrument in writing executed by the Shareholder or the Shareholder's authorized attorney and deposited either at TSX Trust's office located at 301-100 Adelaide St West, Toronto, ON, M5H 4H1 or at the Corporation's registered office, 1600 René-Lévesque Blvd. West, 11th Floor, Montréal, Québec, H3H 1P9, to the attention of the Corporate Secretary. If you are a Shareholder holding Employee Shares, you may do so at any time **before 11:00 a.m. (Eastern Time) on May 9, 2023**, and if you are a Shareholder other than a Shareholder holding Employee Shares, **at any time up to and including the last business day preceding the day of the Meeting**, at which the proxy is to be used.

If the voting instructions were conveyed online, by telephone or by mail, conveying new voting instructions online, by telephone or by mail prior to the applicable cut-off times will revoke the prior instructions. If you are a registered Shareholder, voting at the Meeting will automatically cancel any proxy you completed and submitted earlier.

HOW TO ATTEND THE MEETING

In person

All Shareholders and duly appointed Proxyholders will be able to attend, participate, submit questions and vote at the Meeting by attending the Meeting in person at Lumi Experience located at 1250 René-Lévesque Blvd. West, Suite 3610, Montréal, Québec H3B 4W8. If you are a **registered Shareholder**, you do not need to complete or return your form of proxy; you will only need to register at the registration desk. If you are a **non-registered Shareholder** or an **employee holding Employee Shares**, you can vote your Shares at the Meeting if you have instructed your Nominee to appoint you as Proxyholder. To do this, enter your name in the appropriate box on the website or write your name in the blank space provided on the voting instruction form.

Virtually

All Shareholders and duly appointed Proxyholders will be able to attend, participate, submit questions and vote at the Meeting by logging in online and following the instructions set forth below.

If you are a non-registered Shareholder or an employee holding Employee Shares, you can vote your Shares at the Meeting if you have instructed your Nominee to appoint you as Proxyholder. **YOU MUST ALSO call TSX Trust at 1 866 751-6315 (toll-free in Canada and the United States) or 1 647-252-9650 (other countries), or complete the online form at** www.tsxtrust.com/control-number-request, **by 11:00 a.m. (Eastern Time) on May 9, 2023 to properly register, so that TSX Trust may provide you with a 13-digit proxyholder control number via email.** Without a 13-digit proxyholder control number, you will not be able to participate, interact, ask questions or vote at the Meeting, but will be able to attend as a guest.

To access the Meeting virtually, follow the instructions below:

- Log in at web.lumiagm.com/412171878. We encourage you to log in to the Meeting sufficiently in advance of the time it is scheduled to begin so that you have ample time to check into the Meeting online;
- Click "I am a guest" and then complete the online form; or
- Click "I have a control number" and then enter your unique 13-digit control number or 13-digit proxyholder control number and password "WSP2023" (case sensitive).

How to find the control number to access the Meeting:

- **Registered Shareholders:** The control number is located on the form of proxy or in the email notification you received from TSX Trust. If you use your control number to log in to the Meeting, any vote you cast at the Meeting will revoke any proxy you previously submitted. If you do not wish to revoke a previously submitted proxy, you should not vote during the Meeting.
- **Proxyholders:** The 13-digit proxyholder control number will have been provided by email from TSX Trust following your registration, following the instructions set forth in the "*Appointing a Proxyholder to vote at the Meeting*" section on *page 6* of this Circular. Failing to register will result in the Proxyholder not receiving a control number, which is required to vote at the Meeting.

When you attend the Meeting online, it is important that you are connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online. The Lumi platform is supported on Android 9+, iOS 11+, Chrome, Safari, Edge or Firefox. Internet Explorer is not supported. Internal network security protocols including firewalls and VPN connections may block access to the Lumi platform. If you are experiencing any difficulty connecting or watching the Meeting, ensure your VPN setting is disabled or use a computer on a network not restricted to security settings of your organization. For further assistance, you may contact Lumi technical support at support-ca@lumiglobal.com, which is available starting one hour prior to the Meeting.

VOTING REQUIREMENTS

The election of the Nominee Directors, the appointment of the independent auditor of the Corporation, the approval of the amendments to the Corporation's Stock Option Plan, the approval of the adoption of a new Share Unit Plan, the approval and ratification of certain grants made under the Share Unit Plan prior to the Meeting, and the approval of an advisory, non-binding resolution on executive compensation policies will each be determined by a majority of votes validly cast by Shareholders at the Meeting by proxy or by participating to the Meeting. TSX Trust will count and tabulate the votes.

SUBMITTING QUESTIONS AT THE MEETING

If a Shareholder has a question about one of the items to be voted on by the Shareholders at the Meeting, such question may be submitted in advance of the Meeting by emailing corporatecommunications@wsp.com and by providing your control number, as shown on your proxy form or provided to you by email from TSX Trust.

Questions for the Meeting may also be submitted during the Meeting in person or virtually by submitting such question in the field provided in the web portal (https://web.lumiagm.com/412171878) at or before the time the matters are presented before the Meeting for consideration. Questions relating to any items to be voted on by the Shareholders at the Meeting will be answered before the voting is closed.

Following adjournment of the formal business of the Meeting, the Corporation will hold a live Q&A session to address appropriate general questions from Shareholders regarding the Corporation.

Only Shareholders and duly appointed Proxyholders may submit questions at the Meeting. Guests will not be able to submit questions, vote or otherwise participate at the Meeting; however, they will be able to join the meeting as a guest. Shareholders voting by proxy in advance of the Meeting are welcome to join the Meeting as guests.

The Chair of the Meeting reserves the right to edit questions or to reject questions he deems inappropriate in accordance with the rules of conduct and procedures of the Meeting which are available at www.wsp.com/agm and on the web platform web.lumiagm.com/412171878. Any questions pertinent to the Meeting that cannot be answered during the Meeting due to time constraints will be answered on the Corporation's website at www.wsp.com. To ensure the Meeting is conducted in a manner that is fair to all Shareholders, the Chair of the Meeting may exercise broad discretion with respect to, for example, the order in which questions are asked and the amount of time devoted to any one question. The Chair of the Meeting may also limit the number of questions per Shareholder in order to ensure that as many Shareholders as possible will have the opportunity to ask questions.

In the event of technical malfunction or other significant problem that disrupts the Meeting, the Chair of the Meeting may adjourn, recess, or expedite the Meeting, or take such other action that the Chair determines is appropriate considering the circumstances.

For further information, please consult the rules of conduct and procedures available on the Corporation's website at www.wsp.com/agm.

Business of the Meeting

1. PRESENTATION OF THE FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2022, together with the notes thereto and the report of the independent auditor thereon, will be presented to Shareholders at the Meeting but will not be subject to a vote. The Financial Statements are available on our website at www.wsp.com under "Investors"/"Reports & Filings" or on SEDAR at www.sedar.com.

2. ELECTION OF DIRECTORS

The articles of the Corporation provide for a minimum of three and a maximum of ten Directors. The Board of Directors has fixed at nine the number of Directors to be elected at the Meeting. Eight of the nine Nominee Directors are currently members of the Board of Directors and were elected as such by the Shareholders of the Corporation at the annual meeting of Shareholders held on May 12, 2022, and one of the Nominee Directors is not currently a Director of the Corporation. Each Director so elected at the Meeting will hold office until the end of the next annual meeting of Shareholders or until their successor is appointed, unless their office is vacated at an earlier date. Please see the section of this Circular entitled "*Nominees for Election to the Board of Directors*" on *page 15* for additional information on each of the Nominee Directors.

In accordance with the TSX rules, the Corporation had adopted a Majority Voting Policy, pursuant to which, among other things, at an uncontested meeting, each director had to be elected by a majority of the votes cast with respect to his or her election or tender their resignation to the Board of Directors. Following certain amendments to the *Canada Business Corporations Act* (**"CBCA"**) which came into force on August 31, 2022, the Board of Directors unanimously determined to repeal this policy, as it was made redundant by the new statutory voting requirement introduced by the aforementioned CBCA amendments, and because such amendments also allowed the Corporation to comply with the TSX rules without having a Majority Voting Policy.

Under the new CBCA provisions, shareholders are now required to either vote "for" or "against" director nominees (as opposed to "for" or "withhold"). As a result, if, at the Meeting, a Nominee Director does not receive a majority of the votes cast for their election, such nominee will not be elected and the director position will remain vacant, or, if in the case of incumbent directors, such director may continue in office until the earlier of the 90th day after the vote and the day on which his or her successor is appointed or elected.

If you have not specified how you want your Shares voted and if you have authorized the Named Proxyholders as your Proxyholder, the Named Proxyholders will vote FOR the election of each of the Nominee Directors. Shareholders should note that the form of proxy or voting instruction form, as applicable, provides for voting for individual Directors as opposed to voting for Directors as a slate.

3. APPOINTMENT OF AUDITOR

The Board of Directors, on the advice of the Audit Committee, recommends that PricewaterhouseCoopers LLP (**"PwC"**) be reappointed as independent auditor of the Corporation. The auditor appointed at the Meeting will serve until the next annual meeting of the Shareholders, or until its successor is appointed, at a remuneration to be fixed by the Board.

If you have not specified how you want your Shares voted and if you have authorized the Named Proxyholders as your Proxyholder, the Named Proxyholders will vote FOR the appointment of PwC as independent auditor of the Corporation and FOR authorizing the Board to determine their remuneration.

Pre-Approval Policy for External Auditor Services

The Audit Committee has adopted procedures for the pre-approval of engagement for services of its external auditor, which require pre-approval of all audit and non-audit services provided by the external auditor. Moreover, the Board of Directors, upon recommendation of the Audit Committee, approves, on an annual basis, the fees charged to the Corporation by PwC.

External Auditor Service Fee

For the years ended December 31, 2022 and December 31, 2021, the following fees were billed to the Corporation by its external auditor, PwC and its affiliates:

	Year ended December 31, 2022	Year ended December 31, 2021
Audit Fees[1]	**$6,380,394**	**$7,029,300**
Audit-Related Fees[2]	**$1,128,345**	**$235,110**
Tax Fees[3]	**$469,580**	**$1,162,197**
All Other Fees[4]	**$4,540,393**	**$1,451,921**
TOTAL FEES PAID	**$12,518,712**	**$9,878,528**

(1) "Audit Fees" include fees necessary to perform the annual audit of the Corporation's consolidated financial statements, as well as the annual audits of certain subsidiaries of the Corporation.

(2) "Audit-Related Fees" include fees for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported under "Audit Fees".

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes mainly fees for tax compliance.

(4) "All Other Fees" include fees for products and services provided by the auditors other than those described above. These fees included mainly organizational change management services in relation to the implementation of a new global ERP system and operational integration support. PwC was selected through requests for proposal process. Management and the Audit Committee concluded that these services provided by PwC were permitted services under applicable independence standards, and appropriate safeguards were implemented by Management and PwC to ensure independence was maintained. These fees also include subscription to publications.

4. APPROVAL OF AMENDMENTS TO THE STOCK OPTION PLAN

At the Meeting, Shareholders will be asked to consider, and if thought advisable, to pass, with or without modification, an ordinary resolution approving amendments to the Corporation's Stock Option Plan (the "**Stock Option Plan**", previously named the Long-Term Incentive Plan). The purpose of the Stock Option Plan is to incentivize management to increase the value of the Corporation.

The Corporation first adopted a plan for granting long term incentives effective January 1, 2011 named the Long-Term Incentive Plan, which provided for the granting of stock options and restricted share units. Restricted share units have not been granted under the Stock Option Plan since 2013 and there are no restricted share units outstanding. Since 2015, cash-settled restricted share units have been issued under the Restricted Share Unit Plan and, since the adoption of the Share Unit Plan on December 7, 2022, subject to approval by the Shareholders at the Meeting, restricted share units that may be settled in either cash or shares are available for issuance under such plan. As there is no intention or need to grant restricted share units under the Stock Option Plan in the future, on December 7, 2022, the plan was amended so that restricted share units could no longer be granted under the plan and the plan was renamed the Stock Option Plan. These and other amendments made in 2022 which did not require Shareholder approval under the terms of the plan are described in further detail in *Schedule C* of the Circular.

Also on December 7, 2022, the Board established a new Share Unit Plan which will allow the Corporation to grant share units that are based on the value of a Share and vest over time and may be subject to performance-based measures (see subsection "*5. Approval of Share Unit Plan Adoption and Ratification of Grant of Awards*" on *page 12* under the "Business of the Meeting" section of the Circular).

In addition to the amendments to the Stock Option Plan described above and in *Schedule C* of the Circular, the Board approved certain amendments to the Stock Option Plan which require Shareholder approval under the terms of the plan and Toronto Stock Exchange ("**TSX**") rules. The changes, which have been conditionally approved by the TSX, are to:

a. increase the number of Shares reserved for issuance under the plan from 2,080,950 to 3,108,184 Shares;
b. increase the insider participation limit from four percent (4%) to ten percent (10%) of the issued and outstanding Shares of the Corporation; and
c. clarify the Corporation's flexibility to make amendments which do not require Shareholder approval, and confirm that amendments that do require Shareholder approval are also subject to TSX approval.

As of the date of this Circular, there are 839,063 Shares subject to outstanding stock options under the Stock Option Plan (representing 0.67% of the outstanding Shares).

Subject to approval by the Shareholders at the Meeting, the 1,027,234 new Shares proposed to be included in the reserve for the Stock Option Plan would increase the Shares available for future grant to 1,361,494 Shares (representing 1.09% of the outstanding Shares), and the Corporation will have 2,200,557 Shares subject to outstanding stock options or available for future stock option grants under the Stock Option Plan (representing 1.77% of the outstanding Shares). The 1,027,234 new Shares proposed to be included in the reserve for the Stock Option Plan would increase the overhang percentage by an additional 0.82%. The increase in the number of Shares issuable under the Stock Option Plan is expected to provide a sustainable inventory for between 6 to 10 years.

For a summary of the terms of the Stock Option Plan, see "*Schedule C – Long-Term Incentive Plans – Stock Option Plan*" of the Circular. A copy of the full text of the Stock Option Plan was filed on SEDAR on March 30, 2023.

Shareholders may vote for or against the following resolution regarding the approval of the amendments to the Stock Option Plan. The Board recommends that Shareholders vote FOR the resolution:

"**RESOLVED**, as an ordinary resolution of the shareholders of WSP Global Inc. (the "**Corporation**"), that:

1. The following amendments to the Stock Option Plan be ratified and approved:
    a. an increase in the number of common shares of the Corporation reserved for issuance under the plan from 2,080,950 to 3,108,184;
    b. an increase in the insider participation limit from four percent (4%) to ten percent (10%) of the issued and outstanding common shares of the Corporation; and
    c. clarifications to the Corporation's ability to make amendments which do not require shareholder approval, confirmation that amendments that do require shareholder approval are also subject to Toronto Stock Exchange approval; and
2. Any one director or officer of the Corporation is hereby authorized and directed, acting for, in the same and on behalf of the Corporation, to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such documents, agreements and instruments, and to do or cause to be done all such other acts and things as such director or officer of the Corporation determines to be necessary or desirable in order to carry out the intent of this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document, agreement or instrument or the doing of any such act or thing."

The foregoing resolution must be passed by a majority of votes cast by Shareholders who vote on the resolution. The Corporation's executive officers have an interest in the resolution to approve the amendments to the Stock Option Plan as if the amendments to the Stock Option Plan are approved, they may receive additional awards of Options in the future; however, no Shareholders are excluded from voting on the resolution.

If you have not specified how you want your Shares voted and if you have authorized the Named Proxyholders as your Proxyholder, the Named Proxyholders will vote FOR the amendments to the Stock Option Plan.

If the resolution is not approved by Shareholders, the Stock Option Plan will continue without the above amendments. Currently issued and outstanding stock options would be unaffected. However, assuming that no stock options expire or are terminated prior to being exercised, the Corporation will only be able to grant stock options exercisable for 334,260 Shares to Eligible Participants and the Corporation will be required to provide alternative forms of long-term incentive compensation in order to attract and retain talent and execute on its business strategy once the current maximum is reached.

5. APPROVAL OF SHARE UNIT PLAN ADOPTION AND RATIFICATION OF GRANTS OF AWARDS

At the Meeting, Shareholders will be asked to consider, and if thought advisable, to pass, with or without modification, an ordinary resolution approving the adoption of a new Share Unit Plan, and the approval and ratification of certain grants made under the Share Unit Plan prior to the Meeting. The full text of the resolution to approve the adoption of the Share Unit Plan is set out below.

The Board adopted the new Share Unit Plan on December 7, 2022. Under the Share Unit Plan, the Corporation may grant share units to key employees in the form of redeemable restricted share units ("**Redeemable RSUs**") and redeemable performance share units ("**Redeemable PSUs**", and together with Redeemable RSUs, "**Share Units**") that are based on the value of a Share and vest over time and may be subject to performance-based vesting conditions. Vested Share Units may be redeemed by the participant at any time after vesting but prior to the tenth (10th) anniversary of the grant date for Shares issued from treasury, market-purchased Shares or cash, or any combination of them, at the choice of the participant.

The Board believes that the adoption of a separate Share Unit Plan in which Share Units may be redeemed on the timing and in the manner chosen by the participant will provide flexibility in order to best align executive incentive compensation with Shareholder interests over the long-term while positioning the Corporation as an employer of choice. Because it is a separate plan, accountability and tracking of Shares issued pursuant to such Share Units from Shares issued on the exercise of stock options under the Stock Option Plan will be enhanced.

For a summary of the terms of the Share Unit Plan, see "*Schedule C – Long-Term Incentive Plans – Share Unit Plan*" of the Circular. A copy of the full text of the Share Unit Plan was filed on SEDAR on March 30, 2023.

On December 7, 2022, the Board approved certain grants of Share Units to be awarded on January 1, 2023 under the Share Unit Plan to eligible employees of the Corporation and its affiliates. For a breakdown of the awards as between officers and other employees of the Corporation and its affiliates, please see the text of the resolution below. In the event that Shareholders do not approve the Share Unit Plan, officers and employees will be deemed to have been granted an equivalent number of restricted share units and performance share units under the Corporation's RSU Plan and PSU Plan, respectively, and the Share Units granted under the Share Unit Plan will be cancelled. The Corporation's RSU Plan provides for grants of restricted share units that are settled in cash ("**RSUs**") and the Corporation's PSU Plan provides for grants of performance share units that are settled in cash ("**PSUs**"). For a description of the terms of the RSU Plan and the PSU Plan, please see "*Schedule C – Long-Term Incentive Plans*" of the Circular.

As of the date of this Circular, subject to Shareholder approval at the Meeting, there are 63,238 Shares subject to outstanding Share Units under the Share Unit Plan (representing 0.05% of the outstanding Shares), as well as 1,436,762 Shares available for future grant (representing 1.15% of the outstanding Shares). In total, as of the date of this Circular and subject to Shareholder approval at the Meeting, the Corporation has 1,500,000 Shares subject to outstanding Share Units or available for future Share Unit grants under the Share Unit Plan, which represent an overhang of 1.2% of the outstanding Shares. The number of Shares issuable under the Share Unit Plan is expected to provide a sustainable inventory for between 9 to 11 years.

Shareholders may vote for or against the following resolution regarding the approval of the adoption of the Share Unit Plan and the ratification of grants made under it prior to the Meeting. The Board recommends that Shareholders vote FOR the resolution:

"**RESOLVED**, as an ordinary resolution of the shareholders of WSP Global Inc. (the "**Corporation**"), that:

1. The Share Unit Plan, the material terms and conditions of which are described in the management information circular of the Corporation dated March 30, 2023, including for greater certainty, the reservation for issuance of 1,500,000 common shares of the Corporation under the Share Unit Plan, is hereby ratified, confirmed and approved;
2. The awards of 63,238 Share Units to officers and other employees of the Corporation and its Affiliates (as defined in the Share Unit Plan), as follows are ratified, confirmed and approved:

Participant Category	Award Date	Redeemable RSUs	Redeemable PSUs	Expiry Date
Officers	January 1, 2023	3,943	46,782	January 1, 2033
Employees	January 1, 2023	2,644	9,869	January 1, 2033

3. Any one director or officer of the Corporation is hereby authorized and directed, acting for, in the same and on behalf of the Corporation, to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such documents, agreements and instruments, and to do or cause to be done all such other acts and things as such director or officer of the Corporation determines to be necessary or desirable in order to carry out the intent of this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document, agreement or instrument or the doing of any such act or thing."

The foregoing resolution must be passed by a majority of votes cast by Shareholders who vote on the resolution. The Corporation's executive officers have an interest in the resolution to approve the adoption of the Share Unit Plan and to ratify the awards made under it prior to the Meeting as if the Share Unit Plan is approved, they may receive additional awards of Share Units in the future; however, no Shareholders are excluded from voting on the resolution.

If you have not specified how you want your Shares voted and if you have authorized the Named Proxyholders as your Proxyholder, the Named Proxyholders will vote **FOR** the adoption of the Share Unit Plan and FOR the ratification of the awards made under it on January 1, 2023.

6. NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Governance, Ethics and Compensation Committee and the Board spend considerable time and effort overseeing the Corporation's executive compensation program, and are satisfied that the policies and programs in place are based on fundamental principles of pay-for-performance aimed at aligning the interests of the senior executive team with those of the Shareholders while reflecting competitive market practices. This compensation approach allows the Corporation to attract, retain and motivate high-performing executives who will be incentivized to increase business performance and enhance Shareholder value on a sustainable basis.

The Board is also committed to maintaining an ongoing engagement process with Shareholders by adopting effective measures to receive shareholder feedback. In this light, the purpose of the annual Shareholder non-binding advisory vote on executive compensation is to provide Shareholders with a formal opportunity to provide their views on the Corporation's approach to

executive compensation, which is described in further detail under the section "*Compensation Discussion and Analysis*" starting on *page 50* of this Circular. Shareholders are encouraged to carefully review the information provided in this Circular before voting on this matter. While Shareholders will provide their collective advisory vote, the Directors remain fully responsible for their compensation decisions and are not relieved of these responsibilities by a positive advisory vote by Shareholders.

At the annual meeting of Shareholders held on May 12, 2022, the Corporation's approach to executive compensation was approved by 92.85% of the Shares voted on the non-binding, advisory resolution on executive compensation.

The Board proposes that you indicate your support for the Corporation's approach to executive compensation disclosed in this Circular by voting in favor of the following advisory resolution:

"Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the Shareholders accept the approach to executive compensation disclosed in the Corporation's Circular delivered in advance of the 2023 Meeting."

As this is an advisory vote, the results will not be binding upon the Board. The Board will, however, take the results of the vote into account, as appropriate, when considering future compensation policies, procedures, and decisions and in determining whether there is a need to significantly increase its engagement with Shareholders on compensation and related matters. The full "say on pay" policy (Advisory Vote on Executive Compensation) can be found on our website at www.wsp.com under "Investors"/"Corporate Governance"/"Governance Documents".

The Corporation will disclose the results of the Shareholder advisory vote as a part of its report on voting results and related press release to be posted on SEDAR at www.sedar.com and on the Corporation's website at www.wsp.com shortly after the Meeting. The Board will disclose to Shareholders in the management information circular for its next annual shareholder meeting, or earlier and by other means if advisable, any changes to the compensation plans made or to be made (or why no such changes were made) by the Board as a result of its engagement with Shareholders. In the event that a significant number of Shareholders oppose the resolution, the Board will consult with its Shareholders, particularly those who are known to have voted against it, in order to understand their concerns and will review the Corporation's approach to compensation in the context of those concerns. Shareholders who have voted against the resolution will be encouraged to contact the Board to discuss their specific concerns.

We invite any Shareholder to forward comments about our approach to executive compensation to Linda Smith-Galipeau, Chair of the Governance, Ethics and Compensation Committee, through the Corporate Secretary (being the Board's designated agent to receive and review communications addressed to it or to an individual Director), by directing communications by mail to WSP Global Inc., c/o Corporate Secretary, 1600 René-Lévesque Blvd. West, 11th Floor, Montréal, Québec, Canada, H3H 1P9, marking the envelope "Confidential".

If you have not specified how you want your Shares voted and if you have authorized the Named Proxyholders as your Proxyholder, the Named Proxyholders will vote FOR the above non-binding, advisory resolution on executive compensation.

Nominees for Election to the Board of Directors

DESCRIPTION OF THE NOMINEE DIRECTORS

The following tables set out information as at March 30, 2023, unless otherwise indicated, with respect to each of the Nominee Directors. With the exception of Macky Tall, all of the Nominee Directors are currently members of the Board of Directors and were elected as such by the Shareholders of the Corporation at the annual meeting of Shareholders held on May 12, 2022.

Age: 62
Quebec, Canada
Director since: 2017
Independent Director

TOP FOUR AREAS OF EXPERTISE:

- Financial Literacy
- Audit / Accounting
- Capital Structuring and Capital Markets
- Acquisition / M&A

Louis-Philippe Carrière, FCPA

Louis-Philippe Carrière has been a board member of Saputo Inc. since August 1, 2017, the day he retired as Chief Financial Officer and Secretary of the company, a position he held since 1997. In addition to his appointment as director, Mr. Carrière also acted as senior advisor for Saputo until April 2020. From 1986 to 1996, he held various management positions in finance and administration within Saputo. His responsibilities over the years have included oversight of various functions such as accounting, internal audit, taxation, legal, financing and information technology, as well as mergers and acquisitions. Mr. Carrière holds a bachelor's degree in management from the École des hautes études commerciales of Montréal and has been a member of the Ordre des comptables professionnels agréés du Québec since 1985. He was also appointed Fellow of the Ordre des comptables professionnels agréés du Québec (Québec CPA Order) in 2007.

CURRENT PRINCIPAL OCCUPATION: **Professional Non-Executive Director**

WSP Board and Committee Memberships for 2022	Attendance for 2022[1]		Compensation Received for 2022[2]
Board	10 of 10	100%	$280,000
Audit Committee	6 of 6	100%	

Past Years' Voting Results		
YEAR	*FOR*	*WITHHELD*
2022	98.94%	1.06%
2021	99.45%	0.55%

Other Public Board Memberships	Other Committee Memberships	Interlocking Relationships
Saputo Inc.	None	None

Securities Held or Controlled

YEAR	*SHARES*	*OPTIONS*	*PSUs*	*RSUs*	*DSUs*	*VALUE OF AT-RISK HOLDINGS*
March 30, 2023[3]	3,100	None	None	None	14,204	$3,001,379
March 30, 2022[4]	3,100	None	None	None	12,665	$2,618,346

Director Share Ownership Requirement Met[5]
Yes

(1) See section entitled "Board and Committee Attendance" on page 24.

(2) Mr. Carrière elected to receive 100% of his 2022 annual compensation in equity-based awards; consequently, all Director compensation received by him in 2022 was paid in DSUs. See section entitled "Director Compensation" on page 27.

(3) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28. The value of at-risk holdings for non-executive Directors represents the total value of Shares and DSUs, including Dividend Equivalents earned on DSUs but not yet credited thereto. The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2023 of $173.45.

(4) The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2022 of $166.09.

(5) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28.

Age: 76
Surrey, United Kingdom
Director since: 2012

Independent Director

TOP FOUR AREAS OF EXPERTISE:

- Professional Services in Engineering and Construction
- Business and Acquisition Experience in a Global Organization
- Public Company Board and Governance Experience
- CEO Experience

Christopher Cole, Chartered Engineer

Christopher Cole has over 40 years of experience in the engineering and consulting services fields. He is a Chartered Engineer who joined WSP as a partner at its inception, becoming Managing Director in 1987. Under his leadership, WSP was the first engineering consultant firm to become a fully-listed public company in 1990, growing organically and through acquisitions from a single-discipline U.K. consultant firm of 200 people to a 9,000-strong multi-disciplinary global player with two-thirds of its business outside the U.K. prior to the historic 2012 merger with the Corporation. He has chaired the Board of the Corporation since that merger. He was non-executive Chairman of Ashtead Group plc from March 2007 to September 2018. In 2014, he became non-executive Chairman of Applus Services SA and he is also currently non-executive Chairman of Tracsis plc.

CURRENT PRINCIPAL OCCUPATION: **Professional Non-Executive Director**

WSP Board and Committee Memberships for 2022	Attendance for 2022[1]		Compensation Received for 2022[2]
Board	10 of 10	100%	$550,000
Governance, Ethics and Compensation Committee	7 of 7	100%	

Past Years' Voting Results		
YEAR	*FOR*	*WITHHELD*
2022	96.78%	3.22%
2021	93.98%	6.02%

Other Public Board Memberships	Other Committee Memberships	Interlocking Relationships
Applus Services SA	ESG Committee	None
Tracsis plc	None	None

Securities Held or Controlled

YEAR	*SHARES*	*OPTIONS*	*PSUs*	*RSUs*	*DSUs*	*VALUE OF AT-RISK HOLDINGS*
March 30, 2023[3]	22,835	None	None	None	None	$3,960,731
March 30, 2022[4]	22,835	None	None	None	None	$3,792,665

Director Share Ownership Requirement Met[5]

Yes

(1) See section entitled "Board and Committee Attendance" on page 24.

(2) This includes only the compensation received by Mr. Cole as a Director. Taking into consideration the tax treatment for DSUs applicable to Mr. Cole, he elected to receive the equity-based portion of his 2022 annual compensation in cash; consequently, all Director compensation received by him in 2022 was paid in cash. See section entitled "Director Compensation" on page 27.

(3) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28. The value of at-risk holdings for non-executive Directors represents the total value of Shares and DSUs, including Dividend Equivalents earned on DSUs but not yet credited thereto. The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2023 of $173.45.

(4) The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2022 of $166.09.

(5) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28.

Age: 50
Quebec, Canada
Director since: 2016

Non-Independent Director

TOP FOUR AREAS OF EXPERTISE:

- Business Experience in a Global Organization
- Acquisition / M&A
- CEO/Senior Executive Experience
- International Strategy Planning

Alexandre L'Heureux, FCPA, CFA

Alexandre L'Heureux is the President and Chief Executive Officer of the Corporation. He joined WSP in July 2010 as Chief Financial Officer, and he held this position until he was promoted to President and CEO in October 2016. Mr. L'Heureux's vision and leadership have been key drivers behind WSP's growth, and during his tenure, the Corporation completed about 90 global acquisitions, significantly increasing WSP's geographical presence and bringing its workforce to more than 66,000 talented professionals. Mr. L'Heureux brings over 25 years of international experience to WSP, with a strong skillset in finance, mergers and acquisitions and business strategy. Between 2005 and 2010, Mr. L'Heureux was a Partner and Chief Financial Officer at Auven Therapeutics L.L.L.P. Throughout his career, he has developed extensive knowledge of the alternative investments industry. He is a member of the Canadian Institute of Chartered Accountants and of the Chartered Financial Analysts Institute. Mr. L'Heureux was also appointed Fellow of the Ordre des comptables professionnels agréés du Québec (Québec CPA Order) in 2017. Mr. L'Heureux is a philanthropist and has been actively involved with several not-for-profit organizations over the past decade. Most recently, he served as a governor on the cabinet for the Fondation Marie Vincent's major fundraising campaign.

CURRENT PRINCIPAL OCCUPATION: **President and CEO of the Corporation**

WSP Board and Committee Memberships for 2022	Attendance for 2022[1]		Compensation Received for 2022[2]
Board	10 of 10	100%	None

Past Years' Voting Results

YEAR	FOR	WITHHELD
2022	99.66%	0.34%
2021	99.95%	0.05%

Other Public Board Memberships	Other Committee Memberships	Interlocking Relationships
None	None	None

Securities Held or Controlled

YEAR	SHARES	OPTIONS	PSUs	REDEEMABLE PSUs	DSUs	VALUE OF AT-RISK HOLDINGS
March 30, 2023[3]	38,834	463,121	71,683	24,708	156,030	$88,606,740
March 30, 2022[4]	36,834	405,241	104,856	N/A	133,545	$80,155,297

Executive Share Ownership Requirement Met[5]

Yes

(1) See section entitled "Board and Committee Attendance" on page 24.

(2) Mr. L'Heureux does not receive an annual retainer or any other fees in respect of his role as a Director or participation in Board of Directors' meetings as Mr. L'Heureux is the President and CEO of the Corporation. Please see the section entitled "Compensation Discussion & Analysis" on page 50 for a discussion on the compensation paid to Mr. L'Heureux.

(3) Mr. L'Heureux's value of at-risk holdings represents the total value of Shares ($6,735,757), vested and unvested Options ($38,088,482), vested and unvested PSUs ($12,433,501), vested and unvested Redeemable PSUs ($4,285,602) and vested and unvested DSUs ($27,063,398), including Dividend Equivalents earned on PSUs, Redeemable PSUs and DSUs but not yet credited thereto. The value of the Shares and DSUs is based on the closing price of the Shares on the TSX on March 30, 2023 of $173.45. The value of Options is calculated based on the difference between the closing price of the Shares on the TSX on March 30, 2023 of $173.45 and the Option exercise price, multiplied by the number of unexercised Options. The value of unvested PSUs and unvested Redeemable PSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2023 of $173.45 and assuming the Corporation had achieved all performance targets and 100% of the PSUs had vested on March 30, 2023. Subject to the attainment of the performance measure and targets of the award as set out under "Compensation Discussion and Analysis – Description of Compensation paid to NEOs in 20212 – Long-Term Incentive Plans", the number of PSUs and Redeemable PSUs that will actually vest will be between 0% and 200% of the award granted. Furthermore, the actual value realized upon the future vesting and payment of such awards may be greater or less than the grant date fair value. Please see the section entitled "Compensation Discussion & Analysis" on page 50 for a discussion on securities held or controlled by Mr. L'Heureux.

(4) Mr. L'Heureux's value of at-risk holdings represents the total value of Shares ($6,117,759), vested and unvested Options ($34,441,626), vested and unvested PSUs ($17,415,454) and vested and unvested DSUs ($22,180,458), including Dividend Equivalents earned on PSUs and DSUs but not yet credited thereto. The value of the Shares and DSUs is based on the closing price of the Shares on the TSX on March 30, 2022 of $166.09. The value of Options is calculated based on the difference between the closing price of the Shares on the TSX on March 30, 2022 of $166.09 and the Option exercise price, multiplied by the number of unexercised Options. The value of unvested PSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2022 of $166.09 and assuming the Corporation had achieved all performance targets and 100% of the PSUs had vested on March 30, 2022.

(5) As the President and CEO, Alexandre L'Heureux is required to comply with the Executive Share Ownership Requirement (see section entitled "Executive Share Ownership Requirement" on page 58).

Age: 64
Gentofte, Denmark
Director since: 2013
Independent Director

TOP FOUR AREAS OF EXPERTISE:

- Engineering and Construction
- Project Management
- Public Company Board and Governance
- CEO/senior executive experience

Birgit Nørgaard, M.Sc. Economics, MBA

Birgit Nørgaard is a professional board member with extensive experience in consulting and management. Ms. Nørgaard was CEO of Grontmij | Carl Bro A/S, as well as COO of Grontmij N.V. from 2006 to 2010. From 2003 to 2006, she was CEO of the Carl Bro Group A/S and was the executive director of that company from 2001 to 2003. She has previously been a consultant at McKinsey from 1984 to 1990 and has held executive positions at Danisco from 1990 to 2000 and TDC Mobile International in 2000 and 2001. Ms. Nørgaard has held several board positions since 1994. Since 2010, Ms. Nørgaard has been a full-time director for various public and private entities, including companies in the engineering business. She is currently a director of DSV A/S, NCC AB, Danish Growth Capital, RGS Nordic A/S, Consolis SAS and Associated British Ports Holdings. Ms. Nørgaard is also currently chairman of Norisol A/S and related companies, vice chairman of the board of NNE A/S and The Danish Council for ICT. She has a MSc. from the Copenhagen Business School and an MBA from INSEAD, a well-known international business school.

CURRENT PRINCIPAL OCCUPATION: **Professional Non-Executive Director**

WSP Board and Committee Memberships for 2022	Attendance for 2022[1]		Compensation Received for 2022[2]
Board	10 of 10	100%	$260,000
Governance, Ethics and Compensation Committee	7 of 7	100%	

Past Years' Voting Results		
YEAR	*FOR*	*WITHHELD*
2022	99.43%	0.57%
2021	99.71%	0.29%

Other Public Board Memberships	Other Committee Memberships	Interlocking Relationships
DSV A/S	Nomination Committee	None
NCC AB	Audit Committee	None

Securities Held or Controlled

YEAR	*SHARES*	*OPTIONS*	*PSUs*	*RSUs*	*DSUs*	*VALUE OF AT-RISK HOLDINGS*
March 30, 2023[3]	5,100	None	None	None	None	$884,595
March 30, 2022[4]	4,500	None	None	None	None	$747,405

Director Share Ownership Requirement Met[5]
Yes

(1) See section entitled "Board and Committee Attendance" on page 24.

(2) Taking into consideration the tax treatment for DSUs applicable to Ms. Nørgaard, she elected to receive the equity-based portion of her 2022 annual compensation in cash; consequently, all Director compensation received by her in 2022 was paid in cash. See section entitled "Director Compensation" on page 27.

(3) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28. The value of at-risk holdings for non-executive Directors represents the total value of Shares and DSUs, including Dividend Equivalents earned on DSUs but not yet credited thereto. The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2023 of $173.45.

(4) The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2022 of $166.09.

(5) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28.

Age: 64
Quebec, Canada
Director since: 2016
Independent Director

TOP FOUR AREAS OF EXPERTISE:

- Professional Services
- Project Management
- Business Experience in a Global Organization
- Risk Management and Risk Mitigation

Suzanne Rancourt, CPA, ICD.D

Suzanne Rancourt is a corporate director with more than 30 years of experience in consulting and management in the sector of information technology. From 2006 to 2016, she was Vice-President Enterprise Risks and Internal Audit at CGI. Since her arrival at CGI in 1985, she held increasing senior positions in consulting, strategy and information technology, business development, project management and corporate functions in a multinational environment. Prior to her arrival at CGI, Ms. Rancourt began her career as an auditor and worked in operations, finance and accounting in distribution, retail and financial industries. She holds a bachelor's degree in Business Administration from Université du Québec à Montréal and an ICD.D designation from the Institute of Corporate Directors. She is a Chartered Professional Accountant (CPA). Ms. Rancourt also sits on the Boards of Directors of iA Financial Group and the Institute of Corporate Directors (Quebec).

CURRENT PRINCIPAL OCCUPATION: **Professional Non-Executive Director**

WSP Board and Committee Memberships for 2022	Attendance for 2022[1]		Compensation Received for 2022[2]
Board	10 of 10	100%	$265,000
Audit Committee	6 of 6	100%	

Past Years' Voting Results		
YEAR	*FOR*	*WITHHELD*
2022	99.59%	0.41%
2021	99.97%	0.03%

Other Public Board Memberships	Other Committee Memberships	Interlocking Relationships
iA Financial Group	Audit Committee Risk Management, Governance and Ethics Committee	None

Securities Held or Controlled

YEAR	*SHARES*	*OPTIONS*	*PSUs*	*RSUs*	*DSUs*	*VALUE OF AT-RISK HOLDINGS*
March 30, 2023[3]	4,928	None	None	None	6,225	$1,934,488
March 30, 2022[4]	4,928	None	None	None	5,369	$1,710,240

Director Share Ownership Requirement Met[5]
Yes

(1) See section entitled "Board and Committee Attendance" on page 24.
(2) Ms. Rancourt received 60% of her 2022 annual compensation in equity-based awards and 40% of her 2022 annual compensation in cash. See section entitled "Director Compensation" on page 27.
(3) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28. The value of at-risk holdings for non-executive Directors represents the total value of Shares and DSUs, including Dividend Equivalents earned on DSUs but not yet credited thereto. The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2023 of $173.45.
(4) The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2022 of $166.09.
(5) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28.

Age: 59
Quebec, Canada
Director since: 2019
Independent Director

TOP FOUR AREAS OF EXPERTISE:

- Technology / I.T.
- Professional Services
- Acquisition / M&A
- Public Company Board and Governance

Paul Raymond, ICD.D

Paul Raymond has been President and CEO of Alithya Group Inc. since 2012 and oversees Alithya's strategy, organizational development and accelerated growth. Mr. Raymond has been a member of the Board of Directors of Alithya since April 2011. Prior to joining Alithya, Mr. Raymond held several key senior management positions at CGI, a major information technology firm, from 1993 until 2010 and served as an officer in the Canadian Armed Forces for 11 years. During his career, he worked in Canada, the United States as well as in Europe. Mr. Raymond served on the Board of the Chamber of Commerce of Metropolitan Montreal from 2019 to 2022. Mr. Raymond is a Computer Engineering graduate from the Royal Military College of Canada and a member of the Institute of Corporate Directors.

CURRENT PRINCIPAL OCCUPATION: **President, CEO and Executive Director, Alithya Group Inc.**

WSP Board and Committee Memberships for 2022	Attendance for 2022[1]		Compensation Received for 2022[2]
Board	10 of 10	100%	$265,000
Audit Committee	6 of 6	100%	

Past Years' Voting Results

YEAR	FOR	WITHHELD
2022	99.59%	0.41%
2021	99.91%	0.09%

Other Public Board Memberships	Other Committee Memberships	Interlocking Relationships
Alithya Group Inc.	None	None

Securities Held or Controlled

YEAR	SHARES	OPTIONS	PSUs	RSUs	DSUs	VALUE OF AT-RISK HOLDINGS
March 30, 2023[3]	1,000	None	None	None	3,498	$780,178
March 30, 2022[4]	1,000	None	None	None	2,668	$609,233

Director Share Ownership Requirement Met[5]

Director Minimum Annual Requirement is Met

(1) See section entitled "Board and Committee Attendance" on page 24.
(2) Mr. Raymond received 60% of his 2022 annual compensation in equity-based awards and 40% of his 2022 annual compensation in cash. See section entitled "Director Compensation" on page 27.
(3) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28. The value of at-risk holdings for non-executive Directors represents the total value of Shares and DSUs, including Dividend Equivalents earned on DSUs but not yet credited thereto. The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2023 of $173.45.
(4) The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2022 of $166.09.
(5) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28.

Age: 65
Quebec, Canada
Director since: 2006

Independent Director

TOP FOUR AREAS OF EXPERTISE:

- Engineering and Construction
- CEO / Executive Leadership of Professional Services
- Business Experience in a Global Organization
- Acquisition / M&A

Pierre Shoiry

Pierre Shoiry is the former President and CEO of the Corporation and transitioned to his current role of Vice Chairman of the Corporation in 2016. Mr. Shoiry has more than 35 years of experience in the engineering services industry. Employed by the Corporation since 1989, he was previously Senior Associate Engineer in Municipal Infrastructure and Vice-President of Business Development. He was the President and Chief Executive Officer of the Corporation from 1995 to 2016. During these years, the predecessor company GENIVAR grew through organic growth and acquisitions to become one of the largest multidisciplinary firms in the Province of Québec. After listing the company as the GENIVAR Income Fund in 2006 on the Toronto Stock Exchange, the company continued its expansion across Canada through the merger and integration of over 80 consulting engineering firms before the historic acquisition and merger with WSP, a 9,000-person multidisciplinary global firm in 2012. In 2014, the strategic acquisition of Parsons Brinckerhoff, a 14,000-person global champion, further strengthened the Corporation. Under his leadership, the Corporation grew from a regional firm of 300 employees to one of the leading international consulting firms with 34,000 employees across 40 countries at the time of implementation of his succession plan in 2016. Mr. Shoiry holds a bachelor's degree in applied science with a major civil engineering, as well as a Master's degree in applied science from Laval University.

CURRENT PRINCIPAL OCCUPATION: **Vice Chairman of the Board**

WSP Board and Committee Memberships for 2022	Attendance for 2022[1]		Compensation Received for 2022[2]
Board	10 of 10	100%	$400,000

Past Years' Voting Results

YEAR	FOR	WITHHELD
2022	99.33%	0.67%
2021	99.65%	0.35%

Other Public Board Memberships	Other Committee Memberships	Interlocking Relationships
None	None	None

Securities Held or Controlled

YEAR	SHARES	OPTIONS	PSUs	RSUs	DSUs	VALUE OF AT-RISK HOLDINGS
March 30, 2023[3]	500,000	None	None	None	21,462	$90,447,584
March 30, 2022[4]	500,000	None	None	None	19,252	$86,242,603

Director Share Ownership Requirement Met[5]

Yes

(1) See section entitled "Board and Committee Attendance" on page 24.

(2) This includes only the compensation received by Mr. Shoiry as a Director. Mr. Shoiry elected to receive 100% of his 2022 annual compensation in equity-based awards; consequently, all Director compensation received by him in 2022 was paid in DSUs. See section entitled "Director Compensation" on page 27.

(3) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28. The value of at-risk holdings for non-executive Directors represents the total value of Shares and DSUs, including Dividend Equivalents earned on DSUs but not yet credited thereto. The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2023 of $173.45.

(4) The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2022 of $166.09.

(5) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28.

Age: 59
Wisconsin, U.S.
Director since: 2019
Independent Director

TOP FOUR AREAS OF EXPERTISE:

- Professional Services
- Business Experience in a Global Organization
- Human Capital
- Executive Compensation

Linda Smith-Galipeau, MBA

Linda Smith-Galipeau is a professional board member with extensive experience in professional services and human capital management. Ms. Smith-Galipeau was CEO of Randstad North America and served as executive board member of Randstad Holding N.V., one of the world's largest HR services companies until March 26, 2019. Ms. Smith- Galipeau oversaw Randstad's operations in the U.S. and Canada as well as Randstad Digital Ventures, which includes Monster and RiseSmart. Ms. Smith-Galipeau also chaired the Randstad Innovation Fund, a strategic corporate venture fund that invests in early-stage HR technology companies. Prior to assuming this role in 2012, Ms. Smith-Galipeau served as president of Randstad's U.S. staffing division for four years. She founded Randstad's Canadian operation in 1997, growing it organically into one of the country's leading staffing firms. She is also currently a non-executive director for Help-at-Home, Employbridge and Medical Solutions. Ms. Smith-Galipeau holds an MBA from McGill University.

CURRENT PRINCIPAL OCCUPATION: **Professional Non-Executive Director**

WSP Board and Committee Memberships for 2022	Attendance for 2022[1]		Compensation Received for 2022[2]
Board	10 of 10	100%	$275,000
Governance, Ethics and Compensation Committee	7 of 7	100%	

Past Years' Voting Results		
YEAR	*FOR*	*WITHHELD*
2022	96.75%	3.25%
2021	99.48%	0.52%

Other Public Board Memberships	Other Committee Memberships	Interlocking Relationships
None	None	None

Securities Held or Controlled						
YEAR	*SHARES*	*OPTIONS*	*PSUs*	*RSUs*	*DSUs*	*VALUE OF AT-RISK HOLDINGS*
March 30, 2023[3]	None	None	None	None	6,081	$1,054,749
March 30, 2022[4]	None	None	None	None	5,196	$863,039

Director Share Ownership Requirement Met[5]
Yes

(1) See section entitled "Board and Committee Attendance" on page 24.

(2) Ms. Smith-Galipeau received 60% of her 2022 annual compensation in equity-based awards and 40% of her 2022 annual compensation in cash. See section entitled "Director Compensation" on page 27.

(3) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28. The value of at-risk holdings for non-executive Directors represents the total value of Shares and DSUs, including Dividend Equivalents earned on DSUs but not yet credited thereto. The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2023 of $173.45.

(4) The value of the Shares and DSUs has been calculated based on the closing price of the Shares on the TSX on March 30, 2022 of $166.09.

(5) See section entitled "Non-Executive Nominee Director Share Ownership" on page 28.

Age: 54
Florida, U.S.
Nominee Director
(Not currently a Director)
Independent

TOP FOUR AREAS OF EXPERTISE:

- Transportation and Infrastructure
- Business experience in a Global Organization
- Mergers, acquisitions and Integration
- Capital Structuring and Capital Markets

Macky Tall, MBA

Macky Tall is a Partner and Chair of Carlyle's Global Infrastructure Group, which includes efforts across transportation, renewables, energy, power, water and digital infrastructure. He is based in Washington, DC. He is also a member of Carlyle's Leadership Committee. Prior to joining Carlyle, Mr. Tall served in a series of leadership positions at Caisse de dépôt et placement du Québec (CDPQ), one of the world's largest infrastructure investors and the second largest pension fund in Canada. He also served on CDPQ's Executive Committee and Investment-Risk Committee, served as founding Chair and CEO of CDPQ Infra, CDPQ's subsidiary specializing in major infrastructure projects, and as Chairman of the Board of Directors of Ivanhoé Cambridge, CDPQ's real estate subsidiary. Before joining CDPQ, he held several senior management positions with companies in the energy and finance sectors, namely Hydro-Québec, MEG International, Novergaz and Probyn & Company.

Mr. Tall also sits on the Board of Directors of The National Bank of Canada, and the United Nations Joint Staff Pension Fund Investments Committee. In addition, he has served as co-chair of the Advisory Committee of the Global Infrastructure Facility of the World Bank. He holds a Bachelor's degree in Business Administration (Finance) from HEC Montréal and an MBA (Finance) from the University of Ottawa. He also completed an undergraduate degree in Economics at Université de Montréal.

CURRENT PRINCIPAL OCCUPATION: **Partner and Chair of Carlyle's Global Infrastructure Group**

Previous principal occupations within the last five years:

Head of Real Assets and Private Equity, CDPQ and President and CEO, CDPQ Infra (April-December 2020)

Head of Liquid Markets – Equity Markets and Fixed Income, CDPQ and President and CEO, CDPQ Infra (2018-April 2020)

Other Public Board Memberships	Other Committee Memberships	Interlocking Relationships
National Bank of Canada	Risk Management Committee	None

Securities Held or Controlled

YEAR	SHARES	OPTIONS	PSUs	RSUs	DSUs	VALUE OF AT-RISK HOLDINGS
March 30, 2023	None	None	None	None	None	$0

Director Share Ownership Requirement Met

N/A

DIRECTOR INDEPENDENCE

The charter of the Board of Directors provides that the Board of Directors must at all times be constituted of a majority of individuals who are independent. Based on the information received from each Nominee Director and having taken into account the independence criteria set forth below, the Board of Directors concluded that all Nominee Directors, including the Chairman whose role is separate from that of the President and CEO of the Corporation, with the exception of Alexandre L'Heureux, are independent within the meaning of the CSA Audit Committee Rules.

Therefore, except for Alexandre L'Heureux, President and CEO of the Corporation, all other Nominee Directors, namely Louis-Philippe Carrière, Christopher Cole, Birgit Nørgaard, Suzanne Rancourt, Paul Raymond, Pierre Shoiry, Linda Smith-Galipeau and Macky Tall are "independent" Directors within the meaning of the CSA Audit Committee Rules in that each of them has no direct or indirect material relationship with the Corporation and, in the reasonable opinion of the Board of Directors, is independent under the applicable laws, regulations and listing requirements to which the Corporation is subject.

The following table sets forth the relationship of the Nominee Directors:

Name	Independent	Non-Independent	Reason for Non-Independence
Louis-Philippe Carrière	✓		
Christopher Cole	✓		
Alexandre L'Heureux		✓	Mr. L'Heureux is the President and CEO of the Corporation.
Birgit Nørgaard	✓		
Suzanne Rancourt	✓		
Paul Raymond	✓		
Pierre Shoiry	✓		
Linda Smith-Galipeau	✓		
Macky Tall	✓		

To ensure the Directors exercise independent judgment in considering transactions, agreements or decisions in respect of which a Director has a material interest, the Directors are required to disclose all actual or potential conflicts of interest and refrain from voting on such matters in accordance with applicable law. Directors are also required to excuse themselves from any discussion or decision on any matter in which they are precluded from voting as a result of a conflict of interest or which otherwise affects their personal, business or professional interests.

To facilitate the ability of the Board to function independently of Management, the following structures and processes have also been put into place:

- no more than two employees of the Corporation can serve as Directors at any time;
- when appropriate, members of Management, including the President and CEO, are not present for the discussion and determination of certain matters at meetings of the Board and Committees;
- under the by-laws of the Corporation, any one Director may call a meeting of the Board;
- the President and CEO's compensation is considered, in his absence, by the Governance, Ethics and Compensation Committee and by the Board;
- in addition to the standing committees of the Board, independent committees may be appointed from time to time, when appropriate; and
- the independent Directors have the opportunity to meet *in camera*, without any non-independent Directors or members of Management present, at the end of each Board and Committee meeting and as such, *in camera* sessions are included on the agenda of every meeting of the Board and its Committees.

BOARD AND COMMITTEE ATTENDANCE

Each Director must have a combined attendance rate of 75% or more at Board and Committee meetings to stand for re-election unless exceptional circumstances arise such as illness, death in the family or other like circumstances, failing which such Director must tender a written offer to resign. The following table summarizes the attendance of the Directors and Committee members of the Board of Directors for the period from January 1, 2022 to December 31, 2022:

Directors	Board	Audit Committee	Governance, Ethics and Compensation Committee	Committees (Total)	Overall Attendance
Louis-Philippe Carrière	10 of 10	6 of 6	-	6 of 6	16 of 16 (100%)
Christopher Cole	10 of 10	-	7 of 7	7 of 7	17 of 17 (100%)
Alexandre L'Heureux	10 of 10	-	-	-	10 of 10 (100%)
Birgit Nørgaard	10 of 10	-	7 of 7	7 of 7	17 of 17 (100%)
Suzanne Rancourt	10 of 10	6 of 6	-	6 of 6	16 of 16 (100%)
Paul Raymond	10 of 10	6 of 6	-	6 of 6	16 of 16 (100%)
Pierre Shoiry	10 of 10	-	-	-	10 of 10 (100%)
Linda Smith-Galipeau	10 of 10	-	7 of 7	7 of 7	17 of 17 (100%)

DIRECTORSHIPS OF OTHER REPORTING ISSUERS

As at March 30, 2023, some Nominee Directors are directors of other public entities, as shown in the following table:

Name	Public Entity	Committee(s)
Louis-Philippe Carrière	Saputo Inc.	None
Christopher Cole	Applus Services S.A. (Non-Executive Chairman) Tracsis plc (Non-Executive Chairman)	ESG Committee None
Birgit Nørgaard	DSV A/S NCC AB	Nomination Committee Audit Committee
Suzanne Rancourt	iA Financial Group	Audit Committee Risk Management, Governance and Ethics Committee
Paul Raymond	Alithya Group Inc.	None
Macky Tall	National Bank of Canada	Risk Management Committee

Board Interlocks

In addition to the independence requirements, the Corporate Governance Guidelines provide that there shall be no more than two board interlocks at any given time. A board interlock occurs when two Directors also serve together on the board of another for-profit organization. As of the date of this Circular, there are no board interlocks.

Limitations on other Board Service

The Corporation values the experience and perspective that Directors bring from their service on other boards, but also recognizes that other board memberships and activities may also limit a Director's time and availability. The Corporate Governance Guidelines contain limitations on the number of other directorships that Directors and the CEO may hold. Generally, non-executive Directors should limit their service as directors on other publicly-held company boards to no more than three (3) (for a total of four (4) including the Board). Without specific approval from the Board, Directors who are also executive officers of a public company, including the Corporation's CEO, may serve on no more than one (1) other public company board (for a total of two (2) including the Board). Service on the boards of subsidiary companies with no publicly traded stock is not included in these calculations. Furthermore, no Director is permitted to serve as director, officer or employee of a direct competitor of the Corporation. In all cases, prior to accepting an appointment to the board of directors of any company, a Director must first request the permission of the Chair of the Board. A review covering board interlocks, overboarding and independence is conducted before each such permission is granted. Should it be the Chair of the Board who wishes to join any other board of directors, then the request must be made with the Chair of the Governance, Ethics and Compensation Committee.

ADDITIONAL DISCLOSURE RELATING TO DIRECTORS

To the knowledge of the Corporation, none of the Directors or executive officers of the Corporation is, or within ten years before the date hereof has been, a director, chief executive officer or chief financial officer of a company (including WSP) that: (i) was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days while the director or executive officer was acting in the capacity of director, chief executive officer, or chief financial officer, or (ii) was subject to a cease trade order or similar order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in that capacity.

In addition, to the knowledge of the Corporation, except as described below, no Director or executive officer of the Corporation, or any of their respective personal holding companies, nor any Shareholder holding a sufficient number of securities to affect materially the control of the Corporation: (i) is, or within ten years before the date hereof has been, a director or executive officer of any company (including WSP) that, while that person was acting in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder. In April 2012, Ms. Nørgaard was appointed chairperson of the privately held Danish company E. Pihl & Son A.S., a general contractor operating in both the Nordic markets as well as abroad. Prior to Ms. Nørgaard's involvement, E. Pihl & Son A.S. was already in financial difficulty and in August 2013, E. Pihl & Son A.S. filed for bankruptcy.

To the knowledge of the Corporation, except as described below, no Director or executive officer of the Corporation, or any of their respective personal holding companies, or Shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation has (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision. On November 8, 2019, Mr. Shoiry reached a settlement with the Ordre des ingénieurs du Québec and entered into a plea recognizing that he did not put in place the necessary measures to supervise the application of internal rules related to the bidding for public contracts and financing of political activities before 2010. He also paid a fine of $75,000 in the aggregate.

Director Compensation

The compensation program of the Board of Directors is designed to attract and retain highly talented and experienced directors, leading to the long-term success of the Corporation. This requires that Directors be adequately and competitively compensated. On December 15, 2021, the Board of Directors, on recommendation from the Governance, Ethics and Compensation Committee, approved a revised compensation program for non-executive Directors effective as of January 1, 2022. Following a benchmarking exercise conducted by Meridian, it was recommended to increase the compensation paid to the non-executive Directors to be closer to, but still below, the median of the 2022 Peer Group.

Directors' compensation is based on a fixed annual retainer with no additional "per meeting" fees. No director compensation is paid to Directors who are employees of the Corporation. Mr. Cole and Mr. Shoiry continue to receive medical coverage following their transition to Chairman in 2013 and Vice Chairman in 2016, respectively.

The compensation of the non-executive Directors is 40% cash-based and 60% equity-based consisting of DSU awards. Exceptions are made for directors who cannot take equity on a tax effective basis, to be assessed on a case-by-case basis due to individual tax treatment. Directors may however, elect to receive up to 100% of their compensation in DSUs if they so wish. In addition, the Corporation reimburses Directors for reasonable travel and out-of-pocket expenses relating to Directors' duties.

The following table displays the annual retainers for the year ended December 31, 2022 for all non-executive Directors. All Directors are paid in Canadian dollars.

Director Position	Annual Retainer for 2022[1]
Chair of the Board	$550,000
Vice Chair of the Board	$400,000
Chair of the Audit Committee	$280,000
Chair of the Governance, Ethics and Compensation Committee	$275,000
Member of the Audit Committee	$265,000
Member of the Governance, Ethics and Compensation Committee	$260,000
Director	$250,000

(1) A non-executive Director who holds more than one position will receive the higher of the retainer amount corresponding to any of such positions such that no duplicative amount will be paid.

DSU PLAN

The DSU Plan was initially adopted in 2015 to allow the payment of a portion of the compensation of non-executive Directors in the form of equity-based DSUs. The DSU Plan was designed to enhance the Corporation's ability to attract and retain talented individuals to serve as members of the Board, to promote alignment of interests between the Directors and the Shareholders and to assist non-executive Directors in fulfilling the Director Share Ownership Requirements.

Unless otherwise determined, DSUs vest immediately upon being granted. However, no Director who is a holder of DSUs has any right to receive any payment under the DSU Plan until he or she ceases to be an Eligible Director (and is not at that time an employee of the Corporation) including by death, disability, retirement or resignation (a "**Termination Date**"). Eligible Directors receive part of their compensation in DSUs, the exact number of which is calculated by dividing the total value of the compensation to be paid through the issuance of DSUs by the Market Value of the Shares at the time of the grant. All non-executive Directors will receive a proportion of 40% cash-based compensation and 60% equity-based compensation, with an exception for Directors who cannot take equity on a tax effective basis.

In accordance with the terms of the DSU Plan, a Dividend Equivalent is to be computed in the form of additional DSUs calculated as of each dividend payment date in respect of which normal cash dividends are paid on the Shares and vesting on each such date, unless otherwise determined. The settlement of such additional DSUs will occur in accordance with the same terms as the underlying DSUs.

Detailed information on the DSU Plan is included in *Schedule C* of this Circular.

NON-EXECUTIVE DIRECTOR MINIMUM SHARE OWNERSHIP REQUIREMENT

The Corporation believes that the economic interests of Directors should be aligned with those of Shareholders. The minimum share ownership requirements for non-executive Directors is set at three (3) times their total annual retainer (the "**Director Share Ownership Requirement**"), with such ownership requirement to be progressively achieved over a period of five (5) years from their appointment to the Board. Consequently, a non-executive Director is expected to meet 20% of the aggregate Director Share Ownership Requirement by the end of the first year, 40% by the end of the second year, 60% by the end of the third year, 80% by the end of the fourth year and the aggregate threshold by the end of the five-year period (the "**Director Minimum Annual Requirement**"). The Director Share Ownership Requirement can be fulfilled through the ownership of DSUs and/or Shares.

Directors may not purchase financial instruments to hedge or offset a decrease in the market value of Shares held for the purpose of the Director Share Ownership Requirement. As the President and CEO, Alexandre L'Heureux is required to comply with the Executive Share Ownership Requirement (see section entitled "*Executive Share Ownership Requirement*" on *page 58* for additional details).

NON-EXECUTIVE NOMINEE DIRECTOR SHARE OWNERSHIP

The following table presents share ownership information for non-executive Nominee Directors as at March 30, 2023.

Name[1]	Number of Shares	Number of Equity-Based Awards[2]	Total Number of Shares and Equity-Based Awards	Value of at-Risk Holdings of Shares and Equity-Based Awards[3]	Director Minimum Annual Requirement Met (✓) or (X)	If Not Already Met, Date by Which the Aggregate Director Share Ownership Requirement Must be Met[4]
Louis Philippe Carrière	3,100	14,204	17,304	$3,001,379	✓	Requirement is met
Christopher Cole	22,835	0	22,835	$3,960,731	✓	Requirement is met
Birgit Nørgaard	5,100	0	5,100	$884,595	✓	Requirement is met
Suzanne Rancourt	4,928	6,225	11,153	$1,934,488	✓	Requirement is met
Paul Raymond	1,000	3,498	4,498	$780,178	✓	May 15, 2024
Pierre Shoiry	500,000	21,462	521,462	$90,447,584	✓	Requirement is met
Linda Smith-Galipeau	0	6,081	6,081	$1,054,749	✓	Requirement is met
Macky Tall[5]	0	0	0	0	N/A	May 11, 2028

(1) As the President and CEO, Alexandre L'Heureux is required to comply with the Executive Share Ownership Requirement (see section entitled "Executive Share Ownership Requirement" on page 58 for additional details).

(2) Consist of DSUs issued under the DSU Plan including Dividend Equivalents earned on those DSUs.

(3) The value of at-risk holdings for Directors represents the total value of Shares and vested DSUs, including Dividend Equivalents earned on DSUs. The value of the DSUs and Shares has been calculated based on the closing price of the Shares on the TSX on March 30, 2023 of $173.45.

(4) For 2023, the Director Share Ownership Requirement for Mr. Carrière is $840,000, for Mr. Cole it is $1,650,000, for Ms. Nørgaard it is $780,000, for Ms. Rancourt and Mr. Raymond it is $795,000, for Mr. Shoiry it is $1,200,000, and for Ms. Smith-Galipeau it is $825,000.

(5) Mr. Macky Tall does not currently serve as a Director and will become a Director following his election at the Meeting, therefore as of March 30, 2023, he was not subject to a Director Share Ownership Requirement.

DIRECTOR COMPENSATION TABLE

The table below shows the total compensation earned by each non-executive Director as of December 31, 2022, for services rendered in the fiscal year ended December 31, 2022. All fees are paid in Canadian dollars. Apart from DSUs, and apart from Mr. Cole and Mr. Shoiry who continue to receive medical coverage following their transition to Chairman in 2013 and Vice Chairman in 2016, respectively, non-executive Directors do not benefit from any other equity-based awards, option-based awards, non-equity incentives, pension plan or any other form of compensation. Amounts shown are yearly but are paid quarterly.

Name	Cash Fees Earned ($)	Equity-Based Awards[1] ($)	Option-based Award ($)	Non-equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total Compensation ($)
Louis-Philippe Carrière[2]	—	$280,000	—	—	—	—	$280,000
Christopher Cole[3]	$550,000	—	—	—	—	$5,578	$555,578
Birgit Nørgaard[4]	$260,000	—	—	—	—	—	$260,000
Suzanne Rancourt[5]	$106,000	$159,000	—	—	—	—	$265,000
Paul Raymond[6]	$106,000	$159,000	—	—	—	—	$265,000
Pierre Shoiry[7]	—	$400,000	—	—	—	$4,729	$404,729
Linda Smith-Galipeau[8]	$110,000	$165,000	—	—	—	—	$275,000

(1) Consist of DSUs issued under the DSU Plan.

(2) Mr. Carrière is the Chair of the Audit Committee.

(3) Mr. Cole is the Chairman of the Board. Mr. Cole continues to receive medical coverage following his transition to Chairman on July 1, 2013 (see under "All Other Compensation" in the table above). Such benefits are paid in GBP although the amount shown above is in Canadian dollars converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements, which in 2022 was $1.6385 to GBP 1. Mr. Cole is also a member of the Governance, Ethics and Compensation Committee but receives no further compensation for services rendered in that role.

(4) Ms. Nørgaard is a member of the Governance, Ethics and Compensation Committee.

(5) Ms. Rancourt is a member of the Audit Committee.

(6) Mr. Raymond is a member of the Audit Committee.

(7) Mr. Shoiry is the Vice Chairman of the Board. Mr. Shoiry continues to receive medical coverage following his transition to Vice Chairman in 2016 (see under "All Other Compensation" in the table above).

(8) Ms. Smith-Galipeau is the Chair of the Governance, Ethics and Compensation Committee.

Incentive Plan Awards Table

The following table summarizes, for each non-executive Director, the value of share-based awards outstanding as at December 31, 2022.

Name	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested ($)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed[1] ($)
Louis-Philippe Carrière	—	—	2,226,276
Christopher Cole	—	—	—
Birgit Nørgaard	—	—	—
Suzanne Rancourt	—	—	975,741
Paul Raymond	—	—	548,260
Pierre Shoiry	—	—	3,363,972
Linda Smith-Galipeau	—	—	953,138

(1) Consist of DSUs, including DSUs issued as Dividend Equivalents earned during 2022, but not yet credited thereto. The value of DSUs that have vested but not been paid out at fiscal year-end is determined by multiplying the number of vested DSUs held as at December 31, 2022 by the closing price of the Shares on the TSX on December 30, 2022 of $157.09.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table provides a summary of the awards of vested share-based awards compensation earned by each non-executive Director during the Corporation's fiscal year ended December 31, 2022.

Name	Options-Based Awards – Value Vested During the Year ($)	Share-Based Awards – Value Vested During the Year ($)[1]	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
Louis-Philippe Carrière	—	305,873	—
Christopher Cole	—	—	—
Birgit Nørgaard	—	—	—
Suzanne Rancourt	—	170,928	—
Paul Raymond	—	166,831	—
Pierre Shoiry	—	438,720	—
Linda Smith-Galipeau	—	176,808	—

(1) The value of DSUs that have vested during the year is determined by multiplying the number of units that have vested during 2022 by the closing price of the Shares on the TSX on December 30, 2022 of $157.09. DSUs are paid quarterly. The amounts shown in this column include DSUs issued as Dividend Equivalents earned during 2022, but not yet credited thereto. Vested DSUs become payable once the applicable holder ceases service to the Corporation as an employee and, if applicable, as a Director of the Corporation for any reason (other than for cause), including by reason of death, disability, retirement or resignation.

UPCOMING CHANGES TO DIRECTOR COMPENSATION IN 2023

Considering the changes made to the compensation program for non-executive directors as of January 1, 2022, there are currently no planned changes to Director compensation for 2023.

Disclosure of Corporate Governance Practices

We consider strong and transparent corporate governance practices to be an important factor in the overall success of the Corporation and we are committed to adopting and adhering to the highest standards in corporate governance. The Corporation's corporate governance guidelines (the "**Corporate Governance Guidelines**") adopted by the Board on December 11, 2015 and as amended from time to time, which are available on our website at www.wsp.com, reflect this commitment. The Corporation revises the Corporate Governance Guidelines on an ongoing basis in order to respond to regulatory changes and the evolution of best practices.

As a Canadian reporting issuer with securities listed on the TSX, the Corporation complies with all applicable rules adopted by the CSA. The Corporation also complies with the CSA Audit Committee Rules. The CSA Audit Committee Rules include requirements regarding audit committee composition and responsibilities, as well as reporting obligations with respect to audit related matters. Reference is made to the section entitled "About the Audit Committee" of the Corporation's AIF available on www.sedar.com and on our website at www.wsp.com, and which may be obtained free of charge, on request, from the Communications team of the Corporation at corporatecommunications@wsp.com.

The Corporation also complies with National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (the "**CSA Disclosure Instrument**") and National Policy 58-201 - *Corporate Governance Guidelines* (the "**CSA Governance Policy**"). The Corporation believes that its corporate governance practices meet and exceed the requirements of the CSA Disclosure Instrument and the CSA Governance Policy, as reflected in the disclosure made hereunder.

The Board of Directors has two permanent committees: the Audit Committee and the Governance, Ethics and Compensation Committee. The following descriptions of the Corporate Governance Guidelines, the Board of Directors, the Committees, and other matters reflect the Corporation's compliance with the CSA Disclosure Instrument, the CSA Governance Policy and Canadian corporate governance best practices.

The Board of Directors has approved the disclosure of the Corporation's corporate governance practices described below, on the recommendation of the Governance, Ethics and Compensation Committee.

ETHICAL BUSINESS BEHAVIOUR AND CODE OF CONDUCT

Sound, ethical business practices are fundamental to the Corporation's business. The Corporation has a Code of Conduct and ancillary policies related to ethical business practices, including an Anti-Corruption Policy, a Fair Competition Policy, a Gifts, Entertainment and Hospitality Policy, a Reporting and Investigation Policy, a Business Partner Code of Conduct and a Human Right Statement (collectively, the "**Code of Conduct**"). The Code of Conduct applies to the Corporation's Directors and officers, employees and independent contractors. The Code of Conduct requires strict compliance with legal requirements and sets the Corporation's standards for ethical business conduct. Topics addressed in the Code of Conduct include, among others, business integrity, conflicts of interest, insider trading, use of corporate assets, fraudulent or dishonest activities, personal and confidential information, fair competition, employment policies, anti-retaliation policy, and reporting suspected non-compliance with the Code of Conduct.

The Code of Conduct is introduced by way of an ongoing structured training and communications program. This ensures that the Corporation's Directors and officers, employees and independent contractors understand and agree to comply with the Code of Conduct. Training is notably aimed at recognizing issues and escalating them in the organization for effective measures to be implemented in a timely fashion. As for new hires, the training has been incorporated into the induction process. The Corporation additionally requires that all employees complete an annual refresher training and provides specialized training sessions for specific employees, where it is determined that such training would be beneficial. The Directors receive an annual training from an external presenter on ethical business conduct.

The Governance, Ethics and Compensation Committee has the responsibility of overseeing the interpretation of the Code of Conduct. The Code of Conduct is regularly reviewed and updated and the Governance, Ethics and Compensation Committee receive reports on this process, on an annual basis, which include any proposed amendments to the Code of Conduct, for approval

by the Board of Directors. Following an audit of WSP's ethics and compliance program conducted by Ethisphere, WSP was awarded with the Compliance Leader Verification certification 2020-2022, which attests to the quality of the Corporation's ethics and compliance program. WSP is in the process of renewing this certification for 2023.

The Code of Conduct provides that each of the Corporation's Directors and officers, employees and independent contractors has an obligation to report violations or suspected violations of the Code of Conduct. In addition, the Corporation's Business Conduct Hotline provides a means to raise issues of concern confidentially and anonymously with a third-party service provider. Any information received is processed by an independent party, the Chief Ethics and Compliance Officer of the Corporation, or the Vice President, Internal Audit of the Corporation who are required to advise the Chair of the Governance, Ethics and Compensation Committee or of the Audit Committee, as applicable.

Pursuant to the Code of Conduct, employees, Directors and officers must avoid real, apparent or potential conflict of interest situations. Any actual or potential conflict of interest must be promptly reported and recorded in the Corporation's conflict of interest registry. Directors sign an annual certification to the Code of Conduct which includes a disclosure of any actual or potential conflict of interest, if any.

The Code of Conduct is available on the Corporation's website at www.wsp.com and on SEDAR at www.sedar.com.

RELATED PARTY TRANSACTIONS

The Audit Committee has adopted Guidelines for the Review of Related Party Transactions which provide a process for the identification, review and approval of related party transactions. Under these guidelines, a related party must disclose to the Chief Legal Officer, in a timely manner, any potential related party transaction that he or she might be involved in. The Audit Committee is responsible for reviewing and approving related party transactions and for reporting all related party transactions to the Board. No Director may participate in the approval or ratification of a related party transaction in which he or she is or will be a related party. The Audit Committee may also hire external advisors to assist in their review. For material related party transactions, the Board of Directors may establish a special committee of independent directors to review the potential transaction and such committee may retain external independent advisors to assist in their review. No such special committee was created in 2022.

In addition, each Director and executive officer must complete a questionnaire, on an annual basis, providing sufficient disclosure in identifying possible related party transactions.

SHAREHOLDER ENGAGEMENT

Reaching out to stakeholders and listening to their opinions and feedback is an important value of the Corporation and is crucial in understanding their concerns and sentiment. We believe that regular, transparent communication is essential to WSP's long-term success to ensure that our approach to corporate governance is a dynamic framework that can accommodate the evolving demands of a changing business environment and remain responsive to the priorities of our shareholders and other stakeholders. The Board seeks to engage, primarily through its Chairman, Vice Chairman, Chair of the Governance, Ethics and Compensation Committee, CEO, CFO and Corporate Secretary, in ongoing constructive dialogue with Shareholders and other stakeholders on a wide range of topics, including executive compensation and governance matters.

The Corporation engages with Shareholders through a variety of channels facilitated by our investor relations team, including the Corporation's website at www.wsp.com, quarterly conference calls, individual investor meetings (see section entitled "*Individual Investor Meetings*" below for additional details), and periodic investor day meetings or similar events (breakfasts, site visits, virtual conferences) (see section entitled "*Investor Days and Related Events*" below for additional details).

WSP's communications with Shareholders and the investment community generally is currently under the responsibility of the CFO, who can be contacted by mail, phone or email at:

WSP Global Inc.
1600 René-Lévesque Blvd. West
11th Floor
Montréal, Québec, H3H 1P9
Attn: Chief Financial Officer

514-340-0046

corporatecommunications@wsp.com

Shareholders may also communicate directly with members of the Board, including the Chairman, through the Corporate Secretary (being the Board's designated agent to receive and review communications addressed to it or to an individual Director), by directing communications by mail to WSP Global Inc., c/o Corporate Secretary, 1600 René-Lévesque Blvd. West, 11th Floor, Montréal, Québec, Canada, H3H 1P9, marking the envelope "Confidential". All topics that are appropriate for the Board to address will be forwarded to the indicated addressee.

The Chairman and other Directors can answer Shareholders' questions at the Meeting and at any other meeting of Shareholders.

Individual Investor Meetings

In 2022 and early 2023, the Corporation proactively reached out to several of its largest institutional Shareholders in Canada, the U.S. and Europe representing over 65% of the issued and outstanding Shares as of December 31, 2022, and met with them individually to discuss and solicit their feedback on various topics, including the Corporation's ESG journey, its corporate governance practices, executive compensation, inclusion and diversity, and human capital matters. Our CFO, Chief Legal Officer, Global Director Earth and Environment (who is also the Global Executive Director, ESG) and other members of Management participated in these efforts on behalf of the Corporation. The input received as a result of these discussions were communicated to the Board and its committees so that they can be considered in the Board's deliberations and decision-making. The engagements of current and prior years have contributed to enhancing the Corporation's ESG, corporate governance and disclosure activities, and the Board is committed to continuing these meaningful discussions.

Investor Days and Related Events

The Corporation holds "investor days" or similar events (breakfasts, site visits, virtual conferences, presentations by the Corporation's senior officers, quarterly earnings and acquisition-specific calls and other meetings, etc.) on a periodic basis at which Management can exchange with analysts, Shareholders and other stakeholders of the Corporation. During these meetings, Management provides an update to analysts, Shareholders and other stakeholders on the Corporation's operations, performance and outlook while making sure to respect its disclosure obligations and avoid any selective disclosure. These meetings also provide analysts, Shareholders and stakeholders with the opportunity to raise questions and concerns to Management regarding the Corporation's business and affairs. Feedback from Shareholders comes from one-on-one or group meetings, in addition to regular interactions on specific questions between the Corporation's investor relations department and Shareholders. Investor relations conferences, and results conference calls are broadcasted live through the website of the Corporation at www.wsp.com. Materials from results conference calls as well as a transcript of the call are archived and available on the website of the Corporation at www.wsp.com.

Continuous Disclosure and Disclosure Policy

The Corporation has adopted a Public Disclosure Policy to provide guidelines with respect to the dissemination and disclosure of information to the investment community and Shareholders. The objectives of the Public Disclosure Policy seek to ensure that communications are timely, accurate, complete and broadly disseminated in accordance with applicable legislation, and sound disclosure practices which maintain the confidence of the investment community, including investors, in the integrity of the Corporation's information.

Sound disclosure practices are the most valuable means of communicating with Shareholders, and the Corporation believes that through its annual and ad hoc disclosure documents, including, among others, this Circular, the Corporation's financial statements and accompanying management's discussion and analysis, AIF, annual report, quarterly interim reports and conference calls, periodic press releases, as well as the Corporation's website and ESG Report, it effectively communicates its commitment to not only meet but exceed governance standards, whether they are imposed by legislation or encouraged as best practices. The Corporation is committed to providing timely, accurate, and balanced disclosure of material information consistent with legal and regulatory requirements.

The Corporation has established a public disclosure committee to support the CEO and CFO in identifying material information and determining how and when to disclose that material information and to seek to ensure that all material disclosures comply with relevant securities legislation. The public disclosure committee is composed of the CFO (who also serves as the Chair of the committee), the Chief Legal Officer, the Investor Relations Officer, the Chief Accounting Officer and the Chief Communications Officer of the Corporation. The public disclosure committee is responsible for reviewing and evaluating disclosures and potential disclosures prior to the release of the Corporation's quarterly, annual and other disclosure documents. Other members of Management are invited to participate in the meetings of the public disclosure committee. Dissemination to the public of material information, both financial and non-financial, which was previously undisclosed, must be reviewed and approved in advance by the public disclosure committee.

The Public Disclosure Policy is available on the Corporation's website at www.wsp.com.

Say on Pay

The Corporation has adopted a "say on pay" policy, the purpose of which is to provide appropriate Director accountability to the Shareholders for the Board's compensation decisions, by giving Shareholders a formal opportunity on an annual basis to provide their views on the disclosed objectives of the executive compensation plans of the Corporation and on the plans themselves.

The Governance, Ethics and Compensation Committee carefully considers Shareholder feedback on the Corporation's executive compensation programs and works to continue the design and implementation of compensation programs that promote the creation of Shareholder value and further our executive compensation philosophy in a challenging economic environment.

As this is an advisory vote, the results are not binding upon the Board; however, the Board will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures, and decisions and in determining whether there is a need to significantly increase their engagement with Shareholders on compensation and related matters. The Corporation discloses the results of the Shareholder non-binding advisory vote as part of its report on voting results and related press release to be posted on SEDAR at www.sedar.com and on the Corporation's website at www.wsp.com. The Board discloses to Shareholders, no later than in the management information circular for its next annual meeting, the changes to the compensation plans made or to be made (or why no such changes were made) by the Board as a result of its engagement with Shareholders. In the event that a significant number of Shareholders oppose the resolution, the Board will consult with its Shareholders, particularly those who are known to have voted against it, in order to understand their concerns and will review the Corporation's approach to compensation in the context of those concerns. Shareholders who have voted against the resolution will be encouraged to contact the Board to discuss their specific concerns.

At the annual meeting of Shareholders held on May 12, 2022, the Corporation's approach to executive compensation was approved by 92.85% of the Shares voted on the non-binding, advisory resolution on executive compensation. The Board and the Governance, Ethics and Compensation Committee greatly value the Shareholder feedback on executive compensation and, after considering the 2022 results, worked to continue the design and implementation of compensation programs that promote the creation of Shareholder value and align the interests of executive officers with those of Shareholders.

The "say on pay" policy (Advisory Vote on Executive Compensation) is available on the Corporation's website at www.wsp.com.

Majority Voting Policy

Following certain amendments to the CBCA introducing a statutory voting requirement for election of directors, the Corporation's Majority Voting Policy for director elections was repealed. For further information, see the "*Election of Directors*" section on *page 10* of this Circular.

COMPOSITION OF THE BOARD OF DIRECTORS

Board Size

The Board of Directors is currently comprised of eight members and has fixed at nine the number of Directors to be elected at the Meeting, being Louis-Philippe Carrière, Christopher Cole, Alexandre L'Heureux, Birgit Nørgaard, Suzanne Rancourt, Paul Raymond, Pierre Shoiry, Linda Smith-Galipeau and Macky Tall. With the exception of Macky Tall, all of the Nominee Directors are currently members of the Board of Directors and were elected as such by the Shareholders of the Corporation at the annual meeting of Shareholders held on May 12, 2022.

Board and Committee Organization

The Board of Directors and Committee meetings are generally organized as follows:

- six regularly scheduled Board meetings each year, including a two-day meeting to consider and approve the Corporation's budget and strategy and a meeting to review and approve the Corporation's management information circular and related matters;
- five regularly scheduled Audit Committee meetings per year and six regularly scheduled Governance, Ethics and Compensation Committee meetings per year;
- special Board or Committee meetings are held when deemed necessary; and
- members of Management and certain other key employees are regularly called upon to give presentations at the Board and Committee meetings.

The Board and the Committees each have a one-year working plan of items for discussion. These working plans are reviewed and adapted at least annually to ensure that all of the matters reserved to the Board and the Committees, as well as other key issues, are discussed at the appropriate time.

The Chair of the Board sets Board agendas with the CEO and Corporate Secretary and works together with the CFO and Corporate Secretary to make sure that the information communicated to the Board and the Committees is accurate, timely and clear. This applies in advance of regularly scheduled meetings and, in exceptional circumstances, between these meetings. In addition, Directors are provided with Board and Committee materials electronically in advance of each meeting.

The Board reviews reports from each of the Committees and receives, from time to time, reports from members of Management, other key employees, the Corporate Secretary, as well as outside consultants as deemed necessary. The Board and the Committees may also seek independent professional advice to assist them in their duties, at the Corporation's expense.

Independence of Directors

The charter of the Board of Directors provides that the Board of Directors must at all times be constituted of a majority of individuals who are independent within the meaning of the CSA Audit Committee Rules. Please refer to the section entitled "*Director Independence*" on *page 24* of this Circular for the determination of the Board on the independence of the Directors.

In Camera Meetings

The Corporate Governance Guidelines provide that independent Directors should have the chance to meet *in camera* without non-independent Directors or management present in conjunction with every meeting of the Board or Committees, and as such, *in camera* sessions are included on the agenda of every meeting of the Board and its committees. Chaired by the Chair of the Board or the chair of the applicable committee, the *in camera* portion of such meetings encourages open and candid discussions among those independent Directors and provides them with an occasion to express their views on key topics before decisions are taken. During the fiscal year ended December 31, 2022, the non-executive Directors either met or determined that it was not necessary to hold an *in camera* meeting following each Board, Audit Committee and Governance, Ethics and Compensation Committee meeting. The independent Directors determined that it was necessary to hold five *in camera* sessions at the Audit Committee and four *in camera* sessions at or in connection with the Governance, Ethics and Compensation Committee, and no *in camera* sessions at the Board meetings during the fiscal year ended December 31, 2022. During each meeting, the independent directors are encouraged to ask questions and to challenge Management and, thanks to an open and constructive working relationship, conversations at the meetings among the independent directors are encouraged to be open and candid regardless of the presence of non-independent directors or Management. If ever there is a topic that an independent director would like to discuss *in camera*, they are encouraged to make use of the time allocated in the agenda for this purpose at the end of each meeting. In addition to these *in camera* sessions, private meetings of the Directors are held on an ad hoc basis.

Position Descriptions

The Board of Directors has developed written position descriptions for the Chairman, the CEO and the Chair of each of the Audit Committee and the Governance, Ethics and Compensation Committee. Summaries of the foregoing position descriptions are attached to this Circular as *Schedule B*, and the complete text of the position descriptions can be found on the Corporation's website at www.wsp.com. These descriptions are reviewed annually by the Governance, Ethics and Compensation Committee and updates are approved by the Board as required.

Directors' Attendance Policy

The Corporate Governance Guidelines provide that each Director must have a combined attendance rate of 75% or more at Board and Committee meetings to stand for re-election, unless exceptional circumstances arise such as illness, death in the family or other similar circumstances.

Non-attendance at Board and Committee meetings is rare, and typically occurs when an unexpected commitment arises, a special meeting is convened on short notice or when there is a prior conflict with a meeting which had been scheduled and could not be rearranged. Given that Directors are provided with Board and Committee materials in advance of the meetings, Directors who are unable to attend are encouraged to provide comments and feedback to either the Chairman, the Chair of the relevant Committee or the Corporate Secretary, who then seek to ensure those comments and views are raised at the meeting. In addition, Directors who are unable to attend a particular meeting are encouraged to contact the Corporate Secretary as soon as practicable thereafter to be provided with an update and a briefing of discussions and resolutions passed at the meeting. Please see the section entitled "*Board and Committee Attendance*" on *page 24*.

Nomination Process and Skills Matrix

The Governance, Ethics and Compensation Committee is composed entirely of independent Directors and its responsibilities include among other things:

- planning succession for the Board of Directors, including for the Chair of the Board of Directors and the Chair of each Committee;
- identifying and recommending to the Board of Directors suitable director candidates;
- determining the composition of the Board of Directors;
- implementing and conducting a process to assess, on an annual basis, the effectiveness of the Board of Directors, the Committees, and the individual performance of each Director; and
- nominating and evaluating, as well as planning succession for, the CEO and other executive officers of the Corporation.

As part of this process, to encourage an objective nomination process, the Governance, Ethics and Compensation Committee considers what competencies, skills and personal attributes the Board of Directors, as a whole, should possess, then assesses the skill sets and personal attributes of current Directors and identifies any additional skills sets or personal attributes deemed to be beneficial. Ultimately, candidates are assessed on their individual qualifications, diversity, breadth of experience, expertise, integrity and character, sound and independent judgment, insight and business acumen. Directors are expected to display these personal qualities and apply sound business judgment to help the Board make wise decisions and provide thoughtful and informed counsel to Management.

When identifying candidates to nominate for election to the Board or in its review of executive officer succession planning and talent management, the Governance, Ethics and Compensation Committee will:

- consider individuals who are highly qualified, based on their talents, experience, functional expertise and personal skills, character and qualities having regards to the Corporation's current and future plans and objectives, as well as anticipated regulatory and market developments;
- consider criteria that promote gender balance and diversity, including with regards to women, national origin and ethnicity, including Indigenous peoples and members of visible minorities, persons with disabilities and other dimensions;
- consider the level of representation of women on the Board and in executive officer positions along with other markers of diversity when making recommendations for nominees to the Board or for appointment as executive officers and in general with regard to succession planning for the Board and executive officers; and
- as required, engage qualified independent external advisors to assist the Board in conducting its search for candidates that meet the Board's criteria regarding skills, gender balance, experience and diversity, and when doing so, mandate such advisors to ensure that diverse candidates are included.

The Governance, Ethics and Compensation Committee uses a skills matrix to identify those areas which are necessary for the Board to carry out its mandate effectively and to regularly consider board composition and anticipated board vacancies in light of its stated objectives and policies. The skills matrix was updated by the Governance, Ethics and Compensation Committee in the fiscal year ended December 31, 2016 and, subject to minor changes, remained substantially the same for the following fiscal years. The skills matrix was reviewed and updated by the Governance, Ethics and Compensation Committee in the fiscal year ended December 31, 2022 to include, among other things, the requirement for directors to provide justification for any self-evaluation of a skill that meets the level of general knowledge with some relevant experience, or higher.

The following table reflects the diverse skill set of the Nominee Directors and identifies the specific experience, expertise and personal attributes brought by each individual Nominee Director.

		Louis-Philippe Carrière	Christopher Cole	Alexandre L'Heureux	Birgit Nørgaard	Suzanne Rancourt	Paul Raymond	Pierre Shoiry	Linda Smith-Galipeau	Macky Tall
Industry Experience	Engineering and Construction	○	●	●	●	○	○	●	○	●
	Professional Services	○	●	●	◖	●	●	●	●	◖
	Project Management	○	◖	◖	●	●	●	◖	○	●
	Transportation and Infrastructure	○	◖	●	◖	◖	○	●		●
	Natural Resources and Environment		◖	●	○		○	●		◖
	Technology / I.T.	○	○	◖	◖	●	●	○	◖	
Business Expertise	Cybersecurity	○	○	◖	○	●	●	○	○	○
	Business Experience in a Global Organization	●	●	●	◖	●	●	●	●	●
	Mergers, Acquisitions and Integration	●	●	●	●	●	●	●	◖	●
	International Strategy Planning	◖	●	●	◖	◖	●	●	●	●
	Risk Management and Compliance	●	◖	◖	◖	●	◖	◖	◖	●
	Human Capital Management	◖	◖	●	◖	◖	●	◖	●	◖
	Health and Safety	○	◖	◖	◖	○	○	○	●	◖
	Environmental & Social	○	◖	●	◖	○	◖	○	●	◖
	Government Affairs	○	◖	●	◖	◖	●	○	◖	●
	Public Company Board and Governance Experience	●	●	◖	●	●	●	●	●	◖
	CEO/Senior Executive Experience	●	●	●	●	●	●	●	●	●
	Executive Compensation	◖	◖	●	●	◖	●	◖	●	●
Financial Expertise	Audit / Accounting	●	○	●	◖	●	◖	◖	○	◖
	Capital Structuring and Capital Markets	●	○	●	○	○	◖	◖	◖	●
	Financial Literacy (as defined in NI 52-110)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other	Gender	M	M	M	F	F	M	M	F	M
	Age	62	76	50	64	64	59	65	59	54
	Geography	CDN	U.K.	CDN	DEN	CDN	CDN	CDN	U.S.	U.S.
	Languages	French English	English	French English	French, Danish, English, German	French, English	French, English	French, English	English, French	French, English

Legend:

●	Extensive knowledge and experience with regular exposure (known as an expert)
◖	Advance knowledge combined with experience
○	General knowledge with some relevant experience
✓	Meets the definition of "financial literacy" under the CSA Audit Committee Rules

Geographic Location

As the Corporation is engaged in wide-ranging operations, conducts business in countries around the world with global partners and operates within complex political and economic environments, the Board attempts to recruit and select Board candidates that have global business understanding and experience. Many current Directors also have extensive international business experience.

The following table illustrates the geographic location of the Nominee Directors:

Country of Residence	Nominee Directors
Canada	Louis-Philippe Carrière Alexandre L'Heureux Suzanne Rancourt Paul Raymond Pierre Shoiry
United Kingdom	Christopher Cole
Denmark	Birgit Nørgaard
United States of America	Linda Smith-Galipeau Macky Tall

Serving on the Board of Directors

Orientation

The Board of Directors considers that orienting and educating new Directors is an important element of ensuring responsible governance and is committed to the ongoing professional development of its Directors. Suitably-oriented and educated Directors support the Board's objective to provide strategic value and oversight to the President and CEO and to Management. The Corporation's Directors Orientation Plan and Development Program (the "**Orientation and Development Plan**") seeks to ensure that each new Director fully understands the Corporation's governance structure, the role of the Board and the Committees, the expectations in respect of individual performance and the Corporation's operations and working environment.

Pursuant to the Orientation and Development Plan, new Directors are provided with an extensive information package on the Corporation and its industry, including:

- the history of the Corporation, its articles, by-laws and corporate chart;
- the Corporation's current strategic plan and operating budget;
- the previous years' minutes, investor relations reports, annual reports and key continuous disclosure documents of the Corporation;
- the charters and work plans of the Board and the Committees, and the position descriptions of the Chairman, CEO, CFO and the Chair of each Committee;
- the current executive and director compensation programs of the Corporation, and the Directors and Officers insurance policy;
- the Corporation's material policies and procedures, including the Code of Conduct; and
- information on the Corporation's business sectors and industry.

New members of the Board of Directors are also invited to attend orientation sessions with members of Management and other Directors to discuss the Corporation's business, industry, financial performance and comparative industry data, its strategic direction, key performance indicators and its current performance, challenges and opportunities, and the Corporation's major risks and risk management strategy. Within a year of the appointment of a new Director, the Chairman and Corporate Secretary will meet with such Director to obtain feedback on the orientation process, determine comfort level with the Director's role, and to determine if any additional information is required by such Director.

Continuing Education

In accordance with the Orientation and Development Plan, the Board of Directors, in consultation with the Governance, Ethics and Compensation Committee, encourages professional development and continuing education of Directors. The development program is tailored to the specific needs, skills and competencies of the Board, the Committees and each individual Director and customized to the strategic environment of the Corporation.

The Directors' continuing education program offers training from both internal and external experts. In fact, the Corporation provides quarterly reports on the operations and finance of the Corporation to the Directors as well as analyst studies, industry studies, investor relations reports, corporate governance updates and legislative updates that are relevant to the Corporation's operations and benchmarking information. Moreover, Directors receive various presentations from Management at each regularly scheduled meeting on a variety of subjects relevant to the Corporation's business, industry, and legal or other environment, in addition to being provided with updates and short summaries of relevant information. Directors also receive presentations from external sources on a variety of topics impacting the Corporation's business and on the global economic environment. Directors are invited each year to suggest topics of interest for future external presentations, to enable them to proactively address any perceived or potential gaps in their understanding of the Corporation's business or other external factors affecting the Corporation's business. Directors are also invited to attend site visits which are generally organized on a yearly basis, as appropriate.

Documentation and selected presentations are also provided to the Directors to ensure that their knowledge and understanding of the Corporation's business remain current. Moreover, Directors are encouraged to attend seminars and other educational programs and the Corporation undertakes to assume the costs of such courses. In 2022, members of the Board and the Committees participated in the following presentations and events:

Date	Topic	Presenter(s)	Attendees
January 20, 2022	ESG Reporting	Sarah Marsh and Livia Arrigoni, PwC	Audit Committee
March 8, 2022	Update on Governance Trends	Philippe Fortier, Chief Legal Officer and Corporate Secretary	All Directors
March 9, 2022	APAC Business	Guy Templeton, CEO Asia Pacific	All Directors
March 9, 2022	Nordics Business	Anna-Lena Oberg-Hogsta, CEO, Nordics	All Directors
May 10, 2022	Transportation & Infrastructure Business	Eric Peissel, Global Director, Transport & Infrastructure	All Directors
May 10, 2022	Property & Buildings Business	Tom Smith, Global Director, Property & Buildings	All Directors
May 11, 2022	Energy Transition	Aaron M. Engen, Vice-Chair, I&CB and Co-Head Energy Transition, BMO	All Directors
August 4, 2022	Trends in Executive Compensation & Compensation Risk Assessment	Christina Medland, Managing Partner, Meridian	Governance, Ethics and Compensation Committee
August 9, 2022	UK & EMEA Business	Mark Naysmith, CEO, UK, Europe, Middle East & Africa	All Directors
November 8, 2022	Update on Governance Trends	Joelle El-Feghali, Deputy General Counsel & Assistant Corporate Secretary	All Directors
November 9, 2022	Global Clients	Marc Chabot, Director, Major Client Programs	All Directors
November 9, 2022	Mining Business	Kevin Beauchamp, Global Director, Mining	All Directors
November 9, 2022	Ethics Training - Future Proofing your Ethics Program	Erica Salmon Byrne, CEO, Ethisphere	All Directors
November 9, 2022	Future Ready	David Symons, Future Ready Global Leader	All Directors
December 6, 2022	Nordics Business	Anna-Lena Oberg-Hogsta, CEO, Nordics	All Directors
December 6, 2022	TCFD & Climate Resilience Workshop	André-Martin Bouchard, Global Director Earth and Environment (also Global Corporate Director, ESG) and three members of the Global ESG team	All Directors

Mechanisms for Board Renewal

Term Limits and Mandatory Retirement

The Board's view is that appropriate board renewal is best achieved through regular and thoughtful assessment of directors, rather than through arbitrary term limits or mandatory retirement ages. The Corporation balances the benefits of director renewal to provide fresh ideas and viewpoints and Board skills in evolving areas of strategic importance to the Corporation with the insight, experience and other benefits of continuity contributed by longer serving Directors. As such, the Board has determined that the tenure of Directors will not be subject to a mandatory retirement age or a maximum term limit.

To provide for adequate board renewal, the Governance, Ethics and Compensation Committee conducts the Director assessments described below, the results of which are used to assess the performance of the Board and determine improvements to Board

composition. The Board has demonstrated the effectiveness of its approach as a mechanism for Board renewal as only three out of the nine Nominee Directors, representing 33.3% of the Nominee Directors, were Directors of the Corporation prior to 2016, and the composition of the Board has changed at every annual meeting of Shareholders between 2011 and 2017, inclusively, in 2019 and now again in 2023.

Assessments

The Governance, Ethics and Compensation Committee has developed a process to assess the effectiveness and performance of the Board, its Chairman, the Committees and their respective Chairs, as well as to appraise each Director's own participation on the Board of Directors. The Board conducts a comprehensive survey of all of the Directors annually. During 2022, the Directors completed a Director self-evaluation questionnaire, an evaluation of the effectiveness of the Board and Committees and an evaluation of the Chair of the Board and the Chair of each Committee. This provides an opportunity for Directors to provide their feedback on the effectiveness and performance of the Board and the Committees. The results from this assessment are collated in a written report prepared and discussed by the Chairman at a meeting of the Board of Directors, and are discussed individually with Directors.

ROLE AND DUTIES OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board Mandate

The Board of Directors is responsible for the stewardship of the Corporation. To carry out this role, the Board oversees the conduct, direction, and results of the Corporation's business. In turn, Management is mandated to conduct the day-to-day business and affairs of the Corporation and is responsible for implementing the strategies, goals, and directions approved by the Board.

The duties and responsibilities of the Board are to supervise the management of the business and affairs of the Corporation and to act with a view towards the best interests of the Corporation. In discharging its mandate, the Board is responsible for the oversight and review of the development or approval of, among other things, the following matters:

- the strategic planning process of the Corporation;
- a strategic plan for the Corporation that takes into consideration, among other things, the longer-term opportunities and risks of the business;
- annual capital and operating budgets that support the Corporation's ability to meet its strategic objectives;
- all significant decisions outside of the ordinary course of the Corporation's business, including major financings and material acquisitions and divestitures;
- succession planning, including the appointment of the CEO and CFO;
- the implementation, review of and compliance with the Corporation's material policies;
- communications policies for the Corporation to facilitate communications with investors, other interested parties and the investment community more generally;
- a reporting system that accurately measures the Corporation's performance against its strategic plan; and
- the integrity of the Corporation's internal control over financial reporting, management information systems, disclosure control and procedures, and financial disclosure.

The Board also has the responsibility of managing the risks to the Corporation's business and must:

- confirm that Management identifies the principal risks of the Corporation's business and implements appropriate systems to manage these risks; and
- evaluate and assess information provided by Management and others about the effectiveness of the Corporation's risk management systems.

The Board also has the mandate to assess the effectiveness of the Board as a whole, the Committees and the contribution of individual Directors.

The Board discharges its responsibilities directly and through its Committees, currently consisting of the Audit Committee and the Governance, Ethics and Compensation Committee.

The Board of Directors has adopted a written charter which sets out, among other things, its role and responsibilities. The charter of the Board of Directors, as amended from time to time, is attached as *Schedule A* of this Circular.

Committees of the Board of Directors

The Board of Directors has an Audit Committee and a Governance, Ethics and Compensation Committee. The roles and responsibilities of each of the Audit Committee and the Governance, Ethics and Compensation Committee are set out in formal written charters which are available on the Corporation's website at www.wsp.com. These charters are reviewed annually so that they reflect best practices as well as applicable regulatory requirements.

The following section includes reports from each of the Committees, which describe its members, responsibilities and activities.

Audit Committee

The Audit Committee is currently composed of three members: Louis-Philippe Carrière (Chair), Suzanne Rancourt and Paul Raymond, who have all been members of the Audit Committee since at least the annual meeting of Shareholders held on May 15, 2019. Each of these individuals is independent from the Corporation within the meaning of the CSA Audit Committee Rules. In addition, each of the members of the Audit Committee is "financially literate" within the meaning of the CSA Audit Committee Rules. The members of the Audit Committee have no direct or indirect relationships with Management, the Corporation or any of its subsidiaries which, in the opinion of the Board of Directors, may interfere with such members' independence from Management, the Corporation and its subsidiaries. For more information regarding the relevant education and experience of each member of the Audit Committee, please refer to the "*Description of the Nominee Directors*" section of this Circular on *page 15*.

The Board of Directors has adopted a written charter for the Audit Committee, which sets out the Audit Committee's key responsibilities, including, without limitation, the following:

- overseeing the quality, integrity and timeliness of the Corporation's financial reporting;
- ensuring that adequate procedures are in place for the review of the Corporation's public disclosure documents;
- overseeing the Corporation's risk management systems;
- reviewing the Corporation's internal control system;
- reviewing related-party transactions of the Corporation and considering any applicable risks;
- overseeing the work and reviewing the independence of the external auditors of the Corporation, and meeting periodically with the external auditors in the absence of management;
- overseeing the work of the internal auditor of the Corporation, and meeting periodically with the internal auditor in the absence of management;
- overseeing the adequacy of the Corporation's process for complying with laws and regulations;
- reviewing the Corporation's information technology, information security and cybersecurity policies, controls and initiatives, and meeting periodically with the Chief Information Security Officer in the absence of management;
- reviewing the internal control and data verification process for reporting of data on environmental, social and governance (ESG) matters.

The Audit Committee met six times in 2022. In accordance with its internal work plan and its charter, the Audit Committee executed the following key projects throughout the course of the year:

- conducted a review of the services rendered by the Corporation's external auditors;
- conducted a review of the pre-approval policy for external auditors which provides for the pre-approval by the Audit Committee of all audit and non-audit services prior to engagement;
- conducted a review of the Financial Risk Management Policy, Information Security Policy, Public Disclosure Policy, Policy for the Hiring of External Auditor Employees and Internal Audit Charter of the Corporation;
- conducted a review of the annual fraud risk assessment;
- oversaw the internal audit plan, responsibilities, activities, budget and staffing;
- oversaw the Corporation's Enterprise Risk Management program;
- oversaw the Corporation's finance resources and succession planning;
- oversaw the Corporation's plan and strategy, including IT general controls, regarding the disclosure controls and procedures and the international controls over financial reporting of the Corporation, as contemplated by National Instrument 52-109 – *Certificate of Disclosure in Issuers' Annual and Interim Filings*;
- oversaw the Information Technology and Information Security programs; and
- oversaw the global ERP implementation project.

Please refer to the section of the Corporation's AIF entitled "About the Audit Committee" for additional information on the Audit Committee. The AIF is available on the Corporation's website at www.wsp.com and on SEDAR at www.sedar.com. The written charter of the Audit Committee is also available on the Corporation's website at www.wsp.com.

Governance, Ethics and Compensation Committee

The Governance, Ethics and Compensation Committee is currently composed of three members: Linda Smith-Galipeau (Chair), Birgit Nørgaard and Christopher Cole, who have all been members of the Governance, Ethics and Compensation Committee since at least the annual meeting of Shareholders held on May 15, 2019. Each of these individuals is independent from the Corporation within the meaning of the CSA Audit Committee Rules. The Governance, Ethics and Compensation Committee members have experience advising on executive compensation and overseeing governance, ethics and compensation matters in large businesses. All Directors are invited to attend the regularly scheduled meetings of the Governance, Ethics and Compensation Committee. For more information regarding the professional backgrounds of the Governance, Ethics and Compensation Committee members, please refer to the "*Description of the Nominee Directors*" section of this Circular on *page 15*.

The Board of Directors has adopted a written charter for the Governance, Ethics and Compensation Committee, which sets out the Committee's key responsibilities. The written charter of the Governance, Ethics and Compensation Committee is available on the Corporation's website at www.wsp.com.

The Governance, Ethics and Compensation Committee's key responsibilities include, among others, the following:

- develop a set of corporate governance guidelines for the Board's overall stewardship responsibility and the discharge of its obligations to the Corporation's stakeholders;
- review, report and, when appropriate, provide recommendations to the Board annually on the Corporation's policies, programs and practices relating to business conduct and ethics, including the Code of Conduct;
- oversee succession planning for directors, and develop and review, as appropriate, an orientation and continuing education program for Directors;
- develop appropriate qualifications and criteria for the selection of Directors;
- conduct reviews of Director remuneration for Board and Committee services in relation to current industry practices;
- develop a process to assess the effectiveness of the Board and its committees, including their respective chairpersons;
- assess the competencies and skills each existing director possesses and their contribution to the overall skill set required for the Board;
- consider and recommend for approval by the Board of Directors the appointment of the CEO and the CFO;
- together with the Chairman, review the performance of the CEO against pre-set specific performance criteria relevant to the compensation of the CEO and make recommendations to the Board on the compensation of the CEO based on these evaluations;
- together with the CEO, review the performance of the other executive officers of the Corporation against pre-set specific performance criteria relevant to their compensation and make recommendations to the Board on the compensation of these executive officers based on such evaluations;
- review, with the Chairman and the CEO, the succession plans of the CEO and other executive officers, and the emergency CEO succession plan, and make recommendations to the Board;
- oversee the design, implementation and administration of any executive long-term or short-term incentive plans and the establishment of guidelines for any director or executive share ownership requirements;
- conduct an annual review and approval of compensation disclosure;
- review the Corporation's inclusion and diversity, well-being, and health and safety policies and practices;
- work with the Corporation to assess ESG matters that are significant to the Corporation, including risks and opportunities as well as emerging best corporate governance practices;
- review the Corporation's sustainability policies and practices and monitor the Corporation's commitment to sustainability; and
- review the Corporation's environmental and social policies and oversee the Corporation's strategy and reporting of ESG related matters.

The Governance, Ethics and Compensation Committee met seven times in 2022 and held various other working sessions and preparatory meetings. In accordance with its internal work plan and its charter, the Governance, Ethics and Compensation Committee executed the following key projects throughout the course of the year:

- conducted a review of the annual performance process of the directors, the Board and the Committees, the chair of the Board and of each Committee, as well as the annual review of competencies, skills and personal qualities of directors;

- conducted a review of the charters of the Board and the Committees, and the position descriptions of the CEO, CFO, and Chair of the Board and of each Committee;
- conducted a review of the compensation philosophy and strategy for 2023;
- conducted a benchmarking review of the 2022 executive compensation program and compensation peer group;
- conducted a benchmarking review of the directors compensation program;
- conducted a benchmarking review of the Executive Share Ownership Requirement;
- conducted a review of the talent management and succession planning, including the CEO succession planning process;
- conducted a review of the Code of Conduct and ancillary policies, the Corporate Governance Guidelines, the Global Health, Safety, Environment & Quality Policy Statement, the Biodiversity Statement, and the Global ESG Statement;
- oversaw the ethics and compliance program;
- oversaw the health and safety policies and practices;
- oversaw the ESG program;
- oversaw the inclusion and diversity programs and initiatives; and
- engaged Meridian as the independent advisor to the Governance, Ethics and Compensation Committee.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

WSP's ESG initiatives support its efforts as a socially responsible corporation, underpin its business strategy and enable the Corporation to mitigate risks related to reputation in ESG. WSP's Global ESG Statement guides its actions and approach. It is aligned to the strategic pillars of Clients, Expertise, Operational Excellence and People & Culture, allowing WSP to report clearly on progress in its annual Global ESG Report. The statement is reviewed regularly and was last updated in May 2021. Reports on various initiatives related to the Global ESG Statement are made quarterly to the Governance, Ethics and Compensation Committee and the Board of Directors. The Global ESG Statement and latest Global ESG Report, which is published on an annual basis, are available on the Corporation's website at www.wsp.com.

Governance and Oversight of the Global ESG Program

WSP oversees ESG matters from the highest levels of the organization. WSP's Board of Directors, together with the Governance, Ethics and Compensation Committee, is responsible for overseeing and monitoring the Corporation's implementation of procedures, policies and initiatives in relation to its corporate, social and environmental responsibilities. In addition, the Audit Committee has begun overseeing the work being conducted in the establishment of internal controls and the data verification process for ESG reporting purposes. The Audit Committee charter was updated in December 2022 to reflect this change. The Governance, Ethics and Compensation Committee Charter sets out its duties and responsibilities with respect to ESG, including: (i) working with the Corporation to assess ESG matters that are significant to WSP, including risks and opportunities as well as emerging best corporate governance practices; (ii) reviewing the Corporation's health, safety, environment and quality and social and well-being strategies, policies, practices and reporting; (iii) overseeing WSP's human capital management including talent attraction, recruitment and turnover; workforce compensation and pay equity; succession planning; workforce composition and inclusion and diversity; employee engagement, health and well-being; workforce training, learning and development and monitoring a variety of human capital metrics in this regard; (iv) reviewing the Corporation's sustainability policies and practices and monitoring the Corporation's commitment to sustainability; and (v) reviewing the Corporation's Global ESG Report and other material public disclosure with respect to ESG matters and the Corporation's engagement with stakeholders on such matters. Within this framework, oversight responsibility for ESG at the Board level is assigned to the Chair of the Governance, Ethics and Compensation Committee, Linda Smith-Galipeau, who is recognized as an expert in the field of environmental, social and human capital matters. In this capacity, Ms. Smith-Galipeau has responsibility for overseeing the Corporation's ESG goals, commitments, risk and opportunities, and acts as the Board liaison to senior management on ESG issues.

At the senior management level, André-Martin Bouchard, Global Director, Earth and Environment (who is also Global Executive Director, ESG), leads the Corporation's global ESG efforts, as well as coordination with other members of the global leadership team. The Global Executive Director, ESG's responsibilities include articulating strategies to identify material ESG-related risks and opportunities and implementing mitigation measures, such as greenhouse gas emissions reduction plans. The Global Executive Director, ESG also reports on ESG progress and initiatives to the Governance, Ethics and Compensation Committee on a quarterly basis.

The Global Executive Director, ESG, acts as the chair of WSP's Global ESG Committee, which is comprised of representatives from all operating regions and corporate functions who are empowered to implement the Global ESG Committee's recommendations. The Global ESG Committee provides a platform to develop strategies, to enhance ESG performance and advance initiatives from both a regional and global perspective. It is also responsible for executing WSP's Global ESG Program on behalf of its stakeholders.

In March 2022, WSP announced the ambitions of its 2022-2024 Global Strategic Action Plan, which is underpinned by a firm commitment to ESG matters. In line with this commitment, a strategic multiplier was introduced in the Corporation's STIP program in 2022, which focuses on the achievement of six specific key strategic objectives, five of which are ESG-related (see section "*2022 Strategic Performance Measures and Results*" of this Circular on *page 64* for more details on the STIP multiplier). Over the three years of the strategic plan period, WSP intends to make significant progress towards achieving its previously announced 2030 science-based GHG emissions reduction targets, which will contribute to the Corporation's commitment to achieve net zero emissions across its value chain by 2040. The Corporation will also strive to maintain SDG-Linked Revenues[1] as representing more than half of its business, as well as growing these revenues. The Corporation will remain steadfast in its commitment to working safely and with integrity. Regarding its people and culture, the Corporation is committed to delivering an employee experience that attracts and retains the best professionals and builds pride in belonging to WSP. WSP will seek and promote talent by deploying broad recruitment and development programs addressing Under-Represented Groups in the industry. To further demonstrate its commitment to these ambitions, WSP has set yearly targets in its 2022-2024 Global Strategic Action Plan, namely increasing the number of promotions and increasing retention as well as the presence of Under-Represented Groups in leadership roles, as further discussed in the "*Inclusion and Diversity*" section of this Circular on *page 45*, under the heading "Establishing Targets to Diversity". The 2022-2024 Global Strategic Action Plan is available on the Corporation's website at www.wsp.com.

RECOGNITION OF OUR ESG PROGRAM AND REPORTING EFFORTS

The Corporation's ESG program and reporting efforts have been recognized in the past year, where WSP was:

- Named one of Corporate Knights' 2022 Best 50 Corporate Citizens in Canada.
- Included in S&P's 2023 Sustainability Yearbook as a Member, as of February 7, 2023, based on performance in the 2022 Corporate Sustainability Assessment (Construction & Engineering industry).
- Received an "A" score for its 2022 response to the CDP Climate Change questionnaire, thus securing a place on the A-list of leaders.
- Awarded a 2022 Platinum EcoVadis Medal for our sustainability performance, placing WSP among the top 1% of companies assessed by EcoVadis.
- Selected as winner of the Best ESG Report category in the CR Reporting Awards '22.

ESG Reporting

WSP uses recognized frameworks to communicate ESG performance to stakeholders. These frameworks also support the Corporation's constant efforts to evaluate, monitor and improve its ESG strategies. For example, the Corporation prepares its global ESG reports in accordance with the "Global Reporting Initiative 2016 Standards: Core Option". The Corporation is in the process of transitioning to the Global Reporting Initiative 2021 Standards, which will be reflected in its future global ESG reports. Since its 2020 Global ESG Report, the Corporation has reported on Sustainability Accounting Standards Board indicators to measure its performance in a way that facilitates comparison within its industry.

WSP reports on climate-related financial information in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) reporting recommendations. WSP first presented key findings from its qualitative assessment of climate-related risks and the potential impacts on its business in its 2020 Global ESG Report. The assessment indicated that although its business, people and clients may be impacted by inherent climate-related risks, WSP is actively addressing the risks that have been identified and do not consider these to pose a material financial risk to the business. The Corporation has since conducted a quantitative physical climate scenario analysis and a transition risk and opportunity scenario analysis. The quantitative physical climate scenario analysis conducted in 2022 indicated that the financial impacts of physical climate risks are small and the transition scenario analysis identifies net opportunity in all scenarios, timeframes as well as market sectors. Further details on WSP's TCFD journey are available in the Corporation's 2021 TCFD Report and the 2021 Global ESG Report, which are available on the Corporation's website at www.wsp.com.

Since April 2019, WSP has been a signatory to the United Nations Global Compact, whose participants commit to setting in motion changes to their business and incorporating the United Nations Global Compact's Ten Principles into their overall strategy, culture and day-to-day operations. WSP began to report on progress related to this commitment in 2020 and expects to pursue this annually. Through this pledge, WSP has reiterated its commitment to contribute to the United Nations Sustainable Development Goals (SDGs). Many of the Corporation's projects in areas such as urban mobility, decarbonization or water contribute directly to the SDGs.

Engaging with stakeholders to discuss strategy and progress is an important part of WSP's ESG program. This involves regular engagement and open dialogue with investors and shareholders, including presentations at investor conferences. Feedback from investors is considered to enhance the Corporation's ESG program and reporting.

(1) The Corporation has previously reported "Clean Revenues". In line with industry practice, we have continued to refine our methodology and have renamed this metric "SDG-Linked Revenues" which includes revenues earned from services that contribute to any of the Sustainable Development Goals (SDGs).

Additional disclosure on WSP's initiatives, practices and efforts around each of the ESG pillars is included in the section of the Circular entitled "*Disclosure of Corporate Governance Practices*" on *page 31* of this Circular. Specifically, the Environmental pillar is covered under "Environmental", the Social pillar is covered under "Inclusion and Diversity", "Human Capital Management" and "Community Engagement and Social Contributions", and the "Governance" pillar is discussed throughout section "Disclosure of Corporate Governance Practices" of this Circular.

ENVIRONMENTAL

The Corporation's environmental program has two intersecting dimensions. The first is linked to how WSP works with its clients, as it embeds sustainability in its services and advice, using its Future Ready®[2] approach. The second is tied to its operations and how they impact the communities in which the Corporation operates. Actions to reduce greenhouse gas (GHG) emissions are core to both these efforts.

Climate Action

The Corporation established science-based GHG emissions reduction targets that were certified by the Science-Based Targets initiative (SBTi) in April 2021. The Corporation also committed to achieve net zero emissions across its value chain by 2040, and this target was approved by the SBTi under its Net Zero Standard in 2022. In June 2022, the Corporation published a Climate Transition Plan detailing how it aims to achieve those targets. Further, operations in the UK, Australia, New Zealand, Sweden and Denmark have committed to halve the emissions associated with their designs and advice by 2030. In 2022, WSP established a Global Climate Action Network to support clients with net zero services and establish a framework for measuring GHG emissions from designs and advice.

In addition to continuing to decrease its own emissions, WSP also has extensive opportunities to contribute to the transition to a low-carbon economy through its professional services. To this end, in 2021, the Corporation committed to better understanding the GHG emissions associated with its project advice and designs and collaborating with clients and partners to drive emissions reductions.

To support its disclosure of climate-related issues, WSP responds to the CDP Climate Change Questionnaire on an annual basis. In 2022, the Corporation received an "A" score for the first time; the Corporation is one of only three Canadian companies to achieve this ranking.

Future Ready®

In its Global ESG Statement, WSP states that it will prepare its clients for the future by understanding trends related to society, climate change, technology and resources and reflecting them in the Corporation's designs and advice. This is especially important, as many of WSP's client projects have design lives spanning decades. Future Ready® is WSP's global program to integrate these key trends in its work and challenge its teams to work with its clients to find solutions that are both ready for today and the years to come. The program provides the basis for WSP's thought leadership on the collective challenges the world faces.

In 2022, WSP continued to design and advise on a multitude of Future Ready® projects across the global business. Two global roles were created to support Future Ready® implementation within WSP regions. WSP published research on a variety of topics including net zero, biodiversity, digital delivery and social value. WSP's expertise was also shared through external industry conferences and events, including presentations, webinars and panels.

In the Corporation's 2022-2024 Global Strategic Action Plan, Future Ready® remains foundational to WSP's designs and advice, addressing client priorities and benefiting society and the environment.

INCLUSION AND DIVERSITY

The Corporation is committed to promoting a culture that empowers its people through a work environment where inclusion and diversity ("**I&D**") are both expected and valued. WSP's approach to I&D is anchored in its beliefs and guiding principles and is part of a wider commitment to ESG. The Corporation is dedicated to maintaining high standards of governance in all aspects of its business and affairs, including I&D, and recognizes the importance and benefits of having a Board and Management comprised of highly talented, experienced and diverse professionals, as well as within WSP's workforce. This is evidenced through the Global I&D Strategy, as well as the Global Inclusion and Diversity Policy.

Global Inclusion and Diversity Strategy

The Global I&D Strategy was developed with the collaboration of our I&D global sponsor, Marie-Claude Dumas, President & CEO, Canada, and articulates our vision of having WSP recognized by our people, peers and clients as a safe, inclusive workplace where

(2) Future Ready® is registered in Canada, the United States and New Zealand. WSP Future Ready® Leadership is registered in Europe, Australia and in the United Kingdom.

our people promote an authentic and inclusive culture. This vision is supported by four key elements:

- Fostering a trusting workplace: we provide a safe and trusting work environment for all our people.
- Speaking up: we accept no compromise when it comes to ethics and inclusive behaviors. We make sure that our people feel at ease to talk openly.
- Managing fairly: we ensure equal opportunity and fairness in a consistent manner.
- Growing stronger together: As a global community, we celebrate our differences and share our learnings.

Guided by the foundation laid by these four key elements, each of the Corporation's regions can set their own targets, initiatives and key activities, for the strategic cycle.

WSP's commitment to I&D is a central pillar of our culture and values and is integrated throughout talent acquisition, awareness, learning, career development and recognition initiatives. The global focus continues to provide emphasis on development and leadership opportunities for women leaders and other Under-Represented Groups (Indigenous peoples, persons with disabilities, ethnic minorities, LGBTQIA2S+, and veterans). WSP has well established employee-led I&D groups, supported by WSP ("**Employee Resource Groups**"). These communities are based on common identities, interests or backgrounds which foster a diverse and inclusive workplace and provide a voice for Under-Represented Groups in the majority of the Corporations' operating regions. Our global network provides the linkage and platform for Employee Resource Groups, so that there is representation both at regional and global levels. An example is our VIBE ERG (Visibility in the Built Environment) which represents our LGBTQIA2S+ community and consists of regional groups which are also linked globally.

In order to accelerate and create a greater focus on I&D, a new Global Director I&D was appointed in April 2022. The remit of this role is to leverage best practice across all of WSP's regions and ensure our I&D strategy and subsequent actions, targets and initiatives are delivered for the strategic cycle.

Global Inclusion and Diversity Policy

As part of its ongoing commitment to promoting I&D at every level of the organization, WSP adopted and published a Global Inclusion and Diversity Policy that highlights the Corporation's view that I&D are critical in building a culture of innovation, engagement and performance. This policy brings the Global I&D Strategy to life, by providing all employees with information and resources on our commitment to I&D.

This policy reflects WSP's long-term I&D vision, approach and minimum standards regarding employees and regional management. Pursuant to this policy, each of WSP's regions develops I&D priorities and action plans in accordance with local legislation and context, which will align, support and promote the Global Inclusion and Diversity Policy. WSP believes that by supporting and promoting an inclusive and diverse workplace, its employees can tap into their full potential by feeling valued and knowing that they are an integral part of the organization. WSP periodically assesses the effectiveness of this policy statement at achieving the organization's I&D objectives, monitors the implementation of these guidelines and reports annually to the Governance, Ethics and Compensation Committee.

The Global Inclusion and Diversity Policy is available on the Corporation's website at www.wsp.com.

Inclusion and Diversity Measures in Board and Senior Management Appointments

The Corporation also has written policies in place to promote I&D in Board and in executive officer nominations. For instance, the Corporate Governance Guidelines provide that, when identifying candidates to nominate for election to the Board or in its review of executive officer succession planning and talent management, the Governance, Ethics and Compensation Committee will consider criteria that promote gender balance and diversity, including with regards to women, national origin and ethnicity, including Indigenous peoples and members of visible minorities, persons with disabilities and other dimensions.

The Governance, Ethics and Compensation Committee will also consider the level of representation of women and other markers of diversity when making recommendations for nominees to the Board or for appointments as executive officers and in general with regard to succession planning for the Board and executive officers. The Corporate Governance Guidelines provide that the Governance, Ethics and Compensation Committee may engage qualified independent external advisors, as required, to assist in conducting its search for candidates that meet the Board's criteria regarding skills, gender balance, experience and diversity, and when doing so, shall mandate such advisors to ensure that diverse candidates are included.

The Governance, Ethics and Compensation Committee, in its periodic review of the composition of the Board and executive officer appointments, assesses the effectiveness of the Board and senior management nomination process in achieving the Corporation's diversity objectives, and monitors the implementation of these guidelines.

The Corporate Governance Guidelines are available on the Corporation's website at www.wsp.com.

Establishing Targets for Diversity

In 2021, the Corporation amended its Corporate Governance Guidelines to set a formal target of 30% women on its Board. This target has been surpassed as 37.5% of WSP's current Board members are women and following the Meeting, assuming all Nominee Directors are elected, 33.3% of Board members will be women. To date, the Corporation has not adopted a specific target for the representation of Indigenous peoples, persons with disabilities and members of visible minorities (together with women, the "**Designated Groups**") but rather, when engaging independent external advisors to assist in conducting a search for potential director candidates, it shall mandate such advisors to ensure that diverse candidates are included.

To date, the Corporation has not adopted a specific target for the representation of the Designated Groups among senior management in particular, but has set a target in its 2022-2024 Global Strategic Action Plan of a 5% year over year increase in the representation of women, Indigenous peoples, persons with disabilities, ethnic minorities, LGBTQIA2S+, and veterans (collectively the "**Under-Represented Groups**") globally in middle management and senior leaders. It is applied in each region, allowing for local diversity laws, data protection and cultural sensitivities. In 2022, WSP achieved its 5% target increase in Under-Represented Groups globally in middle management and business leaders.

The Corporation's progress towards achieving these goals is outlined below:

AS OF MARCH 30, 2023				
	Current Directors	Nominee Directors	Members of Senior Management - Executive Officers	Global Leadership Team
Total	8	9	11	22
Women	3 (37.5%)	3 (33.3%)	4 (36.4%)	6 (27%)
Indigenous peoples	—	—	—	—
Members of visible minorities	—	1 (11%)	1 (9%)	2 (9%)
Persons with disabilities	—	—	1 (9%)	1 (5%)
Number of individuals that are members of more than one Designated Group	—	—	1 (9%)	2 (9%)

The Board will continue to promote its diversity objectives through the initiatives set out in, among other things, the Corporate Governance Guidelines and its 2022-2024 Global Strategic Action Plan, with a view to identifying and fostering the development of a suitable pool of candidates for nomination or appointment over time.

HUMAN CAPITAL MANAGEMENT

Oversight of Human Capital Management

The Governance, Ethics and Compensation Committee has oversight responsibility to review the Corporation's health and safety, well-being, and inclusion and diversity policies, practices and initiatives and to review the succession plans relating to the positions of CEO and other executive officers. To this end, the Governance, Ethics and Compensation Committee receives regular reports from the Chief Human Resources Officer on topics such as Global and regional inclusion and diversity and well-being programs and initiatives, talent management and succession planning process, people programs and initiatives as well as employee engagement activities. In addition, the Governance, Ethics and Compensation Committee receives quarterly reports on health and safety programs and initiatives.

Career Development and Succession Planning

The Board of Directors is responsible for seeking to ensure that the Corporation is supported by an appropriate organizational structure, including a President and CEO and other executives who have complementary skills and expertise to provide for the sound management of the business and affairs of the Corporation and its long-term profitability.

The Board of Directors has delegated to the Governance, Ethics and Compensation Committee the responsibility to advise the Board and Management in relation to its succession planning, including the appointment and monitoring of senior Management. Succession planning is reviewed annually to facilitate talent renewal and smooth leadership transitions for key strategic roles, to identify areas of improvement and invest in strategic hiring.

The Corporation reviews annually its succession plan for the President and CEO and other key members of senior Management. The Corporation maintains a succession plan for the CEO and each critical position, that considers various time horizons, with potential internal succession as "ready now", "short-term ready within up to five years", "long-term ready in more than five

years", plus "emergency" plan for short-term absences. For the President and CEO role, the contingency exercise plans for both a temporary replacement scenario as well as a permanent replacement scenario following a departure without material notice. The succession plan fits into the Corporation's overall talent management framework and is the subject of an increased focus by Management, the Board and the Governance, Ethics and Compensation Committee.

The Corporation believes that developing the capabilities of our employees is integral to delivering long-term value. Our human capital management practices are designed to provide opportunities for employees to learn, innovate and develop both their technical and leadership capabilities at every stage of their career. By enabling a common job architecture nomenclature, the Corporation has leveraged talent across the globe and provided additional career opportunities to its employees.

Health, Safety, Environment and Quality

Our vision is that Health (H), Safety (S), Environment (E) and Quality (Q) (collectively, "**HSEQ**") excellence are an integral part of the WSP culture. In 2022, we began to work towards a HSEQ management system that is compliant with the internationally recognized Quality, Environment, and Health and Safety standards ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. This will enable us to ensure that WSP has a consistent, robust, high-quality HSEQ management practices, implemented at every level in the organization.

Currently, WSP has third-party certification to ISO 9001:2015, ISO 14001:2015 and/or ISO 45001:2018 at country, regional or local levels, achieved through independent assessments conducted by approved external certifying bodies. WSP seeks to achieve a globally consolidated ISO certification, through a centralized HSEQ management system. While not all WSP locations have certification at this time, they still must meet and be compliant with the applicable requirements.

Our HSEQ framework includes a Global HSEQ system manual, HSEQ Policy Statement, as well as H&S, Environment and Quality operational policies and roadmaps.

The HSEQ Policy Statement is available on the Corporation's website at www.wsp.com.

Employee Engagement and Well-being

WSP has continued its proactive approach in response to the COVID-19 pandemic with a focus on its employees, their engagement and experiences as we continue to venture forward in the post-pandemic landscape. We understand that our leaders shape engagement and throughout our operations, our actions have been to prioritize technology, social interaction, and employee well-being in our decision-making. The COVID-19 pandemic continues to mandate a very different social environment for our people in certain regions. We are committed to supporting them professionally in a work environment ranging from managing teams and productivity in both a virtual and hybrid working environment, and also personally as they manage caring for family members while being mindful of their own well-being.

WSP is committed to the health and well-being of its employees and recognizes that the physical, mental and emotional health of our staff is paramount. We strive to create an environment where employees have the opportunity to flourish and reach their full potential. We focus on this through specific regional Employee Well-being Programs that are encapsulated in our Global Well-being Policy. A continued focus on upskilling our managers and leaders to connect with their teams and also providing additional training on the importance of mental well-being is part of our Employee Well-being Programs. In the regions where WSP operates, we offer a variety of wellness programs and activities that are designed to promote physical, mental, and emotional health, and social connection, including medical services, employee benefits, physical activities, health self-assessments, wellness seminars, professional support through employee assistance programs and financial advice.

Aligning corporate actions to focusing on the health and safety of our employees and relying on both the health and safety regulations and legal mandates in our regions, each WSP region continues to review and enhance their existing health and well-being offerings and support, with common approaches toward ongoing communications, learning opportunities as well as well-being resources and tools.

The Global Well-being Policy is available on the Corporation's website at www.wsp.com.

Community Engagement and Social Contributions

The Corporation's belief is that "for societies to thrive, we must all hold ourselves accountable for tomorrow". As a global company, WSP strives to contribute positively to the communities in which it is present. The Corporation's Global ESG Statement states that to support our People and Culture pillar, we will give back to the communities where we live and work with time and resources. Through our client work, we also bring the latest technologies and a culture of innovation to our work to meet community needs for mobility, connectivity, sustainability, and resilience.

Our commitment to making a positive contribution to the communities in which we are present reflects our values and purpose: We exist to future-proof our cities and environments. Aligned with our ESG Strategy and engagement towards the UN Sustainable

Development Goals, we aim to give back to our local communities through the development of a more sustainable and equitable world. These efforts are directed in the form of investments, partnerships, volunteering and pro-bono expertise, all guided by the passion of our people.

Our most recent Global ESG Report, published in 2022, provides other examples of community engagement in which WSP has excelled in all of its regions. Please refer to the disclosure made under the headings "Community Engagement" beginning on page 60 of our latest Global ESG Report.

The Global ESG Report is available on the Corporation's website at www.wsp.com.

STRATEGIC PLANNING

The Board participates directly or through the Committees in developing and approving the mission of the Corporation's business, its objectives and goals and the strategy for their achievement.

Management is responsible for developing a strategic plan for the Corporation, which it presents to the Board each year either for approval or to update the Directors on the existing strategic plan, as the case may be. At least one meeting is scheduled annually to discuss strategic matters such as corporate opportunities and the main risks faced by the Corporation's business and to consider and approve, as applicable, the Corporation's strategic plan for the next few years. The implementation of corporate strategy and important strategic issues are reviewed and discussed regularly at Board meetings, and Management presents any important changes to strategy to the Board as the need arises throughout the year. Furthermore, the Board oversees the implementation of the strategic plan and monitors the Corporation's performance against the strategic plan using key performance metrics.

RISK OVERSIGHT

The Board is entrusted with the ultimate responsibility of identifying and assessing the principal risks of the Corporation's business, and the implementation of appropriate systems to manage these risks. While the Board has overall responsibility for risk, it carries out its risk management mandate primarily through the Audit Committee, but also through the Governance, Ethics and Compensation Committee, in order to ensure that they are treated with appropriate expertise, attention and diligence, with reporting to the Board on a regular basis.

The Audit Committee's role is to review, report and, where appropriate, provide recommendations to the Board on: (i) the Corporation's processes for identifying, assessing and managing risks, including monitoring the evolution of emerging risks; and (ii) the Corporation's major financial risk exposures and the steps taken to monitor and control such exposures. The Governance, Ethics and Compensation Committee oversees the identification and management of risks associated with the Corporation's compensation policies and practices, and works with the Corporation to assess ESG matters that are significant to the Corporation, including risks and opportunities as well as emerging best corporate governance practices. Risk information is reviewed by the Board or the relevant committee throughout the year, and business leaders present regular updates on the execution of business strategies, risks and mitigation.

The Corporation's risk management function ("RM") acts as a second line of defense, which ensures WSP's present and future key risks are identified adequately and in a timely manner, mitigated and monitored to support the successful achievement of our operational objectives, our business strategy and continuous growth. It provides a standardized risk management framework with its established Enterprise Risk Management ("ERM") program and takes an active role in the operationalization of risk management by establishing best practices and processes as well as providing guidelines, tools and training to the operations. The risk management function also supports the establishment of the Corporation's governance across its core activities and acts as a risk advisor to key stakeholders.

The Corporation continues to evolve its ERM program, which is hosted on a global web platform and provides the operations a standardized risk assessment approach and methodology to identify, assess and monitor their risks based on specific controls assessments and key risk indicators. The ERM program also provides a structure to articulate and document mitigation measures established for each risk being assessed. ERM assessments are performed on key risks on a quarterly basis by the business, validated by global risk owners and consolidated globally for quarterly reporting to the Audit Committee.

The Audit Committee is not involved in the day-to-day risk management activities; rather, it is responsible for overseeing the establishment and continuous evolution of the global ERM framework and operational risk management practices to allow Management to adequately and timely bring to the Board's attention the Corporation's key risks.

For a detailed explanation of the material risks applicable to the Corporation and its subsidiaries, see section 20 (Risk Factors) of the Corporation's management's discussion and analysis for the fourth quarter and year ended December 31, 2022 available on SEDAR at www.sedar.com.

Compensation Discussion & Analysis

Linda Smith-Galipeau, MBA

LETTER FROM THE CHAIR OF THE GOVERNANCE, ETHICS AND COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

The Governance, Ethics and Compensation Committee is pleased to provide you with an overview of the Corporation's executive compensation program for 2022. We strongly believe in the transparent disclosure of all facets of our executive pay programs which we have sought to reflect in this Compensation Discussion & Analysis. Our compensation framework is directly linked to the long-term performance of the Corporation and to value creation for our Shareholders. While this philosophy remains consistent with previous years, the Governance, Ethics and Compensation Committee reviews annually all elements of executive compensation so that it continues to be aligned with the Corporation's business strategy and that it attracts, retains and incentivizes talent.

Our Operational and Financial Performance Highlights of 2022

In this first year of WSP's 2022-2024 Global Strategic Action Plan, our performance exceeded expectations in many ways and we have already made significant progress towards our strategic ambitions. In 2022, we completed a number of acquisitions, including the acquisition of the Environment and Infrastructure business of John Wood Group plc (the "E&I Acquisition"), thereby growing our workforce by more than 7,000 professionals, strengthening our leadership in environmental consulting and reinforcing our ability to deliver future-proof work. Talent acquisition and retention, as well as inclusion and diversity continue to be key areas of focus for management. As an industry leader, we aim to hire, train and retain people who can deliver high-impact projects for our clients and communities in every corner of the world.

In the year ended December 31, 2022, WSP delivered strong results ahead of Management's expectations, including the highest organic growth in net revenues in the last decade and a 30 bps increase in adjusted EBITDA margin[1], achieving 17.1%, compared to 16.8% in the previous year, putting us on track with the Corporation's 2022-2024 strategic financial ambitions. Overall, revenues and net revenues[2] for the year ended December 31, 2022 reached $11.93 billion and $8.96 billion, up 16.1% and 13.8%, respectively, compared to 2021. The E&I Acquisition was the main contributor to the acquisition growth in net revenues, and net revenue organic growth of 7.3% was ahead of Management's previously disclosed outlook. The Corporation completed the year in a robust financial position with strong backlog[3] and a promising pipeline of opportunities for 2023. For more information on WSP's performance, we invite you to review the Corporation's annual audited consolidated financial statements and management's discussion & analysis for the fourth quarter and year ended December 31, 2022, which are available on the Corporation's website at www.wsp.com and on SEDAR at www.sedar.com.

(1) Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of net revenues. Adjusted EBITDA for the years ended December 31, 2022 and 2021 were $1,530.2 million and $1,322.5 million, respectively. Adjusted EBITDA and adjusted EBITDA margin are a non-IFRS measure and a non-IFRS ratio without a standardized definitions under IFRS which may not be comparable to similar measures used by other issuers. For the years ended December 31, 2022 and 2021, earnings before net financing expense and income taxes were $749.1 million and $724.6 million, respectively. This Management Information Circular incorporates by reference section 22, "Glossary of segment reporting, non-IFRS and other financial measures" of the Corporation's management's discussion & analysis for the fourth quarter and fiscal year ended December 31, 2022 available on SEDAR at www.sedar.com for additional information regarding composition and usefulness of this non-IFRS measure and non-IFRS ratio, as well as section 8.3, "Adjusted EBITDA" for quantitative reconciliations of adjusted EBITDA to the most directly comparable IFRS measure.

(2) Net revenues is defined as revenues less direct costs for subconsultants and other direct expenses that are recoverable directly from clients. Net revenues is a segment reporting measure and a total of segments measure, without a standardized definition within IFRS, which may not be comparable to similar measures presented by other issuers. Quantitative reconciliations of net revenues to revenues are incorporated by reference to section 8.1, "Net revenues", of the Corporation's management's discussion & analysis for the fourth quarter and fiscal year ended December 31, 2022 available on SEDAR at www.sedar.com.

(3) Backlog represents future revenues stemming from existing signed contracts to be completed. Backlog is a supplementary financial measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

Linking Pay and Performance

Compensation of NEOs and other executives is closely tied to the performance of the Corporation through (i) the Short Term Incentive Plan (STIP), which pays out on the basis of performance targets focused on consolidated Adjusted EBITDA for STIP purposes and Adjusted EBITDA by segment for STIP purposes, Net Revenues for STIP purposes, DSO for STIP purposes and Acquisition Growth performance, as adjusted based on a strategic performance multiplier; and (ii) the Long Term Incentive Program through grants of PSUs which vest on the basis of Adjusted EPS Growth and relative TSR, grants of RSUs which directly track our share price, and grants of Options which only provide value if WSP's share price increases. In addition, the Corporation allows certain executives to receive DSUs rather than RSUs as part of their annual LTIP award and to receive a portion or all of their STIP in DSUs, increasing the long-term alignment of their interests with those of our Shareholders.

In 2022, the first year of our three-year strategic cycle, we introduced a basket of strategic performance measures aligned with our 2022-2024 Global Strategic Action Plan in the form of a multiplier (between 90% to 110%) on our STIP financial performance metrics. These metrics were set at the beginning of 2022 and cover six areas of strategic importance for WSP, including five related to our ESG ambitions, and one related to technology. While our LTIP program remained the same for 2022, on December 7, 2022, the Corporation adopted a new share unit plan for grants to key executives as of 2023, which is subject to Shareholder approval at the Meeting (see subsection "5. *Approval of Share Unit Plan Adoption and Ratification of Grant of Awards*" on *page 12*, under the "Business of the Meeting" section of the circular.) The share unit plan allows participants to settle in cash or shares their PSU and RSU grants and to defer the settlement for up to 10 years term, increasing alignment with longer term focus and wealth creation tied to WSP.

Ambitious STIP targets were set at the beginning of 2022 in light of the Corporation's prospects at that time and we are pleased with the performance of the business. The outlook on long-term incentive plans is positive with payouts remaining closely tied to the creation of shareholder value. The three-year earnings per share growth and relative TSR performance conditions set in 2020 for the 2020 PSU awards were met at 180% and the corresponding units will be valued and paid in accordance with the PSU Plan.

We continue to believe that our short-term and long-term executive compensation framework appropriately rewards the performance of our executives while being fair and competitive and aligned with Shareholder expectations. In light of the continued and considerable growth of WSP in recent years, the Governance, Ethics and Compensation Committee performed a thorough review of executive compensation in 2022 and retained independent consultants to assist it in this task. Changes were identified and implemented in 2022, effective for the coming year, to improve our market competitiveness and increase the alignment between our Shareholders and our senior leaders' interests.

Shareholder Engagement

In 2022, the "say on pay" advisory vote received 92.85% support from Shareholders, signaling strong Shareholder support for our executive pay programs. We believe we have the right balance between offering pay programs that reward short- and long-term performance appropriately while ensuring that pay remains fair, competitive and aligned with Shareholder expectations as WSP continues to grow and expand on a global scale. While the Board is satisfied with the results of the advisory vote, we continue to monitor trends and best practices on executive compensation in order to consistently reinforce the relationship between pay and performance, and again this year, engaged with numerous Shareholders to ensure that their interests and concerns are considered in the assessment of our executive compensation program and to demonstrate our unwavering commitment to responsible governance and transparency.

As always, we welcome your feedback on our compensation programs and disclosure.

Sincerely,

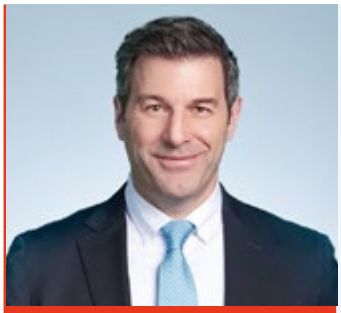
Linda Smith-Galipeau

Linda Smith-Galipeau
Chair of the Governance, Ethics and Compensation Committee

EXECUTIVE PAY PROGRAM AND PRACTICES

Our Named Executive Officers in 2022

The following discussion describes the elements of the executive compensation program of the Corporation, with particular emphasis on the process for determining compensation awarded to, earned by, paid to or payable to the President and CEO, the CFO and each of the three other most highly compensated executive officers of the Corporation, including any of its subsidiaries, in the Corporation's most recently completed fiscal year (collectively, the "**NEOs**"). For the Corporation's fiscal year ended December 31, 2022, the NEOs are:



Alexandre L'Heureux,
President and CEO

Alexandre L'Heureux is the President and Chief Executive Officer of the Corporation.

He joined WSP in July 2010 as Chief Financial Officer, and he held this position until he was promoted to President and CEO in October 2016. Mr. L'Heureux's vision and leadership have been key drivers behind WSP's growth, and during his tenure, the Corporation completed about 90 acquisitions, significantly increasing WSP's geographical presence and bringing its workforce to more than 66,000 talented professionals. Mr. L'Heureux brings over 25 years of international experience to WSP, with a strong skillset in finance, mergers and acquisitions and business strategy. Between 2005 and 2010, Mr. L'Heureux was a Partner and Chief Financial Officer at Auven Therapeutics L.L.L.P. Throughout his career, he has developed extensive knowledge of the alternative investments industry. He is a member of the Canadian Institute of Chartered Accountants and of the Chartered Financial Analysts Institute. Mr. L'Heureux was also appointed Fellow of the Ordre des comptables professionnels agréés du Québec (Québec CPA Order) in 2017. Mr. L'Heureux is a philanthropist and has been actively involved with several not-for-profit organizations over the past decade. Most recently, he served as a governor on the cabinet for the Fondation Marie Vincent's major fundraising campaign.

Alain Michaud,
CFO

Alain Michaud is the Corporation's Chief Financial Officer (CFO). He held the role of Senior Vice President, Operational Performance and Strategic Initiatives before transitioning to the role of CFO in February 2020. Before joining WSP, Mr. Michaud was a senior partner at PwC Canada for over 20 years and a member of both the Canadian and Quebec Leadership Teams. Mr. Michaud holds a bachelor's degree in business administration from the University of Sherbrooke. He obtained his CPA, CA designation in 1997. Mr. Michaud was also appointed Fellow of the Ordre des comptables professionnels agréés du Québec (Québec CPA Order) in 2022.

Marie-Claude Dumas,
President and CEO, Canada

Marie-Claude Dumas is WSP in Canada's President and Chief Executive Officer. She is also WSP's Global Sponsor, Inclusion and Diversity. She joined WSP in January 2020 as Global Director, Major Projects & Programs and Executive Market Leader – Quebec, working closely with the Global and Canadian operations and leadership teams. A member of the Ordre des ingénieurs du Québec, Ms. Dumas holds a bachelor's degree in Civil Engineering and a master's degree in Hydrogeological Engineering both from Polytechnique Montreal as well as a master of business administration degree from HEC Montréal. Ms. Dumas brings a proven track record as a global engineering and construction executive with over 20 years of multidisciplinary management and consulting experience acquired with several multinationals.

Lewis Cornell,
President and CEO, U.S.

Lewis (Lou) Cornell is the President and Chief Executive Officer of WSP in the USA.

Mr. Cornell joined WSP in 2019 and has 31 years of extensive and progressive design and management experience in engineering, environmental, architectural and construction support business in the U.S. He has been successful in leading operations, setting the strategy and significantly growing profits for businesses covering Transportation, Water, Environmental, Energy and Property and Buildings business lines. Mr. Cornell holds a bachelor's degree in civil engineering technology from the University of Pittsburgh. He is also a trustee for the Committee of Economic Development (CED), an advisory board member for Accelerator for America, a board member for ACEC Research Lewis Cornell, Institute and a Pillars member for Bridges to Prosperity.

Mark Naysmith,
CEO, U.K. , Europe,
Middle East & Africa

Mark Naysmith joined the Corporation in 1988 and after holding a number of senior board positions, was appointed Chief Executive for the UK, Europe, Middle East and Africa. Mr. Naysmith is a Chartered Engineer (CEng) with a BEng Hons (1st) in Civil and Transportation Engineering and, in 2018, he was awarded the Honorary Doctorate of Engineering (Dr.Eng) by Edinburgh Napier University in recognition of the contribution he has made to the built and natural environment. Having started his career as a civil and structural engineer, he spent the majority of his practicing career as a transport planner. He is a member of the Edinburgh Napier University Development Board and is a Fellow of the ICE and CIHT. In 2014, Mr. Naysmith was awarded the Association for Consultancy and Engineering - European Chief Executive of the Year Award.

Executive Compensation Program

Philosophy

The Corporation's compensation program is designed to attract, retain and incentivize executives to achieve performance objectives aligned with the Corporation's vision and strategic orientation consistent with Shareholders' value creation. It also allows the Corporation to reward those executives that deliver superior financial performance.

The Governance, Ethics and Compensation Committee is responsible for defining, reviewing and monitoring the Corporation's compensation policy and guidelines for the NEOs and other executives of the Corporation. To achieve its goals, the Corporation maintains a balance between Shareholders' interests and the compensation and benefits of its executives. Compensation mix and levels are driven by business strategy and take into account the competitiveness of total compensation among international organizations with similar economic and business profiles. By linking NEOs' and Shareholders' interests through performance-contingent compensation, the compensation strategy contributes to the achievement of profitable growth for Shareholders. For more information on Shareholders' involvement in the executive compensation program, please refer to the "*Say on Pay*" section of this Circular on *page 34*.

The Governance, Ethics and Compensation Committee reviews executive compensation annually (see "*Annual Compensation Review Process*" on *page 55* of the Circular).

What Changed in 2022

In 2022, the first year of the Corporation's three-year strategic cycle, the LTIP program remained the same, and the STIP was modified by the introduction of a strategic performance multiplier (between 90% to 110%) on the STIP financial performance metrics. The modifier is based on a basket of measures aligned with the 2022-2024 Global Strategic Action Plan. These metrics were set at the beginning of 2022 and cover six areas of strategic importance for WSP, including five related to ESG ambitions, and one related to technology. Details are found in the "*Annual Short-Term Incentive Plan*" section on *page 61* of this Circular. Additionally, the operational efficiency metric ("Elevate") was removed from the STIP program and slight adjustments were made to the weight of each metric. For NEOs in global roles, slight adjustments to the weight of the metrics were made (plus or minus 5%), while for the NEOs in regional roles, the weight of Net Revenue was increased by 15% and the weight of DSO was reduced by 5%.

A compensation benchmarking analysis for the NEOs and other executives was performed by the executive compensation advisors and the Board, upon recommendation of the Governance, Ethics and Compensation Committee, approved revised compensation packages in December 2021, effective for 2022. The CEO and CFO's variable compensation opportunities (STIP and LTIP) increased for 2022 to position their compensation competitively with the median of the Peer Group and to reflect their experience and sustained strong performance in their roles. Increases were also approved for 2022 for the CEO, USA, the CEO, Canada and the CEO, U.K., Europe, Middle East & Africa in order to align with the competitive market.

Compensation Positioning

To accomplish its goals of attracting, retaining and incentivizing executives to achieve performance objectives aligned with the Corporation's vision and strategic orientation, the Corporation sets target total compensation within a competitive range of the median of the Peer Group used for executive compensation benchmarking, with additional consideration for the NEOs and the Corporation's performance. Please refer to the section entitled "*Benchmarking*" on *page 58* for a description of the Peer Group.

More specifically:

- base salary is generally reviewed annually and it is typically set within a competitive range of the median of the Peer Group, reflecting experience, individual contribution and performance, scope of the role and responsibilities, the need to attract new executives and other specific circumstances. The base salary may also be reviewed annually and aligned with the relevant regional salary increases;
- STIP targets are defined as a percentage of base salary and are typically set within a competitive range of the median of the Peer Group, but actual payment may exceed market median when results surpass objectives or may fall below median (possibly zero) when results are below expectations;
- LTIP grants of PSUs take into account the Participants' performance and contribution to the Corporation's overall results while striving to ensure the competitiveness of total compensation with the median of the Peer Group;
- LTIP grants of RSUs and Options promote retention and are aligned with long-term performance objectives and Shareholder interests;
- LTIP grants of DSUs ensure additional long-term alignment with Shareholders; and
- savings plans, benefits and other perquisites are aligned with regional practices in the countries where the Corporation operates and are generally aligned with the market median value.

General Description of the 2022 Compensation Elements

The following chart outlines the Corporation's compensation elements for 2022, which together, aim to provide a competitive compensation package to the Corporation's executives. In addition to base salary, the Corporation's executive compensation includes a mix of annual and long-term variable compensation, which is "at-risk" compensation since payment is not guaranteed. The Corporation believes this links the interests of the Corporation's executives with those of Shareholders by rewarding executives for creating Shareholder value.

Compensation element	Description	Objectives
Base salary	Competitive fixed rate of pay	Attract and retain executives with the required skills and experience to successfully achieve the Corporation's short-term business plan and longer-term strategic goals
Annual Short-Term Incentive Plan (STIP)	Annual cash bonus defined as a percentage of base salary	Reward executives for their contribution to the achievement of the Corporation's annual operational, financial and strategic objectives
	Payment can be higher or lower (down to zero) than target percentage depending on individual, regional and corporate performance	
	Corporation's executives with minimum ownership can make a voluntary election to defer a portion or all of their STIP into DSUs instead of receiving a cash payment. The Corporation will make an additional contribution equal to 25% of the first 50% of the portion of the STIP that is deferred in the form of a matching grant of DSUs.	
Long-Term Incentive Plans (LTIPs)	Long-term incentives tied to growth and performance of the Share price	Incentivize executives to achieve the longer-term objectives set forth in the Corporation's strategic plan
PSUs	PSUs vest at the end of a three-year Performance and are subject to a vesting percentage based on the level of achievement of specific performance objectives	Encourage executives to pursue initiatives that will increase Shareholder value over the long run
Options	Options vest fully three years after grant date at a rate of 1/3 each year (time-vested only)	Promote retention and alignment with Shareholder value creation, as options have value only to the extent Share price increases
RSUs	RSUs generally vest three years after grant date	Promote retention
DSUs	DSUs issued as a result of the annual STIP deferral or from the annual LTIP award program vest immediately upon being granted but are only settled (paid) after the date on which service as an employee ceases	Promote retention and alignment with long-term performance objectives
Matching DSUs	Matching DSUs, issued as a result of the partial matching of a STIP deferral, vest over three years, at a rate of 1/3 at each yearly anniversary of the grant but are only settled (paid) after the date on which service as an employee ceases	Promote retention and alignment with long-term performance objectives
Savings Plans	Annual employer-paid contribution generally defined as a percentage of base salary and invested in a pension plan, savings plan or, in the case of some executives located in Canada, an employee Share purchase plan	Attract and retain high-performing executives by providing an adequate source of savings and income at retirement
Health benefits and other perquisites	Health, dental, life and disability insurance plans	Support employee health and well-being and provide financial assistance in case of personal hardship or illness
	Other benefits	Attract high-performing executives by providing locally competitive benefits

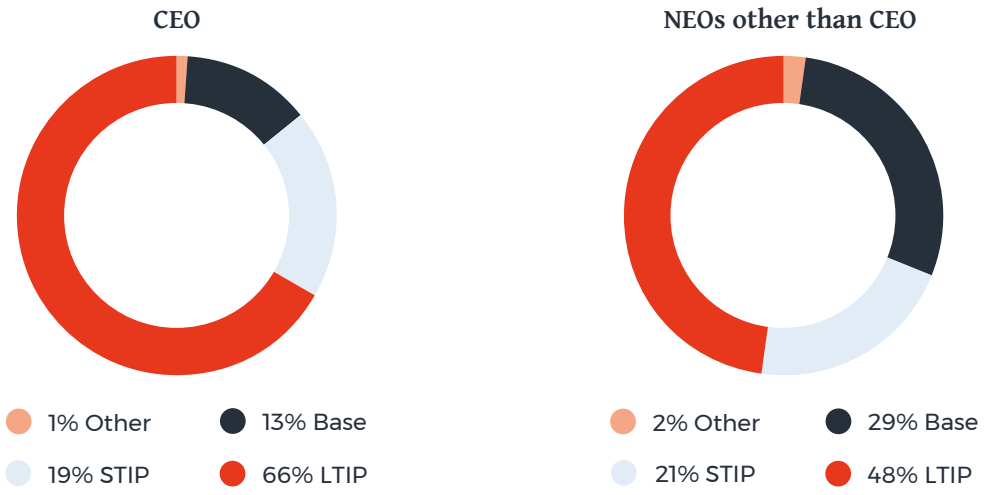
Compensation Mix

In determining the appropriate mix of compensation elements, the Governance, Ethics and Compensation Committee considers market practices including the compensation mix for similar positions in the Corporation's Peer Group as well as the Corporation's pay-for-performance philosophy.

As illustrated in the chart below, a significant portion of NEO compensation is performance-based. In total, approximately 85% of the target compensation of Alexandre L'Heureux, the President and CEO of the Corporation, and 69% of the average target compensation of the other NEOs was "at-risk" in 2022.

MIX OF COMPENSATION ELEMENTS

(The figures in the charts are based on the target compensation mix for 2022)



Annual Compensation Review Process

Role of the Governance, Ethics and Compensation Committee

On an annual basis, the Governance, Ethics and Compensation Committee:

- reviews all elements of executive compensation so that it continues to be aligned with the Corporation's business strategy;
- validates the elements of executive compensation and their value with market practices so they remain competitive and enable the Corporation to effectively attract and retain talent;
- seeks to ensure that the performance objectives for each NEO and other executives of the Corporation are derived from and generally in line with the Corporation's annual business plan objectives and reviews and recommends for approval to the Board of Directors the design of, and targets for, the annual bonus program;
- reviews and recommends for approval to the Board of Directors the design and performance targets of the long-term incentive plans and seeks to ensure that the long-term incentive compensation arrangements for the NEOs and other executives of the Corporation are structured to align their interests with those of Shareholders and reward long-term performance that creates additional Shareholder value, but without encouraging excessive risk;
- reviews and recommends for approval to the Board of Directors the CEO's salary, short-term and long-term incentive award levels and performance objectives for the upcoming year, as well as the other NEOs' respective salaries, short-term and long-term incentive award levels and performance objectives for the upcoming year based on the recommendation of the CEO;
- reviews the CEO's performance against objectives and, based on the Corporation's financial performance and the Governance, Ethics and Compensation Committee's assessment of the CEO's contribution, formulates its recommendation to the Board of Directors with respect to the appropriate bonus to be awarded to the CEO; and
- reviews and recommends for approval to the Board of Directors the compensation of the other NEOs and other executives of the Corporation following recommendations from the CEO, including appropriate bonus to be awarded.

Role of the Compensation Consultants

Independent Consultants

Since 2021, the Governance, Ethics and Compensation Committee retained Meridian to provide independent advice on executive compensation and related performance matters. In 2022, Meridian assisted in the review of the Compensation Discussion and Analysis contained in the Management Information Circular in preparation for the annual meeting of Shareholders held on May 12, 2022, as well as certain matters related to executive compensation.

In 2022, the Governance, Ethics and Compensation Committee also retained the services of Meridian to assist in connection with: 1) general trends in executive compensation including ESG-related compensation; 2) the composition of the compensation peer group for 2023; 3) the design of Short-Term and Long-Term incentive plans; 4) benchmarking of the compensation of some of the Corporation's Executive Officers including NEOs; 5) Directors compensation; 6) compensation philosophy and risk review; 7) minimum share ownership guidelines; and 8) other matters related to executive compensation.

Decisions related to executive compensation remain the responsibility of the Governance, Ethics and Compensation Committee and the Board, who, in determining executive compensation for 2022, considered the advice of Meridian provided on executive compensation.

Executive Compensation-Related Fees

Meridian's fees were $153,890 for services rendered in 2022 and $202,394 for services rendered in 2021 in connection with executive compensation-related services. In 2021, Hugessen provided executive compensation-related services to the Corporation for total fees of $5,896.

All Other Fees

Meridian did not provide services to the Corporation in 2022 or 2021 other than executive compensation-related services described above.

Executive Compensation for 2023

The Corporation's compensation approach remains substantially the same in 2023. On December 7, 2022, the Corporation adopted a new Share Unit Plan for grants to key executives as of 2023, which is subject to Shareholder approval and is being considered at the Meeting (see subsection "5. *Approval of Share Unit Plan Adoption and Ratification of Grant of Awards*" on *page 12*, under the "Business of the Meeting" section of the Circular.) The Share Unit Plan allows participants to settle their PSU and RSU grants in cash or shares and to defer the settlement to up to a 10-year term, providing an opportunity to increase alignment with longer term focus and wealth creation tied to WSP. Detailed information on the Share Unit Plan is included in *Schedule C* of this Circular and a summary of the plan can be found in the *Share Unit Plan* section below. LTIP performance metrics, quantum and mix will remain the same for 2023, focused on strong relative and absolute financial performance, aligned with Shareholders expectations. We will also keep the same STIP approach with key financial and strategic metrics, using a formulaic balanced scorecard aligned with our business strategy, along with a strategic multiplier which is based on the achievement of specific ESG-related objectives and other key strategic initiatives.

Managing Compensation Related Risk

Risk Mitigation in our Compensation Program

The Board of Directors and the Governance, Ethics and Compensation Committee use internal and external resources to assess the risks associated with the Corporation's compensation policies and practices. The Corporation's compensation programs are regularly reviewed to align the pay outcomes with the Corporation's risk management strategies, to encourage appropriate behaviours and to discourage inappropriate risk taking by Management.

The Corporation uses, among other things, the following practices to mitigate excessive risk taking:

- there is an appropriate mix of pay, including fixed and performance-based compensation with short- and longer-term performance conditions and vesting periods;
- annual bonus awards are capped and based on the achievement of a balance of financial and strategic performance objectives. Strategic objectives are primarily related to ESG, which mitigates risk by adding focus to sustainable results;
- long-term equity-based incentive grants, if and when granted, are approved by the Board of Directors and are measured on a balance of relative and absolute targets, with 50% of the LTI mix being in performance-share units;
- when considering the approval of bonus payout and long-term incentive grants, if any, the Board of Directors considers whether the anticipated costs are reasonable relative to the Corporation's projected and actual income, and amounts are not paid under the Corporation's annual incentive plans until achievement of the relevant financial results have been confirmed by audited financial statements of the Corporation;

- the Corporation's performance-based LTIPs, being the PSUs and Redeemable PSUs, fully vest after three years subject to a vesting percentage based on the level of achievement of performance objectives, ensuring that executives remain exposed to the risks of their decisions and vesting periods align with risk realization periods. RSUs, Redeemable RSUs and Options fully vest after three years of their issuance and their intrinsic value lies in the long-term performance of the Share price, thereby aligning interests of the executives with those of the Shareholders. LTIP is awarded annually, so overlapping vesting periods ensure that executives remain exposed to the long-term effects of their strategic and business decisions;
- the Corporation has an Executive Share Ownership Requirement for the NEOs and other key executives of the Corporation;
- the Corporation's insider trading policy prohibits Directors and officers of the Corporation from engaging in trading or entering into arrangements involving derivative instruments securities or other arrangements that are designed to hedge or offset a decrease in market value of any equity securities related to the Corporation;
- the Corporation's Corporate Governance Guidelines prohibit executives from purchasing financial instruments to hedge a decrease in the market value of the Shares held for the purpose of the share ownership requirements;
- the Corporation has adopted an executive compensation clawback policy (the "**Clawback Policy**") which allows it to require repayment of incentive compensation under certain circumstances (see section entitled "*Executive Compensation Clawback Policy*" below for additional details on this policy); and
- the Governance, Ethics and Compensation Committee maintains overall discretion to adjust annual incentive payouts to take into account both unexpected and extraordinary events.

The Board of Directors and the Governance, Ethics and Compensation Committee believe the Corporation's compensation plans are designed and administered with the appropriate balance of risk and reward, do not encourage excessive risk-taking behaviours and are not likely to have a material adverse effect on the Corporation.

Executive Compensation Clawback Policy

Under the Clawback Policy, which applies to all awards made under the Corporation's STIP and LTIPs from the date of the adoption of such policy and to all members of senior management of the Corporation, including NEOs, the Board of Directors may, in its sole discretion, to the fullest extent permitted by governing laws and to the extent it determines it is in the best interests of the Corporation to do so, require reimbursement of all or a portion of incentive benefits received by a member of senior management or a former member of senior management of the Corporation in situations where:

a. the amount of a bonus or incentive compensation was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of, or affected by, a restatement of all or a portion of the Corporation's financial statements and such member or former member of management engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement; or
b. such member or former member of management engaged in gross negligence, intentional misconduct or fraud.

Anti-Hedging Policy

Under the Corporation's Corporate Governance Guidelines, Directors and executives may not purchase financial instruments to hedge a decrease in the market value of the Shares held for the purpose of their Director Share Ownership Requirement or Executive Share Ownership Requirement, as applicable. In addition, the Corporation's insider trading policy prohibits Directors and officers of the Corporation from engaging in trading or entering into arrangements involving derivative instruments securities or other arrangements that are designed to hedge or offset a decrease in market value of any equity securities related to the Corporation.

Executive Share Ownership Requirement

To increase the alignment of executives' and Shareholders' interests, the Corporation requires executives to hold a multiple of their base salary in Shares or designated equity-based awards (the "**Executive Share Ownership Requirement**"). The Executive Share Ownership Requirement is to be progressively achieved over a five-year period. Consequently, an executive is expected to meet 20% of the aggregate Executive Share Ownership Requirement by the end of the first year, 40% by the end of the second year, 60% by the end of the third year, 80% by the end of the fourth year (the "**Executive Minimum Annual Requirement**") and the aggregate threshold by the end of the five-year period. To help them achieve their Executive Share Ownership Requirement, NEOs and other executives of the Corporation who are subject to the Executive Share Ownership Requirement can elect to receive DSUs instead of RSUs and may elect to defer their STIP payout in DSUs, and the Corporation will match 25% of the first 50% of the deferrable portion into additional DSUs.

Starting in 2022, the Executive Share Ownership Requirement was increased as set forth below, with such levels to be progressively achieved over a period of five years beginning on January 1, 2022. For the purpose of assessing the Executive Share

Ownership Requirement for the CEO, only the value of Shares, vested DSUs, vested Redeemable PSUs and vested Redeemable RSUs are included while the value of Options, unvested DSUs, PSUs, RSUs, unvested Redeemable PSUs and unvested Redeemable RSUs is not included. The CEO is also required to maintain his Executive Share Ownership Requirement for one year following retirement or resignation. For the purpose of assessing the Executive Share Ownership Requirement of the other executives, the value of Shares, vested DSUs, unvested RSUs, vested Redeemable PSUs and Redeemable RSUs are included while the value of Options, unvested DSUs, PSUs and unvested Redeemable PSUs is not included.

Executive	Executive Share Ownership Requirement	Included in the calculation of ownership
CEO	6 times base salary	Shares, vested DSUs, vested Redeemable PSUs, vested Redeemable RSUs
CFO and other NEOs, the Chief Legal Officer and certain senior executives	3 times base salary	Shares, vested DSUs, RSUs, vested Redeemable PSUs, Redeemable RSUs
Other key executives at the discretion of the CEO	1 time base salary	Shares, vested DSUs, RSUs, vested Redeemable PSUs, Redeemable RSUs

A participant that has been subject to the Executive Share Ownership Requirement for two (2) years or more and has not met his or her Executive Minimum Annual Requirement must use up to 50% of the net after-tax proceeds of option exercises or RSU or PSU payments or redemptions to purchase Shares.

The current market price is used when assessing the value. The executives may not purchase financial instruments to hedge a decrease in the market value of the Shares held for the purpose of the Executive Share Ownership Requirement.

EXECUTIVE SHARE OWNERSHIP REQUIREMENT CALCULATED AS AT DECEMBER 31, 2022

Executive Position	2022 Annual Base Salary	Executive Share Ownership Requirement (Multiple of Base Salary)	Minimum Annual Requirement for Executive Share Ownership Requirement met (✓) or (X)	Date by which the aggregate Executive Share Ownership Requirement must be met	Percentage of the Executive Share Ownership Requirement already met[1]
Alexandre L'Heureux President and CEO	$1,350,000	6 times base salary ($8,100,000)	✓	Requirement is met	330%
Alain Michaud CFO	$750,000	3 times base salary ($2,250,000)	✓	Requirement is met	121%
Marie-Claude Dumas President and CEO, Canada	$680,000	3 times base salary ($2,040,000)	✓	01-Jan-2027	43%
Lewis Cornell [2] President and CEO, U.S.	$846,250	3 times base salary ($2,538,750)	✓	01-Jan-2027	30%
Mark Naysmith[3] CEO, U.K., Europe, Middle East & Africa	$639,015	3 times base salary ($1,917,045)	✓	Requirement is met	135%

(1) The value is calculated using the closing price of the Shares on the TSX on December 30, 2022 of $157.09.

(2) Mr. Cornell is paid in USD. The amounts shown above are in Canadian dollars converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements, which for the year ended December 31, 2022 was $1.3540 to USD 1.

(3) Mr. Naysmith is paid in GBP. The amounts shown above are in Canadian dollars converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements, which for the year ended December 31, 2022, was $1.6385 to GBP 1.

Benchmarking

As part of its annual compensation review, the Governance, Ethics and Compensation Committee reviews the comparator group used to benchmark executive compensation so that it represents the most appropriate group of comparator companies in light of the Corporation's size, breadth of services and geographic scope. In connection with the Corporation's 2022-2024 Global Strategic Action Plan, the Governance, Ethics and Compensation Committee reviewed the peer group in 2021 and recommended changes to the peer group for compensation benchmarking for 2022, for approval by the Board.

The peer group used for benchmarking executive compensation in 2022 is composed of 18 companies. These companies, senior issuers like WSP and primarily headquartered in North America, offer professional consulting services in engineering, construction, environment and information technology with operations in markets such as buildings, transportation, infrastructure, energy, environment and industry, and with whom WSP competes for executive talent (the "**Peer Group**").

Companies in the Peer Group also respond similarly to broader economic trends, and have long term share price correlation with WSP, which makes the Peer Group appropriate for measuring relative total shareholder return for purpose of assessing performance share unit performance.

PEER GROUP

Company Name	Revenue[1]	Market Capitalization[2]	Sector[3]	Location
Cognizant Technology Solutions Corporation	$25,289	$39,478	IT Consulting & Other Services	United States
Quanta Services, Inc.	$22,225	$27,606	Construction & Engineering	United States
L3Harris Technologies, Inc.	$22,210	$53,792	Aerospace & Defense	United States
Jacobs Engineering Group Inc.	$19,969	$20,614	Construction & Engineering	United States
Leidos Holdings, Inc.	$18,739	$19,533	Research & Consulting Services	United States
AECOM	$17,266	$15,995	Construction & Engineering	United States
Atos SE	$15,539	$1,450	IT Consulting	France
CGI Inc.	$13,225	$27,817	IT Consulting	Canada
MasTec, Inc.	$12,728	$9,048	Construction & Engineering	United States
WSP[4]	$11,933	$19,550	Engineering & Professional Services	Canada
Booz Allen Hamilton Holding Corporation	$11,798	$18,739	Management Consulting & Professional Services	United States
Science Applications International Corporation	$9,786	$8,214	Research & Consulting Services	United States
KBR, Inc.	$8,544	$9,769	Construction & Engineering	United States
CACI International Inc.	$8,437	$9,578	Research & Consulting Services	United States
SNC-Lavalin Group Inc.	$7,549	$4,189	Construction & Engineering	Canada
Stantec Inc.	$5,677	$7,189	Engineering & Professional Services	Canada
Arcadis NV	$5,520	$4,797	Construction & Engineering	Netherlands
Tetra Tech, Inc.	$4,608	$10,474	Engineering & Professional Services	United States
CAE Inc.	$3,902	$8,325	Aerospace & Defense	Canada
75th percentile	$18,003	$20,082		
50th percentile	$11,933	$10,474		
25th percentile	$7,993	$8,269		
Average	$12,892	$16,640		

(1) All figures are in millions of Canadian dollars (converted at average 2022 foreign exchange rates) and, except for the Corporation, are for the last twelve months ended on December 31, 2022 as reported on Bloomberg.

(2) All figures are in millions of Canadian dollars (converted at December 31, 2022 foreign exchange rates) and, except for the Corporation, are as reported on Bloomberg.

(3) Based on Industry Classification Benchmark (ICB 19) from Bloomberg as of December 31, 2022.

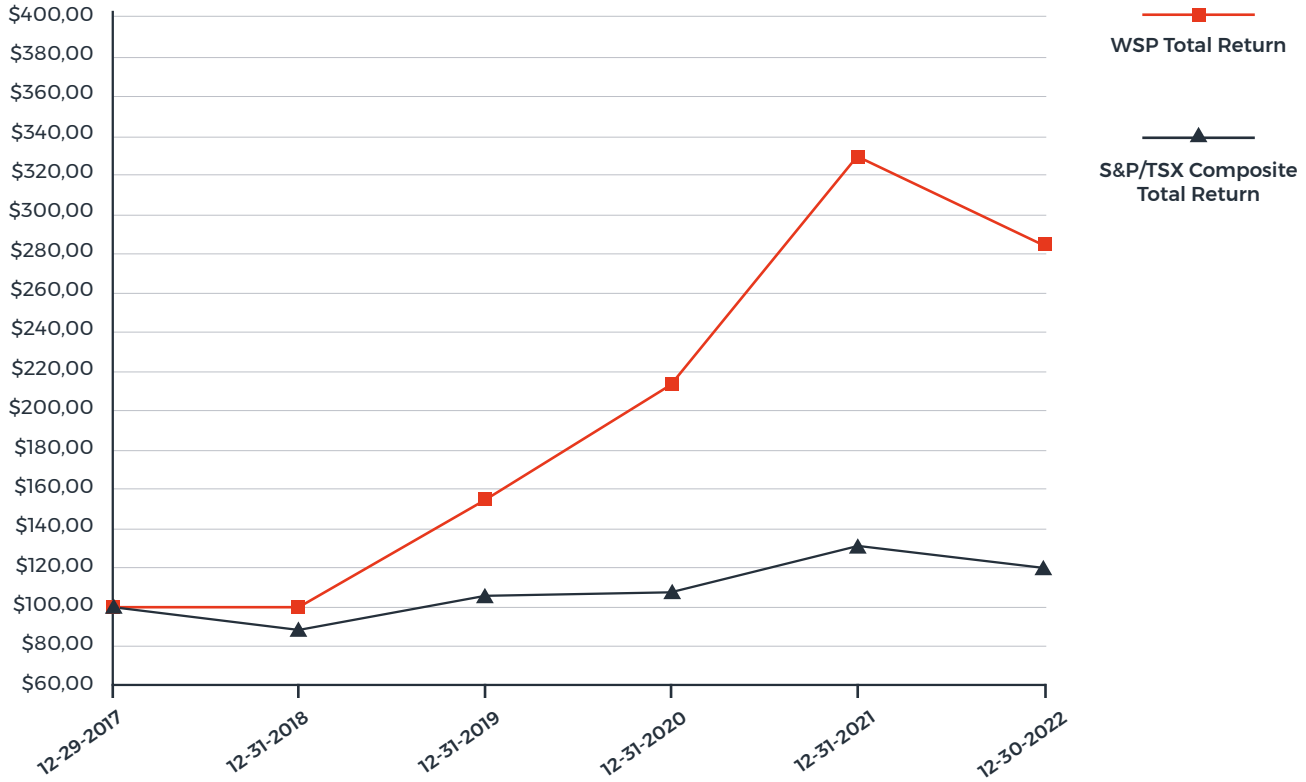
(4) The Corporation's revenue as reported in the annual consolidated financial statements of the Corporation for the fiscal year ended December 31, 2022 and market capitalization is based on the closing price of the Shares on the TSX on December 30, 2022 of $157.09.

Executive Pay and Performance

Performance Graph

The following performance graph compares the cumulative total return of a $100 investment on the TSX in the Shares from January 1, 2018 until December 31, 2022 with the cumulative total return on the S&P/TSX Composite Index, assuming reinvestment of all distributions and dividends, for the period from January 1, 2018 to December 31, 2022.

COMPARISON OF TOTAL SHAREHOLDER RETURN WITH S&P INDEX



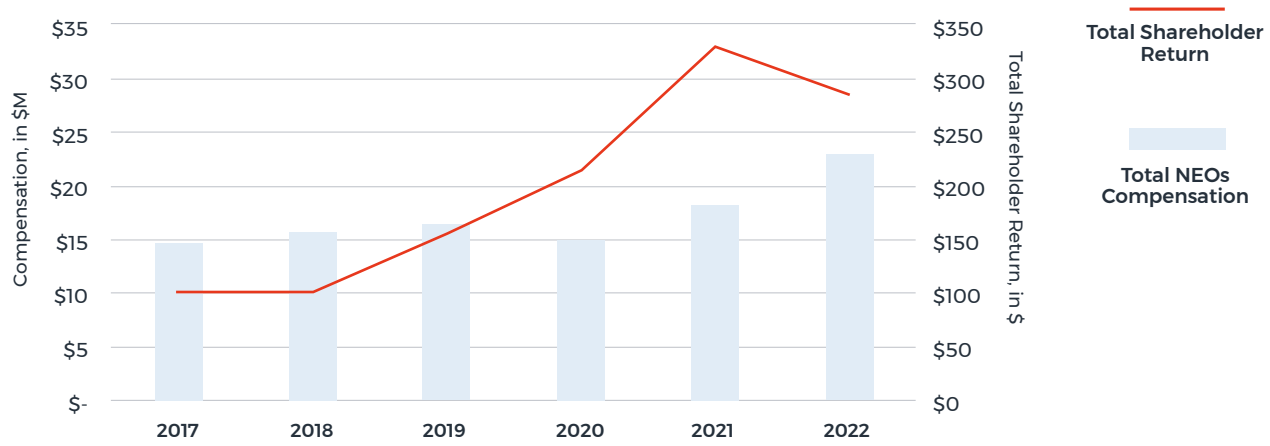
	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022
WSP	$100.23	$154.59	$213.68	$328.70	$283.74
S&P/TSX Composite	$88.36	$105.27	$107.55	$130.93	$119.59

The above performance graph and table show both a strong increase in the Corporation's total shareholder return (the "**Total Shareholder Return**"), as well as a solid performance by the Corporation as the Total Shareholder Return exceeded the S&P/TSX Composite Total Return by approximately 137% over the period from January 1, 2018 to December 31, 2022.

Trends in Compensation

The following graph illustrates the relationship between the aggregate compensation paid to all NEOs relative to the Corporation's performance and Total Shareholder Return over the period from January 1, 2018 to December 31, 2022:

TRENDS IN TOTAL COMPENSATION[1]



(1) There were five NEOs in 2018, 2019 and 2021 and there were six NEOs in 2020 given the appointment of Alain Michaud as CFO on February 27, 2020, following the departure of Bruno Roy as former CFO on February 26, 2020.

The trend generally demonstrates a high level of shareholder return since 2019, and a strong alignment between the total compensation granted to the NEOs and the Corporation's cumulative Total Shareholder Return. The compensation in the chart above reflects the grant date value of equity awards. As a significant proportion of NEO compensation is in the form of equity-based at risk compensation, compensation ultimately realized by our NEOs is aligned closely with the value created for our Shareholders. Also, as a consequence of the Corporation's evolution and continuous growth, the compensation plans offered to NEOs, namely the STIP and the LTIP, have been reviewed annually and updated as needed in order to continue supporting a pay-for-performance philosophy and increasing alignment of executive compensation with Shareholders interests.

Cost of Management Ratio

The cost of management ratio expresses the total compensation reported for the NEOs as a percentage of the Corporation's Net Revenues over a period of five years from the year ended December 31, 2018 until the year ended December 31, 2022.

	2018	2019	2020	2021	2022
NEOs Total Compensation (million)[1]	$15.7	$16.4	$15.0[2]	$18.3	$22.9
Net Revenues (million)[3]	$6,020	$6,886	$6,859	$7,870	$8,957
COST OF MANAGEMENT RATIO	0.26%	0.24%	0.22%	0.23%	0.26%

(1) Total compensation as reported in the summary compensation table of the management information circular each year. For the fiscal year ended December 31, 2020, this amount represents actual compensation paid to the NEOs after COVID-19 related reductions. See the "Summary Compensation Table" for further details.

(2) Had there been no COVID-19 related salary reductions in 2020, the NEOs' total compensation would have been $16 million and the cost of management ratio would have been 0.23%.

(3) Net Revenues are defined as revenues less direct costs for sub-consultants and other direct expenses that are recoverable directly from clients. Net Revenues is a total of segments measure. See the Corporation's management's discussion & analysis for the fourth quarter and year ended December 31, 2022 available on SEDAR at www.sedar.com for reconciliations to the nearest IFRS measure.

DESCRIPTION OF COMPENSATION PAID TO NEOS IN 2022

Base Salary

The base salaries of the NEOs and other executives of the Corporation are reviewed annually by the Governance, Ethics and Compensation Committee. For 2022, annual base salaries were reviewed and adjusted to reflect individual performance and positioning versus the Peer Group. Base salaries are typically set within a competitive range of the median of the Peer Group and reviewed annually to maintain alignment with regional markets. Base salaries may be set above or below median to reflect experience, individual contribution and performance, changes in scope or responsibilities, attract new executives and other specific circumstances.

COMPARISON OF BASE SALARIES FROM 2021 TO 2022

	2021[1]	2022[1]	% Change
CEO	$1,350,000	$1,350,000	—%
Other NEOs[2][3]	$2,828,652	$2,915,265	3.1%

(1) Base salaries are those in effect as at December 31 of each year.

(2) Mr. Naysmith is paid in GBP. His annual salary for each of 2021 and 2022 was converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements for the fiscal years ended December 31, 2021 and December 31, 2022 which were, respectively, $1.7243 to GBP 1 in 2021 and $1.6385 to GBP 1 in 2022.

(3) Mr. Cornell is paid in USD. His annual salary for each of 2021 and 2022 was converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements for the fiscal years ended December 31, 2021 and December 31, 2022, which were, respectively, $1.2534 to USD 1 in 2021 and $1.3540 to USD 1 in 2022.

Annual Short-Term Incentive Plan

NEOs are entitled to receive STIP awards for achieving or exceeding pre-determined goals derived from the annual business plan. The Governance, Ethics and Compensation Committee aligns the Corporation's STIP metrics with the Corporation's strategic plan and Peer Group practices.

In determining the various metrics of the 2022 STIP, the Governance, Ethics and Compensation Committee selected financial performance indicators that are part of the Corporation's annual business plan and long-term strategic plan and are highly correlated with value creation for Shareholders.

The Governance, Ethics and Compensation Committee focused the STIP for 2022 on generally the same financial measures as in 2021; however, the "Elevate" performance measure (weighted 10% and related to operational efficiency) was removed. Revenue-based metrics were set in terms of Acquisition Growth and Net Revenue for STIP purposes, profitability was measured using Adjusted EBITDA for STIP purposes, and DSO for STIP purposes was used to measure cash conversion efficiency. For each financial measure, targets were set at the consolidated level for global executives and at consolidated and regional levels for regional executives and were approved by the Board, upon recommendation of the Governance, Ethics and Compensation Committee.

Starting in 2022, the Corporation introduced a strategic multiplier to the STIP program which consists of 6 strategic performance measures, 5 of which are related to ESG and linked to ambitions set out in WSP's 2022-2024 Global Strategic Action Plan. For the NEOs, such multiplier is reviewed by the Governance, Ethics and Compensation Committee and recommended for approval by the Board. After assessing the level of achievement, the strategic multiplier of 90% to 110% is applied to the level of payout determined based on the achievement of the STIP financial measures; in other words, the percentage of achievement of the financial measures is multiplied by 90% to 110%.

In order to trigger the payment of an STIP, each NEO must meet a minimum financial threshold expressed in consolidated and/or regional Adjusted EBITDA, as applicable.

For 2022, the Governance, Ethics and Compensation Committee reviewed the Corporation's results and assessed the CEO's performance against his performance goals, including the STIP financial and strategic measures. The Governance, Ethics and Compensation Committee also analyzed and discussed with the CEO the performance of the other NEOs and executives of the Corporation in order to recommend their respective STIP payments to the Board for approval.

The following table describes the 2022 STIP financial measures. For the year ended December 31, 2022, the performance measures of global NEOs (CEO & CFO) were entirely based on global consolidated results, while the financial performance measures of the regional NEOs (President and CEO, U.S., President and CEO, Canada, and CEO U.K., Europe, Middle East & Africa) were 85% based on regional results and 15% based on global consolidated results.

DESCRIPTION OF THE 2022 STIP FINANCIAL MEASURES

Performance Measures	Description	How Target is Set	Calculation Methodology
Adjusted EBITDA for STIP purposes	Earnings before net financing expense (except interest income), income tax expense, depreciation, amortization, impairment charges and reversals thereof, share of income tax expense and depreciation of associates and acquisition, integration and restructuring costs. Adjusted EBITDA for STIP purposes excludes current year acquisitions. For all NEOs, no STIP is payable if the Adjusted EBITDA for STIP purposes is below 90% at the consolidated or regional level, as applicable, except at the discretion of the Board of Directors.	Target is set at the Corporation's annual budget.	Adjusted EBITDA for STIP purposes is calculated on a consolidated basis for all NEOs. Adjusted EBITDA by segment for STIP purposes is calculated at the regional level for regional NEOs only (President and CEO, Canada, President and CEO, U.S., and CEO U.K., Europe, Middle East & Africa).
Net Revenues for STIP purposes	Revenues less direct costs for subconsultants and other direct expenses that are recoverable directly from clients. Net Revenues for STIP purposes excludes current year acquisitions. Regional Net Revenues for STIP purposes also excludes foreign currency impact.	Target is set at the Corporation's annual budget.	Calculated on a consolidated basis for global NEOs (CEO & CFO). Calculated on a regional basis for regional NEOs (President and CEO, Canada, President and CEO, U.S., and CEO U.K., Europe, Middle East & Africa).
DSO for STIP purposes	Represents the monthly average number of days to convert the Corporation's trade receivables (net of sales taxes) and costs and anticipated profits in excess of billings into cash, net of billings in excess of costs and anticipated profits.	Target is set at the Corporation's annual budget.	Calculated on a consolidated basis for global NEOs (CEO & CFO). Calculated on a regional basis for regional NEOs (President and CEO, Canada, President and CEO, U.S., and CEO U.K., Europe, Middle East & Africa).
Acquisition Growth	Internal compensation performance measure calculated based on the expected Net Revenues derived from acquisitions during the measurement period.	Target is approved by the Board of Directors, upon recommendation of the Governance, Ethics and Compensation Committee	Calculated on a consolidated basis. Applicable to global NEOs only (CEO & CFO).

The consolidated financial measures, weighting, achievement and payout under the STIP for 2022 are set out in the table below. In addition, for each of the financial measures, the annual minimum threshold, target and maximum threshold are each set at 0%, 100% and 200%, respectively. The detail relating to the targets and achievement of each performance measure for Regional NEOs is competitively sensitive.

2022 STIP PERFORMANCE - FINANCIAL MEASURES, RESULTS AND RELATED PAYOUT

Performance Measures for Global NEOs	Relative Weight	Achievement				Payout multiplier	Payout[1]
		Minimum threshold	Target	Maximum threshold	Actual 2022 results		
For CEO and CFO							
Adjusted EBITDA for STIP purposes ($M)[2]	40%	1,378	1,450	1,523	1,472	131%	52%
Acquisition growth ($M)	20%	300	400	600	1,212	200%	40%
DSO for STIP purposes (days)[3]	15%	76.9	73.2	69.6	71.3	153%	23%
Net Revenues for STIP purposes ($M)[4]	25%	8,338	8,500	8,662	8,608	167%	42%
						Payout for financial measures[5]:	**157%**

Performance Measures for Regional NEOs	Relative Weight	Achievement	Payout multiplier	Payout[1]
For President and CEO, U.S.				
Adjusted EBITDA for STIP purposes ($M)	15%	> Target	131%	20%
Adjusted EBITDA by segment for STIP purposes ($M)	35%	> Target	162%	57%
DSO for STIP purposes (days)	15%	< Minimum threshold	0%	0%
Net Revenues for STIP purposes ($M)	35%	< Target	94%	33%
			Payout for financial measures[5]:	**109%**
For President and CEO, Canada				
Adjusted EBITDA for STIP purposes ($M)	15%	> Target	131%	20%
Adjusted EBITDA by segment for STIP purposes ($M)	35%	> Target	130%	46%
DSO for STIP purposes (days)	15%	> Maximum threshold	200%	30%
Net Revenues for STIP purposes ($M)	35%	> Target	144%	51%
			Payout for financial measures[5]:	**146%**
For CEO U.K., Europe, Middle East & Africa[6]				
Adjusted EBITDA for STIP purposes ($M)	15%	> Target	131%	20%
Adjusted EBITDA by segment for STIP purposes ($M)	35%	> Target	165%	58%
DSO for STIP purposes (days)	15%	> Maximum threshold	200%	30%
Net Revenues for STIP purposes ($M)	35%	> Maximum threshold	200%	70%
			Payout for financial measures[5]:	**177%**

(1) The payout represents the achievement for each performance metric, expressed as a percentage and is subject to the relative weight of each performance measure. Numbers may not exactly add up due to rounding.

(2) This is a non-IFRS financial measure and as such, does not have any standardized meaning prescribed under IFRS and may differ from similar computations as reported by other issuers, and accordingly may not be comparable. Ajusted EBITDA for STIP purposes is defined as Adjusted EBITDA excluding any business combinations that occur after targets are set. For the definition of Adjusted EBITDA, refer to section 22, "Glossary of segment reporting, non-IFRS and other financial measures" in the Corporation's management's discussion & analysis for the fourth quarter and year ended December 31, 2022 available on SEDAR at www.sedar.com. For the year ended December 31, 2022, Adjusted EBITDA was $1,530.2 million, less contributions of acquisitions completed in 2022 of $58.2 million, equals Adjusted EBITDA for STIP purposes on a consolidated basis of $1,472 million.

(3) This is a supplementary financial measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers. For STIP purposes, DSO represents the monthly average number of days to convert the Corporation's trade receivables (net of sales taxes) and costs and anticipated profits in excess of billings into cash, net of billings in excess of costs and anticipated profits.

(4) This is a non-IFRS financial measure, without a standardized definition within IFRS, which may not be comparable to similar measures presented by other issuers. Net Revenues for STIP purposes is defined as Net Revenues excluding any business combinations that occur after targets are set. For the definition of Net Revenues, refer to section 22, "Glossary of segment reporting, non-IFRS and other financial measures" in the Corporation's management's discussion & analysis for the fourth quarter and year ended December 31, 2022 available on SEDAR at www.sedar.com. For the year ended December 31, 2022, Net Revenues were $8,957.2 million, less contributions of acquisitions completed in 2022 of $349.2 million, equals Net Revenues for STIP purposes on a consolidated basis of $8,608 million.

(5) The financial achievement on the above metrics was subject to the strategic multiplier, See the section 2022 Strategic Performance Measures and Results below for more details.

(6) Results from certain acquisitions were excluded from the calculation of the regional financial measures targets and achievement.

2022 Strategic Performance Measures and Results

In 2022, we introduced a basket of strategic performance measures as a multiplier (90% to 110%) of performance on the STIP financial measures. These measures, which do not carry any formal, predetermined individual weighting, were set at the beginning of 2022 and covered 6 areas of strategic importance to WSP, primarily related to our ESG ambitions. To determine the individual strategic multiplier applicable to each NEO, the Governance, Ethics and Compensation Committee assessed actual performance on each metric, then evaluated the overall global or regional performance, as applicable, using sound judgment. We expect that the individual strategic measures and how we set expectations and measure performance will evolve with our strategy.

The following table presents each of the strategic performance measures and their expected (target) achievement, which are set on a consolidated basis for global NEOs and on a regional basis for regional NEOs. The details relating to the achievement of each metric is competitively sensitive. The targets were set on the basis that they could be achieved with significant effort.

ESG category	Topics	Expected achievement
Social	Engagement	Meaningful improvement of engagement score on WSP's survey
	Inclusion and diversity	Meaningful (5%) increased presence of women and Under-Represented Groups in management
	Health and safety	Reduce Total Recordable Incident Rate (TRIR) by 10%[1]
Governance	Ethics	98% of our targeted active employees will have completed mandatory ethics training
Environment	Clean Revenue	Increase our percentage of Clean Revenue[2] at a faster rate than our baseline business growth
N/A	Technology	Successfully design a Global ERP system and implement according to plan

(1) In cases where a region's TRIR was already below 0.1, the expected achievement was to keep TRIR below 0.1.

(2) We previously reported "Clean Revenues". In line with industry practice, we have continued to refine our methodology, and have renamed this metric "SDG-Linked Revenues" which includes revenues earned from services that contribute to any of the SDGs.

The Governance, Ethics and Compensation Committee assessed for each NEO actual performance relative to each of the targets, based on global or regional results, as applicable, then evaluated the overall global or regional performance using sound judgment to recommend to the Board for approval the individual strategic multiplier for each NEO. The following table presents the individual strategic multiplier approved and applied to each NEO on their 2022 STIP financial measures.

NEOs	Strategic measures multiplier applied
Global NEOs (CEO & CFO)	105%
CEO, Canada	105%
CEO, USA	100%
CEO, UK, ME, Europe & Africa	110%

2022 STIP Targets and Actual Payout

For 2022, each NEO's target bonus and actual payout under the STIP were based on their respective annual base salary.

NEOs	Threshold	Target	Maximum	Financial performance	Strategic multiplier	Final payout[1]	Actual Payout[2]
	(as a % of Base Salary)						
Alexandre L'Heureux President and CEO	0%	**140%**	280%	157%	105%	**165%**	**$3,118,500**
Alain Michaud CFO	0%	**90%**	180%	157%	105%	**165%**	**$1,113,750**
Marie-Claude Dumas President and CEO, Canada	0%	**50%**	100%	146%	105%	**153%**	**$520,200**
Lewis Cornell[3] President and CEO, U.S.	0%	**70%**	140%	109%	100%	**109%**	**$645,689**
Mark Naysmith[4] CEO U.K., Europe, Middle East & Africa	0%	**80%**	160%	177%	110%	**195%**	**$996,863**

(1) The final payout percentage represents the percentage of the STIP target being paid, rounded to the nearest whole number, being the percentage of financial performance achieved multiplied by the strategic multiplier.

(2) The actual payout amount represents the final payout percentage multiplied by the target as a percentage multiplied by the NEO's base salary. As an example, Mr. Michaud's actual payout amount represents 165% of 90% of his base salary (165% x 90% x $750,000 = $1,113,750).

(3) Mr. Cornell is paid in USD. The amounts shown above are in Canadian dollars converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements, which for the year ended December 31, 2022 was $1.3540 to USD 1.

(4) Mr. Naysmith is paid in GBP. The amounts shown above are in Canadian dollars converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements, which for the year ended December 31, 2022 was $1.6389 to GBP 1.

Long-Term Incentive Plans

The following table describes the various types of grants made to NEOs under the LTIPs and their respective performance conditions.

TYPE OF EQUITY AWARDS AND VESTING MATRIX

Type of grant	Description and Vesting Matrix		Payment Characteristic and Valuation
PSUs	PSUs granted in 2020, 2021 and 2022 may vest at the end of a three-year Performance Period based on the Corporation's TSR relative to that of the Peer Group (50%) and Adjusted EPS Growth targets (50%). The percentage of vesting between the performance levels presented in the table below is calculated on a straight-line basis between each stated level.		PSUs are subject to a performance multiplier, expressed as a percentage. As aligned with market practice, the percentage of PSUs that may vest can vary from 0% up to a maximum of 200%, including a payout level of 50% for performance at the 25th percentile, reflecting a significant reduction in LTI value and aligning with shareholder experience. Vested PSUs under the PSU Plan can only be settled in cash. Value equal to the number of vested PSUs (including Dividend Equivalents earned thereon as well as potential additional PSUs from the performance multiplier) multiplied by the Market Value of the units.
	Calibration of Adjusted EPS Growth:		
	Adjusted EPS Growth	**% of PSUs that Vests**	
	15% or lower	0%	
	22.5%	60%	
	30%	100%	
	40% or higher	200%	
	Calibration of TSR:		
	Relative TSR	**% of PSUs that Vests**	
	Lower than 25th percentile	0%	
	25th percentile	50%	
	Median	100%	
	75th percentile	150%	
	100th percentile	200%	
Options	Options issued prior to 2019 generally fully vest three years after grant date (cliff-vesting) and have a 10-year term. Options issued since 2019 generally vest over a three-year period after grant date, at a rate of 1/3 at each anniversary of the grant, and have a 10-year term.		Option Price shall not be less than the Market Value of Shares at the time of the grant. Options provide value only if the Share price increases above the Option Price prior to the end of term. Value equal to the number of vested Options to be exercised multiplied by the difference (in $) between the Share price on the day Options are exercised and the Option Price.
RSUs	RSUs are time-vested only and generally vest at the end of a three-year period.		Vested RSUs under the RSU Plan can only be settled in cash. Value equal to the number of vested RSUs (including Dividend Equivalents earned thereon) multiplied by the Market Value.
DSUs	Subject to limited exceptions, DSUs vest immediately upon being granted but their settlement is deferred.		Vested DSUs can only be settled in cash. Vested DSUs become payable once employment with the Corporation is terminated for any reason other than for cause. Value equal to the number of vested DSUs (including Dividend Equivalents earned thereon) multiplied by the Market Value on the date a redemption notice is filed by the Participant (or at the latest, December 1 of the year following termination of employment).
Matching DSUs	Matching DSUs correspond to a match at a rate of 25% of any STIP amount that an Eligible Participant elects to defer and receive in the form of DSUs. This 25%-match is applicable on up to 50% of the total deferrable STIP amount that any Eligible Participant is entitled to. Subject to limited exceptions, the Matching DSUs vest over three years at a rate of 1/3 per anniversary year, but their settlement is deferred.		Same as DSUs above.

Performance conditions selected in 2020, 2021 and 2022 are aligned with the Corporation's strategic plan and with the interests of Shareholders.

2022 LTIP Awards

The target award of PSUs, Options and/or RSUs for each NEO (and Eligible Participant) is defined as a percentage of their respective annual salary. RSUs may also be granted to executives as an inducement to employment with the Corporation and to promote retention of current executives. When making decisions in determining the 2022 awards of PSUs, Options and/or RSUs to be granted to each NEO and Eligible Participant, the Governance, Ethics and Compensation Committee gave due consideration to the value of each NEO or Eligible Participant's present and potential future contribution to the Corporation's success, and considered other factors such as the Corporation's performance both in absolute terms and relative to the Peer Group and the degree to which previous long-term incentive grants continue to incentivize executives to achieve the Corporation's long term objectives and pursue initiatives that will create value for the Shareholders over the long run.

DSUs are not a formal part of the LTIP mix. However, in order to increase the alignment of executives' and Shareholders' interests, NEOs and those members of the Corporation's global leadership team who are subject to the Executive Share Ownership Requirement, can voluntarily elect to receive DSUs instead of RSUs. In addition, in 2022, all executives of the Corporation who are subject to the Executive Share Ownership Requirement, could elect to defer their STIP payout into a grant of DSUs, with the Corporation matching 25% of the first 50% deferrable portion of STIP into additional DSUs.

The following table shows the various awards under the LTIPs for each NEO approved by the Board, upon recommendation by the Governance, Ethics and Compensation Committee, for the fiscal year ended December 31, 2022.

2022 LTIP TARGETS AND AWARDS

NEOs	Target PSUs/ Options/ RSUs as a % of Salary	PSU/ Options/ RSU Target Mix[1]	PSU Award Value[2]	Option Award Value[3]	RSU Award Value[4]	DSU Award Value[5]	Total Award Value
Alexandre L'Heureux President and CEO	495%	50% PSUs + 30% Options + 20% RSUs	$3,341,250	$2,004,756	$0	$1,336,500	$6,682,506
Alain Michaud CFO	225%	50% PSUs + 30% Options + 20% RSUs	$843,750	$506,233	$0	$337,500	$1,687,483
Lewis Cornell President and CEO, U.S.	150%	50% PSUs + 30% Options + 20% RSUs	$580,744	$348,426	$232,298	$0	$1,161,468
Mark Naysmith CEO, U.K., Europe, Middle East & Africa	155%	50% PSUs + 30% Options + 20% RSUs	$512,771	$307,659	$0	$205,108	$1,025,538
Marie-Claude Dumas President and CEO, Canada	130%	50% PSUs + 30% Options + 20% RSUs	$442,000	$265,193	$0	$176,800	$883,993

(1) DSUs do not, as a matter of fact, form part of the LTIP mix. However, in order to increase the alignment of executives' and shareholders' interests, NEOs and those members of the Corporation who are subject to the Executive Share Ownership Requirement, can voluntarily elect to receive DSUs instead of RSUs.

(2) Represents the Market Value of PSUs awarded pursuant to the PSU Plan on January 1, 2022.

(3) Represents the fair value per Option of Options granted on January 1, 2022 of $41.43, which was estimated using the Black-Scholes-Merton option model, a prevalent and commonly used valuation methodology, according to the following assumptions: an expected annual dividend of $1.50, risk-free interest rate of 1.85%, expected volatility of 22.5% and an expected duration of 5.7 years.

(4) Represents the Market Value of RSUs awarded pursuant to the RSU Plan on January 1, 2022. For 2022, Messrs. L'Heureux, Michaud and Naysmith and Ms. Dumas, who were all subject to the Executive Share Ownership Requirement at the time of the DSU election deadline, elected to replace their RSU grant with a DSU grant.

(5) Represents the Market Value of DSUs awarded pursuant to the DSU Plan as part of the annual long-term incentive awards. It excludes the DSUs from the STIP deferral and any Matching DSUs (refer to the DSU Awards from STIP Deferral table below for those details).

In 2022, the NEOs received an aggregate of 82,845 Options, with an estimated grant date value of $3,432,268 based on the Black-Scholes-Merton option valuation model and the NEOs received an aggregate of 31,666 PSUs for a grant date value of $5,720,515, 1,286 RSUs for a grant date value of $232,298 and 11,381 DSUs for a grant date value of $2,055,908 based on the Market Value of Shares on the date of the grant. Please refer to the "*Summary Compensation Table*" on *page 71* for a full description of how the Market Value is calculated.

DSU AWARDS FROM STIP DEFERRAL

The following table shows, for each NEO, the DSU and Matching DSU awards received during the fiscal year ended December 31, 2022 as a result of the deferral of their STIP compensation.

NEOs	Role	DSU Award Value from STIP Deferral[1]	Matching DSU Award[2]
Alexandre L'Heureux	President and CEO	$968,956	$242,239
Alain Michaud	CFO	$331,267	$82,817
Marie-Claude Dumas	President and CEO, Canada	$270,160	$67,540
Lewis Cornell	President and CEO, U.S.	$0	$0
Mark Naysmith	CEO, U.K., Europe, Middle East & Africa	$182,939	$45,735

(1) The amounts included in this column represent the portion of the STIP payable to an NEO in respect of the performance year ended December 31, 2021 which each such NEO has voluntarily elected to receive in the form of DSUs instead of actual cash payout in the year ended December 31, 2022.

(2) The amounts included in this column represent the amount matched by the Corporation as a result of an NEO's voluntary election to receive a portion of their STIP in DSUs (instead of a cash payment), which amounts represent 25% of the first 50% of the deferrable portion of the STIP. Refer to the section "Type of Equity Awards and Vesting Matrix" on page 72 of this Circular for additional details.

Employee Share Purchase Plan

In 2014, the Corporation implemented the ESPP for its Canadian employees, including Canadian NEOs. The purpose of the ESPP is to facilitate access to Share ownership and build a sense of belonging to the Corporation. Since July 2019, for each dollar invested by an eligible employee to purchase Shares, the Corporation contributes an amount corresponding to 50% of the employee's contribution, up to a maximum employer contribution of $1,000 per year per employee for hourly-based employees, and up to a maximum employer contribution of $2,000 per year per employee for salaried employees. The ESPP is managed by an external provider and the Shares are purchased on the market.

Retirement Plans and Other Benefits

Retirement and Savings Plans

The Corporation uses different retirement and savings plans based on the location of each NEO in order to provide a certain level of income security at retirement. The following table summarizes the various retirement and savings plans in place for NEOs:

RETIREMENT AND SAVINGS PLANS OFFERED TO NEOS IN 2022

NEO	Type of Plan	Contribution formula
Alexandre L'Heureux[1] President and CEO **Alain Michaud**[1] CFO **Marie-Claude Dumas** President and CEO, Canada	Deferred Profit Sharing Plan, Group RRSP, Non-Registered Savings Plan	Corporation matches 100% of the NEO's contributions in the Group RRSP, up to a maximum amount equivalent to 10% of base salary, subject to the maximum permitted under the Income Tax Act (Canada), with any additional amounts in a non-registered savings plan.
Lewis Cornell President and CEO, U.S.	401(k) Plan	Corporation matches 50% of the NEO's contributions into the 401(k) plan up to US$9,150.
Mark Naysmith CEO, U.K., Europe, Middle East & Africa	Defined Contribution Plan	Corporation provides NEO with a contribution of 10% of his base salary, in the form of a pension contribution (up to the allowed limit of GBP 4,000), and in the form of a cash taxable allowance for the remaining portion.

(1) For 2022, the Corporation agreed to Messrs. L'Heureux and Michaud's request to allocate their personal and the Corporation's contributions to their ESPP account rather than their savings plans. These amounts are reflected in the "Summary Compensation Table" on page 71 under the "All Other Compensation" heading.

Please refer to the "*Summary Compensation Table*" on *page 71* for more information on the individual value of these benefits for each NEO.

Benefits and Other Perquisites

The Corporation offers an array of competitive benefits to its employees independent of their role in the organization and taking into consideration general practices in each of the regions where the Corporation operates. NEOs are covered under the same

benefits programs applicable to all other employees in their respective region and which typically include life, medical, dental and disability insurance.

The aggregate value of other perquisites that were provided to each NEO for the year ended December 31, 2022 (and that are not typically offered to all other employees of the Corporation) did not exceed the lesser of $50,000 or 10% of each NEO's annual base salary. Please refer to the "*Summary Compensation Table*" on *page 71* for more information.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Corporation or its subsidiaries have employment agreements in place with each NEO that provide for termination and Change of Control benefits. All such employment agreements are for an indeterminate term and include confidentiality covenants which apply indefinitely.

EMPLOYMENT AGREEMENT PAYMENTS IN CASE OF TERMINATION

The following table summarizes the non-solicitation and non-competition covenants, severance payable on a termination without cause and Change of Control provisions applicable to the NEOs as at December 31, 2022. Benefits provided in the event of a Change of Control to certain NEOs in their employment agreements are based on a "double trigger", meaning that they require both a change of control and a termination of employment without cause.

NEO	Non-solicitation covenant	Non-competition covenant	Payment in case of termination without cause	Payment in case of termination of employment following a Change of Control
Alexandre L'Heureux President and CEO	During employment and one year following termination	During employment and one year following termination	24 months of base salary and benefits and a lump sum payment equal to two times the amount of the average STIP payment in the last two completed financial years of the Corporation preceding termination	Same as termination without cause for 18 months following Change of Control[1]
Alain Michaud CFO	During employment and one year following termination	During employment and one year following termination	18 months of base salary and benefits and a lump sum payment equal to one and a half times the amount of the average STIP payment in the last two completed financial years of the Corporation preceding termination	Same as termination without cause for 18 months following Change of Control[1]
Marie-Claude Dumas President and CEO, Canada	During employment and one year following termination	During employment and one year following termination	18 months of benefits and a lump sum payment equal to one and a half times base salary and one and a half times the amount of average STIP payment received in the last two completed financial years of the Corporation preceding termination	No change of control provision
Lewis Cornell President and CEO, U.S.	During employment and one year following termination	One year following termination	12 months of base salary and health premiums and 50% of the annual STIP target payout for the year, unless termination occurs more than 6 months after the start of the fiscal year, in which case the STIP payout would be prorated.	No change of control provision
Mark Naysmith CEO U.K., Europe, Middle East & Africa	During employment and one year following termination	During employment and one year following termination	12 months of base salary and any sum that would have been paid to the employee during that time, excluding bonuses	No change of control provision

(1) Applies in the event of termination without cause or resignation for good reason following a change of control. Good reason is defined as one of the following events: (a) a relocation of the executive's principle workplace; (b) a material diminution in job responsibilities or assignment of duties inconsistent with respect to the executive's position; (c) any other change in the terms and conditions of the executive's employment that would constitute a constructive dismissal, which could include a material reduction in compensation, and (d) in the case of Mr. L'Heureux, any failure by WSP to comply with any of the provisions of the executive's employment agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by WSP promptly after receipt of notice.

INCENTIVE COMPENSATION PAYMENTS IN CASE OF TERMINATION

The STIP and LTIPs also provide for different payments to NEOs under various termination scenarios which are summarized below:

Compensation Element	Voluntary Resignation	Retirement	Termination for Cause	Termination without Cause	Termination of Employment following a Change of Control
Current year STIP	No payment	No payment	No payment	No payment	No payment
PSUs	All PSUs are cancelled	Unvested PSUs remain in effect and are payable at the end of the three-year term if performance conditions are met, prorated to the amount of time actively employed during the Performance Period	All PSUs are cancelled	Unvested PSUs remain in effect and are payable at the end of the three-year term if performance conditions are met, prorated to the amount of time actively employed during the Performance Period	Immediate vesting on the date of the Change of Control
Options[1]	Vested Options must be exercised within 90 days Unvested Options are cancelled	Options may be exercised as they vest in accordance with their terms Options must be exercised before the earlier of (i) expiry of the Options, or (ii) the fifth anniversary of the retirement date	All Options are cancelled	Vested Options must be exercised within 90 days Unvested Options are cancelled	Board has discretion to make such provision for the protection of the rights of the Participants
RSUs	All RSUs are cancelled	Unvested RSUs remain in effect and are payable at the end of the three-year term based on Market Value, prorated to the period of employment between the award date and the vesting determination date	All RSUs are cancelled	Unvested RSUs remain in effect and are payable at the end of the three-year term, prorated to the period of employment between the award date and the vesting determination date	Immediate vesting on the date of the Change of Control
DSUs	Vested DSUs generally become payable upon the earlier of a delivery by the Participant of a redemption notice or December 1 of the first calendar year following the termination date	Vested DSUs generally become payable upon the earlier of a delivery by the Participant of a redemption notice or December 1 of the first calendar year following the termination date	All DSUs are cancelled	Vested DSUs generally become payable upon the earlier of a delivery by the Participant of a redemption notice or December 1 of the first calendar year following the termination date	Board has discretion to make such provision for the protection of the rights of the Participants
Matching DSUs	Unvested Matching DSUs are cancelled Vested Matching DSUs are payable as DSUs (see above)	Matching DSUs remain in effect but are subject to a pro-rata based on the period of time employed during the total vesting period. Once vested, Matching DSUs are payable as DSUs (see above)	All Matching DSUs are cancelled	Matching DSUs remain in effect but are subject to a pro-rata based on the period of time employed during the total vesting period. Once vested, Matching DSUs are payable as DSUs (see above)	Board has discretion to make such provision for the protection of the rights of the Participants

(1) The Stock Option Plan includes conditions applicable to a retirement that must be complied with in order to receive payments or benefits, including non-compete and non-solicitation covenants, and these conditions apply for a maximum period of three (3) years following retirement.

VOLUNTARY RESIGNATION, RETIREMENT, TERMINATION WITHOUT CAUSE AND CHANGE OF CONTROL PAYMENTS

The following table summarizes the incremental payments which would be owed to each NEO in the event of a voluntary resignation, retirement, termination without cause or following a Change of Control of the Corporation, assuming a termination date of December 31, 2022. No incremental amounts are payable in connection with a termination for cause.

NEO	Items[1]	Voluntary Resignation ($)	Retirement[2] ($)	Termination without cause ($)	Termination following Change of Control[3] [4] ($)
Alexandre L'Heureux President and CEO	Pay, STIP, Benefits:	-	-	8,030,412	8,030,412
	LTIP:	51,003,026	63,560,415	62,695,091	67,256,239
Alain Michaud CFO	Pay, STIP, Benefits:	-	-	2,572,526	2,572,526
	LTIP:	3,334,674	6,917,711	6,711,695	7,842,361
Marie-Claude Dumas[5] President and CEO, Canada	Pay, STIP, Benefits:	-	-	1,920,391	-
	LTIP:	1,154,946	2,466,739	2,361,983	3,155,942
Lewis Cornell President and CEO, U.S.	Pay, STIP, Benefits:	-	-	1,174,524	-
	LTIP:	1,683,332	4,023,312	3,886,495	4,774,157
Mark Naysmith[6] CEO, U.K., Europe, Middle East & Africa	Pay, STIP, Benefits:	-	-	702,917	-
	LTIP:	3,771,974	5,512,257	5,398,422	6,038,743

(1) The values of the Options, PSUs, RSUs and DSUs have been calculated based on the closing price of the Shares on the TSX on December 30, 2022 of $157.09. The value of the 2020 PSUs includes a 180% vesting performance multiplier as per the PSU Plan rules.

(2) The amounts payable pursuant to the LTIP assume that all unvested Options vested on December 31, 2022.

(3) The amounts payable pursuant to the LTIP assume that, upon the Change of Control, the Board uses its discretion in accordance with the Stock Option Plan and determines that all unvested Options shall vest immediately at 100% of the award. All PSUs and RSUs fully vest in the event of a Change of Control (including all Dividend Equivalents earned thereon). The amounts payable pursuant to the DSU Plan assume that, upon the Change of Control, the Board uses its discretion in accordance with the DSU Plan and determines that, if applicable, amounts equivalent to unvested DSUs or Matching DSUs (including all Dividend Equivalents earned thereon) become payable after termination.

(4) For each of Alexandre L'Heureux and Alain Michaud, the amount of pay, STIP and benefits in the event of a termination following a Change of Control applies in the event of termination without cause as well as resignation for good reason (which is defined under section "Employment Agreement Payments in case of Termination" of the Circular) following a Change of Control.

(5) Mr. Cornell is paid in USD. The amounts shown above are in Canadian dollars converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements, which for the year ended December 31, 2022 was $1.3540 to USD 1.

(6) Mr. Naysmith was paid in GBP. The amounts shown above are in Canadian dollars converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements, which for the year ended December 31, 2022 was $1.6385 to GBP 1.

KEY COMPENSATION TABLES

Summary Compensation Table

The following table summarizes the NEOs' total annual compensation for the years ended December 31, 2020, December 31, 2021 and December 31, 2022, as applicable.

					Non-Equity Incentive Plan Compensation				
Name and Principal Position	Year	Salary[1] ($)	Share-Based Award[2] ($)	Option-Based Award ($)	Short-Term Incentive Plans[3][4] ($)	Long-Term Incentive Plans ($)	Pension Value ($)	All Other Compensation[5] ($)	Total Compensation ($)
Alexandre L'Heureux President and CEO	2022	1,350,000	4,919,989	2,004,756	3,118,500	-	-	137,000	11,530,245
	2021	1,347,837	4,123,500	1,701,007	1,937,912	-	-	136,760	9,247,015
	2020	1,088,909	2,874,217	1,158,743	1,236,000	-	-	131,250	6,489,119
Alain Michaud CFO	2022	750,000	1,264,067	506,233	1,113,750	-	-	76,875	3,710,925
	2021	746,539	984,000	404,998	662,534	-	-	76,481	2,874,552
	2020	582,154	711,552	292,506	312,000	-	-	66,894	1,965,106
Marie-Claude Dumas[6] President and CEO, Canada	2022	680,000	686,340	265,193	520,200	-	-	70,000	2,221,734
	2021	617,558	491,042	204,766	540,320	-	-	63,500	1,917,186
	2020	400,481	223,125	95,633	106,250	-	-	15,915	841,404
Lewis Cornell[7] President and CEO, U.S.	2022	845,001	813,042	348,426	645,689	-	-	12,389	2,664,547
	2021	747,241	627,564	268,948	374,364	-	-	10,905	2,029,021
	2020	602,838	464,861	199,220	334,896	-	-	4,153	1,605,968
Mark Naysmith[8] CEO, U.K., Europe, Middle East & Africa	2022	639,015	763,614	307,659	996,863	-	6,554	76,190	2,789,896
	2021	646,613	522,111	223,770	731,757	-	6,897	77,593	2,208,742
	2020	495,557	377,701	161,873	-	-	6,880	93,393	1,135,405

(1) The amounts shown in this column for the year 2020 reflect a base salary reduction of 30% for the President and CEO and of 20% for the other NEOs for half of the year 2020 agreed to as part of the Corporation's cost-cutting measures taken during the COVID-19 pandemic.

(2) The amounts shown in this column include, when applicable, the award value of Matching DSUs granted to NEOs who had elected to receive their STIP in the form of DSUs instead of receiving an actual payout in cash. The grant value of such Matching DSUs awarded to NEOs corresponds to $242,239 for Mr. L'Heureux, $82,817 for Mr. Michaud, $67,540 for Ms. Dumas and $45,735 for Mr. Naysmith. The amounts shown in this column do not include DSUs issued from the deferral of STIP as such amounts are already reflected in the short-term incentive plan column of each year. Refer to the table "DSU Awards from STIP Deferral" for additional details.

(3) The amounts in this column show amounts awarded pursuant to the STIP for performance achieved in the year specified, but actually paid in the following year.

(4) Since January 1st, 2020, certain executives are entitled to defer up to 100% of their STIP payout into DSUs, on a voluntary basis, and the Corporation will match 25% of the first 50% of the deferrable portion into an additional award of DSUs, which additional DSUs vest over a three-year period. For the 2022 STIP payable in 2023, Mr. L'Heureux, Mr. Michaud, and Ms. Dumas elected to receive 50% of their payable STIP in the form of DSUs while Mr. Naysmith elected to receive 35% of his payable STIP in the form of DSUs. Amounts shown in this column are before such deferral to DSUs.

(5) The amounts in this column represent payments with regards to employee benefits, savings plans and other perquisites described under "Retirement Plans and Other Benefits" and additional compensation paid to NEOs described herein. Perquisites and other personal benefits that, in aggregate, are worth less than $50,000 or 10% of the total annual base salary of an NEO for the financial year, are not included. In 2022, Mr. L'Heureux received a savings allowance equivalent to $135,000 and an ESPP employer contribution of $2,000, Mr. Michaud received a savings allowance equivalent to $75,000 and an ESPP employer contribution of $1,875, Ms. Dumas received a savings allowance equivalent to $68,000 and an ESPP employer contribution of $2,000, Mr. Cornell received a savings allowance of $12,389, and Mr. Naysmith received a savings allowance equivalent to $57,348 and a car allowance equivalent to $18,843.

(6) Ms. Dumas started her employment with the Corporation on January 13, 2020 as Global Director, Major Projects and Programs and was appointed President and CEO, Canada on April 7, 2021.

(7) Mr. Cornell is paid in USD and the amounts shown above are in Canadian dollars converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements, which was $1.3396 to USD 1 in 2020, $1.2534 to USD 1 in 2021 and $1.3540 to USD 1 in 2022. Accordingly, his total compensation in USD was USD 1,198,841 in 2020, USD 1,618,814 in 2021 and USD 1,967,908 in 2022. As part of his employment contract, Mr. Cornell's bonus payout for 2020 was guaranteed at 100% achievement.

(8) Mr. Naysmith was paid in GBP. The amounts shown above are in Canadian dollars converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements, which was $1.7201 to GBP 1 in 2020, $1.7243 to GBP 1 in 2021 and $1.6385 to GBP 1 in 2022. Mr. Naysmith started the year 2021 in the role of CEO U.K., Middle East & Africa and was given an expanded role as CEO U.K., Europe, Middle East & Africa on October 4, 2021. Accordingly, his total compensation in GBP was £660,081 in 2020, £1,280,950 in 2021 and £1,702,713 in 2022.

Option-based awards

We used the Black-Scholes Merton valuation model, a prevalent and commonly used valuation methodology, to determine the accounting fair value of the stock option awards:

Date of grant	Value ($)	Expected dividend yield (%)	Risk-free interest rate (%)	Implied volatility (%)	Exercise period (years)
January 1, 2022[1]	41.43	0.80	1.85	22.46	3-10 years
May 26, 2021 [2]	29.49	1.17	1.50	22.26	3-10 years
January 1, 2021[1]	23.53	1.23	0.95	21.52	3-10 years
March 27, 2020[1]	16.07	2.64	1.16	24.02	3-10 years
August 20, 2019[3]	15.05	2.09	1.58	19.60	3-10 years
January 1, 2019[4]	14.48	2.55	2.49	22.64	3-10 years
January 1, 2018[5]	14.86	2.50	2.45	22.97	3-10 years
January 1, 2017[5]	9.66	3.36	1.98	23.99	3-10 years

(1) Granted to each NEO.
(2) Granted to Ms. Dumas.
(3) Granted to Mr. Michaud
(4) Granted to Mr. L'Heureux and Mr. Naysmith.
(5) Granted to Mr. L'Heureux.

Share-based awards

The grant date fair value of PSUs, RSUs and DSUs awarded to the NEOs is the Market Value of PSUs, DSUs and RSUs awarded under the LTIPs, being the five-trading day volume weighted average price of the Shares on the TSX prior to the award date.

Long-Term Incentive Plans

Description of Plans, Type of Equity Awards and Performance Measures

In 2022, the Corporation administered four long-term incentive plans pursuant to which awards were made to its executives: (i) a long-term incentive plan adopted in 2011, as amended from time to time (the "**Stock Option Plan**") under which Options can be issued, (ii) a performance share unit plan adopted in 2014, as amended from time to time (the "**PSU Plan**"), (iii) a deferred share unit plan adopted in 2015, as amended from time to time (the "**DSU Plan**"), and (iv) a restricted share unit plan adopted in 2015, as amended from time to time (the "**RSU Plan**", and collectively with the Stock Option Plan, the PSU Plan and the DSU Plan, the "**LTIPs**").

In addition, on December 7, 2022, the Corporation adopted the Share Unit Plan for key employees of the Corporation and its affiliates. The Share Unit Plan, which is subject to Shareholder approval, is being considered at the Meeting (see subsection "*5. Approval of Share Unit Plan Adoption and Ratification of Grant of Awards*" on *page 12*, under the "Business of the Meeting" section of the Circular.) No awards were made under the Share Unit Plan for the fiscal year ended December 31, 2022.

Detailed information on the LTIPs and the Share Unit Plan is included in *Schedule C* of this Circular and summaries of such plans are included below.

Stock Option Plan

Effective January 1, 2011, the Corporation adopted a long-term incentive plan for granting long term incentives named the Long-Term Incentive Plan, which provided for the granting of stock options and restricted share units. Restricted share units have not been granted under the plan since 2013 and there are no restricted share units outstanding. As there is no intention to grant restricted share units under the plan in the future, on December 7, 2022, the plan was amended so that, among other things, restricted share units could no longer be granted under the plan and the plan was renamed the Stock Option Plan (the "**Stock Option Plan**").

The Stock Option Plan was designed to increase the interest in the Corporation's welfare of those officers, senior executives or key employees of the Corporation who share responsibility for the management, growth and protection of the business of the Corporation and have a significant impact on the Corporation's long-term results, to reward their performance in creating value for Shareholders and to provide a means through which the Corporation may attract and retain key personnel.

For each grant of Options under the Stock Option Plan, the Board (i) designates the Eligible Participants who may receive Options under the Stock Option Plan, (ii) fixes the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determines the price per Share to be payable upon the exercise of each such Option, which shall not be less than the market value of such Shares at the time of the grant, and (iv) determines the relevant vesting provisions, including performance criteria, if any, and the term of the Option which shall not exceed 10 years, the whole subject to the terms and conditions of the Stock Option Plan.

In addition to the amendments noted above, the Board also made several amendments on December 7, 2022 that are subject to Shareholder approval under the terms of the Stock Option Plan and TSX rules. The changes, which have been conditionally approved by the TSX, are being considered at the Meeting (see subsection "*4. Approval of Amendments to the Stock Option Plan*" on *page 11*, under the "Business of the Meeting" section of the Circular).

PSU Plan

The PSU Plan was designed to provide Eligible Participants with the opportunity to participate in the long-term success of the Corporation, to promote a greater alignment of their interests with those of Shareholders, to reward Eligible Participants for their performance and to provide a means through which the Corporation may attract and retain key personnel. For the purpose of the PSU Plan, awards are made to such Eligible Participants who contribute in a material way to the present and future success of the Corporation. PSUs issued under the PSU Plan can only be settled in cash.

For each grant of PSUs under the PSU Plan, the Governance, Ethics and Compensation Committee (i) designates the Eligible Participants who may receive PSUs under the PSU Plan, (ii) determines the number of PSUs to be credited to each Eligible Participant, (iii) determines the performance measures and objectives that shall determine the proportion, not exceeding 200%, of such awarded PSUs becoming Vested PSUs, and (iv) determines the Performance Period, the whole subject to the terms and conditions of the PSU Plan.

In accordance with the terms of the PSU Plan, a Dividend Equivalent is to be computed in the form of additional PSUs calculated on each dividend payment date in respect of which normal cash dividends are paid on the Shares. Such PSUs are awarded on April 15 of the following fiscal year and vest in proportion to and on the same Vesting Date as the underlying PSUs.

DSU Plan

Effective January 1, 2016, the Board, following a recommendation of the Governance, Ethics and Compensation Committee, approved amendments to the DSU Plan to permit the issuance of DSUs to Eligible Employees. Originally, the DSU Plan only allowed issuance of DSUs to Directors. These amendments were designed to assist those executive officers of the Corporation who are subject to Executive Share Ownership Requirements in meeting their minimum equity requirements. For the purpose of the DSU Plan, Eligible Employees are those employees of the Corporation designated as such by the Board, which currently include key senior executive officers of the Corporation. The DSU plan, as amended, is designed to enhance the Corporation's ability to attract and retain talented individuals to serve as members of the Board and in executive positions, to promote alignment of interests between Participants and Shareholders and to assist Participants in fulfilling the Director Share Ownership Requirements and the Executive Share Ownership Requirements, as applicable. DSUs issued under the DSU Plan can only be settled in cash.

Unless otherwise determined, DSUs vest immediately upon being granted. However, no holder of DSUs has any right to receive any payment under the DSU Plan until he or she ceases service as an employee and, if applicable, as a Director of the Corporation for any reason (other than for cause), including by reason of death, disability, retirement or resignation.

Since December 11, 2018, Matching DSUs can also be granted to certain Eligible Employees. Matching DSUs are awarded with a value of 25% of any STIP amount that an Eligible Employee from the Corporation's global leadership team elects to defer and receive in the form of DSUs. They serve as an additional incentive to postpone earned amounts into long-term compensation and to align compensation with long term Shareholder value creation.

This 25%-match is applicable on up to the first 50% of the total deferrable STIP amount that any Eligible Employee is entitled to. Matching DSUs generally vest over three years at a rate of 1/3 per anniversary year, but their settlement is deferred. No holder of Matching DSUs has any right to receive any payment under the DSU Plan until he or she ceases service as an employee and, if applicable, as a Director of the Corporation for any reason (other than for cause), including by reason of death, disability, retirement or resignation.

In accordance with the terms of the DSU Plan, a Dividend Equivalent is to be computed in the form of additional DSUs calculated as of each dividend payment date in respect of which normal cash dividends are paid on the Shares and vesting on each such date, unless otherwise determined. The settlement of such additional DSUs will occur in accordance with the same terms as the underlying DSUs.

RSU Plan

The RSU Plan was designed to increase the interest in the Corporation's welfare of employees of the Corporation who share responsibility for the management, growth and protection of the business of the Corporation and have a significant impact on the Corporation's long-term results, to reward their performance in creating value for Shareholders and to provide a means through which the Corporation may attract and retain key personnel. RSUs issued under the RSU Plan can only be settled in cash. For each grant of RSUs under the RSU Plan, the Governance, Ethics and Compensation Committee (i) designates the Eligible Participants who may receive RSUs under the RSU Plan, (ii) fixes the number or dollar amount of RSUs to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted, and (iii) determines the vesting determination date, which shall be the third anniversary from the date such RSUs were awarded, or such other date as fixed by the Governance, Ethics and Compensation Committee, but no later than the last day of the Restriction Period, the whole subject to the terms and conditions of the RSU Plan.

In accordance with the terms of the RSU Plan, a Dividend Equivalent is to be computed in the form of additional RSUs calculated on each dividend payment date in respect of which normal cash dividends are paid on the Shares. Such RSUs are awarded on April 15 of the following fiscal year and vest on the Vesting Date according to the same vesting conditions (including performance criteria, if any) as the underlying RSUs.

Share Unit Plan

Effective December 7, 2022, the Corporation adopted the Share Unit Plan for key employees of the Corporation and its affiliates.

The Share Unit Plan was designed to provide Eligible Participants with the opportunity to participate in the long-term success of the Corporation, to promote a greater alignment of their interests with those of Shareholders, to reward Eligible Participants for their performance and to provide a means through which the Corporation may attract and retain key personnel.

Under the Share Unit Plan, the Corporation may grant share units to Eligible Participants in the form of redeemable restricted share units ("Redeemable RSUs") and redeemable performance share units ("Redeemable PSUs", and together with Redeemable RSUs, "Share Units") that are based on the value of a Share and vest over time and may be subject to performance-based measures. Vested Share Units may be redeemed by the participant at any time after vesting but prior to the tenth (10th) anniversary of the grant date for Shares issued from treasury, market-purchased Shares or cash, or any combination of them, at the choice of the Eligible Participant.

For each grant of Redeemable RSUs under the Share Unit Plan, the Administrator shall (i) designate the Eligible Participants who may receive Redeemable RSUs under the Share Unit Plan; (ii) fix the number or dollar amount of Redeemable RSUs to be granted to each Eligible Participant and the Award Date (as defined in the Share Unit Plan), and (iii) determine the relevant conditions and vesting provisions and Restriction Period (as defined in the Share Unit Plan) of such Redeemable RSUs, the whole subject to the terms and conditions prescribed in the Share Unit Plan and in any award notice. Unless otherwise specified in an award notice, all Redeemable RSUs will vest on the 3rd anniversary of the Award Date.

For each grant of Redeemable PSUs under the Share Unit Plan, the Administrator shall (i) designate the Eligible Participants who may receive Redeemable PSUs under the Share Unit Plan; (ii) fix the number or dollar amount of Redeemable PSUs to be granted to each Eligible Participant and the Award Date; and (iii) determine the vesting schedules, performance period, performance measures and objectives and other conditions for Redeemable PSUs under the Share Unit Plan, the whole subject to the terms and conditions prescribed in the Share Unit Plan and in any award notice. Upon conclusion of each performance period, between 0% - 200% of the Redeemable PSUs shall vest upon the conclusion of each performance period, subject to the achievement of specified performance measures and objectives.

The Share Unit Plan, which is subject to Shareholder approval, is being considered at the Meeting (see subsection "*5. Approval of Share Unit Plan Adoption and Ratification of Grant of Awards*" on *page 12*, under the "Business of the Meeting" section of the Circular). A copy of the full text of the Share Unit Plan was filed on SEDAR on March 30, 2023.

INCENTIVE PLAN AWARDS TABLE

The following table summarizes for each NEO the number of Options, RSUs, DSUs and PSUs outstanding under the LTIPs as at December 31, 2022.

Name and Principal Position	Date of Grant	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-Money Options[1] ($)	Number of Shares or Units of Shares that Have Not Vested[2] (#)	Market or Payout Value of Share-Based Awards that Have Not Vested[2][3] ($)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed[4] ($)
Alexandre L'Heureux President and CEO	March 22, 2022	—		—	—	1,448	227,517	910,068
	January 1, 2022	48,389	180.65	December 31, 2031	—	18,635	2,927,297	1,170,919
	March 24, 2021	—		—	—	863	135,562	880,366
	January 1, 2021	72,291	121.18	December 31, 2030	2,595,970	23,808	3,740,049	1,496,020
	March 27, 2020	72,106	68.72	December 31, 2029	6,372,007	856	134,530	13,544,816
	August 20, 2019	—		—	—			3,082,969
	January 1, 2019	77,693	57.98	December 31, 2028	7,700,153			2,143,894
	January 1, 2018	40,713	59.75	December 31, 2027	3,963,003			1,718,313
	January 1, 2017	62,629	45.01	December 31, 2026	7,019,458			2,346,402
	December 9, 2016	—		—	—			953,729
	January 1, 2016	31,420	43.17	December 31, 2025	3,579,366			613,829
				Total:	**31,229,958**	**45,611**	**7,164,956**	**28,861,325**
Alain Michaud CFO	March 22, 2022	—		—	—	495	77,784	311,135
	January 1, 2022	12,219	180.65	December 31, 2031	—	4,706	739,216	295,687
	March 24, 2021	—		—	—	218	34,184	222,264
	January 1, 2021	17,212	121.18	December 31, 2030	618,083	5,669	890,488	356,195
	March 27, 2020	12,135	68.72	December 31, 2029	1,072,370	3,083	484,307	2,396,252
	August 20, 2019	3,987	70.71	August 19, 2029	344,397			0
				Total:	**2,034,850**	**14,170**	**2,225,979**	**3,581,532**
Marie-Claude Dumas President and CEO, Canada	March 22, 2022	—		—	—	404	63,435	253,741
	January 1, 2022	6,401	180.65	December 31, 2031	—	2,465	387,240	154,896
	May 26, 2021	2,836	134.28	May 25, 2031	64,689	1,474	231,614	0
	March 24, 2021	—		—	—	75	11,711	75,621
	January 1, 2021	5,148	121.18	December 31, 2030	184,865	2,373	372,851	0
	March 27, 2020	5,951	68.72	December 31, 2029	525,890	960	150,798	678,592
				Total:	**775,444**	**7,751**	**1,217,649**	**1,162,850**
Lewis Cornell President and CEO, U.S.	January 1, 2022	8,410	180.65	December 31, 2031	—	4,534	712,313	0
	January 1, 2021	11,430	121.18	December 31, 2030	410,451	5,270	827,909	0
	March 27, 2020	12,397	68.72	December 31, 2029	1,095,523			1,727,961
				Total:	**1,505,974**	**9,805**	**1,540,222**	**1,727,961**
Mark Naysmith CEO, U.K., Europe, Middle East & Africa	March 22, 2022	—		—	—	273	42,955	171,821
	January 1, 2022	7,426	180.65	December 31, 2031	—	2,860	449,243	179,697
	January 1, 2021	9,510	121.18	December 31, 2030	341,504	3,132	491,993	196,797
	March 27, 2020	6,715	68.72	December 31, 2029	593,405	128	20,039	1,684,070
	August 20, 2019	—		—	—			335,334
	January 1, 2019	3,709	57.98	December 31, 2028	367,599			307,014
	January 1, 2018	—		—	—			355,033
	January 1, 2017	—		—	—			502,239
				Total:	**1,302,508**	**6,393**	**1,004,230**	**3,732,006**

(1) Value of the unexercised in-the-money Options at fiscal year-end is calculated based on the difference between the closing price of the Shares on the TSX on December 30, 2022 of $157.09 and the Option exercise price, multiplied by the number of unexercised Options.

(2) Consist of unvested Matching DSUs, PSUs and RSUs, including Matching DSUs, PSUs and/or RSUs issued as Dividend Equivalents earned during 2022, but not yet credited thereto.

(3) The value of Share-based awards that have not vested at fiscal year-end is determined by multiplying the number of units held as at December 31, 2022 by the closing price of the Shares on the TSX on December 30, 2022 of $157.09, assuming that performance and vesting conditions will be fully met and assuming a payout of 100%.

(4) Consist of PSUs and DSUs, including PSUs and/or DSUs issued as Dividend Equivalents earned during 2022, but not yet credited thereto. The value of DSUs that have vested but not been paid out at fiscal year-end is determined by multiplying the number of vested DSUs held as at December 31, 2022 by the closing price of the Shares on the TSX on December 30, 2022 of $157.09. The value of PSUs that have vested but not been paid out at fiscal year-end is determined by multiplying the number of vested PSUs held as at December 31, 2022 by the closing price of the Shares on the TSX on December 30, 2022 of $157.09 and based on a performance multiplier of 180%.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table provides for each NEO a summary of the value of Option-based, vested Share-based awards and non-equity incentive plan compensation earned during the Corporation's fiscal year ended December 31, 2022.

Name and Principal Position	Option-Based Awards – Value Vested During the Year[1] ($)	Share-Based Awards – Value Vested During the Year[2] ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year[3] ($)
Alexandre L'Heureux President and CEO	2,989,296	7,358,626	3,118,500
Alain Michaud CFO	1,107,760	2,118,489	1,113,750
Marie-Claude Dumas President and CEO, Canada	239,102	806,390	520,200
Lewis Cornell[4] President and CEO, U.S.	501,962	809,216	645,689
Mark Naysmith[5] CEO, U.K., Europe, Middle East & Africa	410,581	1,070,864	996,863

(1) Value vested during the year is calculated based on the difference between the closing price of the Shares on the TSX on the date of vesting and the Option exercise price, multiplied by the number of Options vested.

(2) Consist of RSUs, PSUs and DSUs, including RSUs, PSUs and/or DSUs issued as Dividend Equivalents earned during 2022, but not yet credited thereto. The value of RSUs and DSUs that have vested during the year is determined by multiplying the number of units that have vested during 2022 by the closing price of the Shares on the TSX on December 30, 2022 of $157.09. The value of PSUs that have vested during the year is determined by multiplying the number of vested PSUs held as at December 31, 2022 by the closing price of the Shares on the TSX on December 30, 2022 of $157.09 and based on a performance multiplier of 180%. Vested DSUs become payable once employment with the Corporation is terminated for any reason other than for cause.

(3) The amounts in this column represent the bonus earned under the STIP for the year ended December 31, 2022.

(4) Mr. Cornell is paid in USD. Amounts shown in this table for non-equity incentive plan compensation is converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements, which for the year ended December 31, 2022 was $1.3540 to USD 1.

(5) Mr. Naysmith is paid in GBP. Amounts shown in this table for non-equity incentive plan compensation is converted on the basis of the average exchange rate used to present information in the Corporation's consolidated annual audited financial statements, which for the year ended December 31, 2022 was $1.6385 to GBP 1.

Options Exercised During the Year Ended December 31, 2022

No options were exercised by NEOs in 2022.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides a summary as of December 31, 2022, of the security-based compensation plans or individual compensation arrangements pursuant to which equity securities of the Corporation may be issued.

	Number of Shares to be Issued upon Exercise of Outstanding Options, Redeemable PSUs and Redeemable RSUs[1]	Weighted-Average Exercise Price of Outstanding Options, Redeemable PSUs and Redeemable RSUs	Number of Shares Remaining Available for Future Issuance under Equity Compensation Plans
Equity Compensation Plans Approved by Securityholders[2]	706,602	$93.68	472,766
Equity Compensation Plans not Approved by Securityholders[3]	Not applicable	Not applicable	2,527,234
TOTAL	706,602	$93.68	3,000,000

(1) No Redeemable PSUs or Redeemable RSUs were issued under the Share Unit Plan in the year ended December 31, 2022.

(2) Relates to the Stock Option Plan, as approved by the Shareholders on May 27, 2010.

(3) Relates to the amendments made to the Stock Option Plan and the new Share Unit Plan which were approved by the Board of Directors on December 7, 2022, and which are subject to approval by the Shareholders at the Meeting.

Under the Stock Option Plan, as approved by the Board of Directors of the Corporation on December 7, 2022, and subject to approval of the Shareholders at the Meeting, the total number of Shares reserved and available for grant and issuance pursuant to Options is limited to 3,108,184 Shares, representing approximately 2.50% of the 124,453,717 issued and outstanding Shares as of December 31, 2022. As of such date, an aggregate of 2,002,373 Options and Old RSUs had been issued to employees of the Corporation, representing 1.61% of the 124,453,717 issued and outstanding Shares as of December 31, 2022, of which 394,189 have been cancelled and returned to the pool and 725,509 have been exercised. As a result, as of December 31, 2022, 1,500,000 Options remain available for issuance under the Stock Option Plan, representing 1.21% of the 124,453,717 issued and outstanding Shares as of December 31, 2022, and 706,602 Options are outstanding, representing 0.57% of the 124,453,717 issued and outstanding Shares as of December 31, 2022. The weighted average remaining term of the 706,602 outstanding Options as of December 31, 2022 is 6.8 years. For a full description of the Stock Option Plan, please refer to *Schedule C* of this Circular.

Under the Share Unit Plan, as approved by the Board of Directors of the Corporation on December 7, 2022, and subject to approval of the Shareholders at the Meeting, the total number of Shares reserved and available for grant and issuance pursuant to Redeemable PSUs and Redeemable RSUs is limited to 1,500,000 Shares, representing approximately 1.21% of the 124,453,717 issued and outstanding Shares as of December 31, 2022. As of such date, no issuances had been made under the Share Unit Plan. For a full description of the Share Unit Plan, please refer to *Schedule C* of this Circular.

The following table presents, for each of the Corporation's three most recently completed fiscal years, the annual burn rate of the Options, being the number of Options granted during the applicable fiscal year over the basic weighted average number of Shares outstanding for the applicable fiscal year.

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
Annual Burn Rate	0.09%	0.16%	0.21%

Other Important Information

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Directors and officers of the Corporation and its subsidiaries are covered under (i) a directors' and officers' insurance policy, and (ii) a directors' and officers' excess insurance policy.

The Corporation has also entered into indemnification agreements with each of its Directors and officers. The indemnification agreements generally require that the Corporation indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Corporation as Directors or officers, provided that the indemnitees acted honestly and in good faith with a view to the best interests of the Corporation and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, the indemnitees had no reasonable grounds to believe that their conduct was unlawful. The indemnification agreements also provide for the advancement of defense expenses to the indemnitees by the Corporation.

AGGREGATE INDEBTEDNESS OF DIRECTORS AND OFFICERS

As at March 30, 2023, the Corporation had not made any loans to officers, Directors, employees or former officers, directors and employees of the Corporation or any of its subsidiaries.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the Nominee Directors, executive officers or insiders of the Corporation, or any associate or affiliate of such persons or the Corporation has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed fiscal year or in any proposed transaction that has materially affected or will materially affect the Corporation or any of its subsidiaries.

MAIL SERVICE INTERRUPTION

If there is a mail service interruption prior to a Shareholder mailing a completed proxy to TSX Trust, it is recommended that the Shareholder deposit the completed proxy, in the envelope provided, at any of the following offices of TSX Trust:

MONTREAL, QUEBEC 1701-1190 Avenue des Canadiens de Montréal, Montréal, QC H3B 0G7	TORONTO, ONTARIO 301-100 Adelaide St West, Toronto, ON M5H 4H1	CALGARY, ALBERTA Telus Sky Building 2110, 685 Centre Street SW Calgary, AB T2G 1S5	VANCOUVER, BRITISH COLUMBIA 650 West Georgia Street, Suite 2700, Vancouver, BC V6B 4N9

HOW TO REQUEST MORE INFORMATION

Documents you can request

Additional information relating to the Corporation is available at www.sedar.com under the name WSP Global Inc. and on the Corporation's website at www.wsp.com, including the Corporation's AIF and annual report, which includes the annual audited consolidated financial statements and related management's discussion & analysis for the fourth quarter and fiscal year ended December 31, 2022. All of the Corporation's news releases are also available on its website.

You can also ask us for a copy of the following documents at no charge:

- annual audited consolidated financial statements of the Corporation and related management's discussion & analysis for the fourth quarter and fiscal year ended December 31, 2022; and
- the AIF, together with any document, or the relevant pages of any document, incorporated by reference therein.

Shareholders may request a copy of these documents by telephone at 438-843-7519 or by email at corporatecommunications@wsp.com, or they may contact the Corporation in writing at Investor Relations, WSP Global Inc., 1600 René-Lévesque Blvd. West, 11th Floor, Montréal, Québec, H3H 1P9.

SHAREHOLDER PROPOSALS FOR OUR NEXT ANNUAL SHAREHOLDER MEETING

The Corporation will include proposals from Shareholders that comply with applicable laws in next year's management information circular for our next annual Shareholders meeting to be held in respect of the fiscal year ending on December 31, 2023. Please send your proposal to the Corporate Secretary at the head office of the Corporation: 1600 René-Lévesque Blvd. West, 11th Floor, Montréal, Québec, H3H 1P9, during the period between December 13, 2023 and February 11, 2024.

Approval of Directors

The content and the sending of this Circular to Shareholders of the Corporation have been approved by the Directors.

March 30, 2023

By order of the Board of Directors,

Christopher Cole
Chairman of the Board of Directors

Glossary of Terms

The following is a glossary of certain terms used in this Circular.

"Acquisition Growth" means the internal compensation performance metric calculated based on the expected annualized Net Revenues derived from acquisitions during the performance period;

"Adjusted EBITDA for STIP purposes" is defined as earnings before net financing expense (except interest income), income tax expense, depreciation, amortization, impairment charges on long-lived assets and reversals thereof, share of income tax expense and depreciation of associates and joint ventures, acquisition, integration and reorganization costs and ERP implementation costs, excluding any business combinations that are completed after targets are set. Adjusted EBITDA for STIP purposes is a non-IFRS financial measure without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers. For the definition of Adjusted EBITDA, refer to section 22, "Glossary of segment reporting, non-IFRS and other financial measures" of the Corporation's management's discussion & analysis for the fourth quarter and fiscal year ended December 31, 2022;

"**Adjusted EBITDA by segment for STIP purposes**" is defined as Adjusted EBITDA for STIP purposes per reportable segment excluding head office corporate costs. Head office corporate costs are expenses and salaries related to centralized functions, such as head office finance, human resources and technology teams, which are not allocated to reportable segments. Adjusted EBITDA by segment for STIP purposes is a total of segments measure without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers;

"**Adjusted EPS**" means the adjusted net earnings per share, which for the year 2022 is defined in section "22. Glossary of segment reporting, non-IFRS and other financial measures" of the Corporation's management's discussion & analysis for fourth quarter and the fiscal year ended December 31, 2022, for the year 2021 is defined in section "22. Glossary of segment reporting, non-IFRS and other financial measures" of the Corporation's management's discussion & analysis for the fourth quarter and fiscal year ended December 31, 2021, and for the year 2020 is defined in section "22. Glossary of non-IFRS measures and segment reporting measures" of the Corporation's management's discussion & analysis for the fourth quarter and fiscal year ended December 31, 2020, all of which are available on SEDAR at www.sedar.com;

"Adjusted EPS Growth" means the internal compensation performance metric calculated by measuring the growth of the Adjusted EPS during the applicable performance period;

"AIF" means the annual information form of the Corporation dated March 8, 2023, in respect of the fiscal year ended December 31, 2022;

"Audit Committee" means the audit committee of the Board of Directors;

"Award Date" means the date of grant of an LTIP;

"Black-Out Period" means a period during which designated employees and other Insiders of the Corporation cannot trade Shares pursuant to the Corporation's policy respecting restrictions on employee trading which is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Corporation, or in respect of an Insider, that Insider, is subject);

"Board of Directors" or "Board" refers to the board of directors of the Corporation;

"CDN" means Canada;

"CEO" means the Chief Executive Officer of the Corporation;

"CFO" means the Chief Financial Officer of the Corporation;

"Chairman" means the Chairman of the Board of Directors;

"Change of Control" means an event whereby (i) any Person becomes the beneficial owner, directly or indirectly, of 50% or more of either the issued and outstanding Shares or the combined voting power of the Corporation's then outstanding voting securities entitled to vote generally other than in connection with an internal reorganization; (ii) any Person acquires, directly or indirectly, securities of the Corporation to which is attached the right to elect the majority of the directors of the Corporation other than in connection with an internal reorganization; or (iii) the Corporation undergoes a liquidation or dissolution or sells all or substantially all of its assets other than in connection with an internal reorganization;

"Circular" means this management information circular of the Corporation dated March 30, 2023, together with all schedules hereto, prepared in connection with the Meeting;

"Clawback Policy" means the executive compensation clawback policy adopted on April 15, 2013, as amended from time to time, described under section "*Executive Compensation Clawback Policy*" of the Circular;

"Code of Conduct" means, collectively, Code of Conduct and ancillary policies related to ethical business practices, including an Anti-Corruption Policy, a Fair Competition Policy, a Gifts, Entertainment and Hospitality Policy, a Reporting and Investigation Policy, a Business Partner Code of Conduct and a Human Right Statement, as approved by the Board and as amended from time to time;

"Committees" means, collectively, the Audit Committee and the Governance, Ethics and Compensation Committee;

"Corporate Governance Guidelines" means the corporate governance guidelines of the Corporation, approved by the

Board on December 11, 2015, as amended from time to time;

"Corporate Secretary" means the Corporate Secretary of the Corporation;

"Corporation" or "WSP" refers to WSP Global Inc. and, where the context requires, also includes subsidiaries and associated companies to which WSP is the successor public issuer;

"CSA" means the Canadian Securities Administrators;

"CSA Audit Committee Rules" means National Instrument 52-110 - *Audit Committees*;

"CSA Disclosure Instrument" means National Instrument 58-101 - *Disclosure of Corporate Governance Practices*;

"CSA Governance Policy" means National Policy 58-201 – *Disclosure of Corporate Governance Practices*;

"DEN" means Denmark;

"Designated Groups" means women, Indigenous peoples, persons with disabilities and members of visible minorities;

"**Director Minimum Annual Requirement**" has the meaning ascribed to such term under section "*Non- Executive Director Minimum Share Ownership Requirement*" of the Circular;

"Director Share Ownership Requirement" has the meaning ascribed to such term under section "*Non-Executive Director Minimum Share Ownership Requirement*" of the Circular;

"Directors" means the directors of the Corporation;

"Dividend Equivalent" means, for a PSU, a DSU, a Matching DSU or an RSU, a bookkeeping entry of a number of additional awards of the same type equivalent in value to the dividend paid on a Share;

"DSO for STIP purposes" means days sales outstanding, which represents the monthly average number of days to convert the Corporation's trade receivables (net of sales taxes) and costs and anticipated profits in excess of billings, net of billings in excess of costs and anticipated profits, into cash. DSO for STIP purposes is a supplementary financial measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers. For a definition of DSO, see the Corporation's management's discussion & analysis for the fourth quarter and fiscal year ended December 31, 2022 available on SEDAR at www.sedar.com;

"DSU" means deferred share units granted by the Corporation pursuant to the DSU Plan;

"DSU Plan" means the Corporation's deferred share unit plan approved by the Board on May 12, 2015, as amended from time to time;

"Eligible Directors" under the DSU Plan are those Directors that are designated as such by the Board;

"Eligible Employees" under the DSU Plan are those employees of the Corporation that are designated as such by the Board;

"Eligible Participants" means the persons who shall be eligible to receive Options under the Stock Option Plan, the persons who shall be entitled to receive PSUs under the PSU Plan, the persons who shall be entitled to receive DSUs under the DSU Plan, the persons who shall be entitled to receive RSUs under the RSU Plan, and the persons who shall be eligible to receive Share Units under the Share Unit Plan as applicable;

"Employee Shares" means the Shares purchased by employees of the Corporation or its subsidiaries under the ESPP;

"ERM" means Enterprise Risk Management;

"ESG" means Environmental, Social and Governance;

"ESPP" means the Employee Share Purchase Plan of the Corporation adopted January 1, 2014, as amended from time to time;

"**Executive Minimum Annual Requirement**" has the meaning ascribed to such term under section "*Executive Share Ownership Requirement*" of the Circular;

"Executive Share Ownership Requirement" has the meaning ascribed to such term under section "*Executive Share Ownership Requirement*" of the Circular;

"Financial Statements" means the annual audited consolidated financial statements of the Corporation for the financial year ended December 31, 2022, together with notes related thereto and the independent auditor's report thereon, and related management's discussion and analysis;

"Future Ready®" is a trademark of WSP Global Inc. registered in Canada, the United States and New Zealand. WSP Future Ready (Logo)® is a trademark of WSP Global Inc. registered in Europe, Australia and in the United Kingdom;

"GBP" means British Pounds Sterling;

"Governance, Ethics and Compensation Committee" means the governance, ethics and compensation committee of the Board of Directors;

"Hugessen" means Hugessen Consulting Inc.;

"I&D" means inclusion and diversity;

"IFRS" means International Financial Reporting Standards;

"Insider" has the meaning given to this term in the Securities Act (Quebec), as such legislation may be amended, supplemented or replaced from time to time;

"LTIPs" means, collectively, the Stock Option Plan, the PSU Plan, the DSU Plan and the RSU Plan;

"Management" means the management of the Corporation;

"Market Value" means the five-trading day volume weighted average price of the Shares on the TSX prior to issuance, exercise, valuation date, payment or vesting, as applicable, of a PSU, a DSU, an RSU or an Option, as applicable;

"Matching DSU" means additional DSUs granted by the Corporation pursuant to the DSU Plan to those executives who elect to defer all or a portion of their STIP into DSUs, which match corresponds to 25% of up to 50% of the total deferrable STIP amount that any such executive is entitled to;

"Meeting" means the annual and special meeting of Shareholders to be held on May 11, 2023, and any adjournment(s) thereof;

"Meeting Materials" means collectively, the Circular, the Notice and other proxy-related materials;

"Meridian" means Meridian Compensation Partners;

"Named Proxyholders" means Alexandre L'Heureux and Philippe Fortier;

"NEOs" means the CEO, the CFO and each of the other three most highly compensated executive officers of the Corporation, including any of its subsidiaries, (or the three most highly compensated individuals acting in a similar capacity) other than the CEO and the CFO in the Corporation's last completed fiscal year, being Alexandre L'Heureux, Alain Michaud, Marie-Claude Dumas, Lewis Cornell and Mark Naysmith;

"Net Revenues for STIP purposes" is defined as revenues less direct costs for subconsultants and other direct expenses that are recoverable directly from clients, excluding any business combinations that occur after targets are set. Net Revenues for STIP purposes is a non-IFRS measure without a standardized definition within IFRS, which may not be comparable to similar measures presented by other issuers. For the definition of Net Revenues, refer to section 22, "Glossary of segment reporting, non-IFRS and other financial measures" of the Corporation's management's discussion & analysis for the fourth quarter and fiscal year ended December 31, 2022;

"Nominee" means a bank, trust company, securities broker or other financial institution or intermediary holding the Shares of a non-registered Shareholder;

"Nominee Directors" means each of the proposed nominee directors under this Circular, namely Louis-Philippe Carrière, Christopher Cole, Alexandre L'Heureux, Birgit Nørgaard, Suzanne Rancourt, Paul Raymond, Pierre Shoiry, Linda Smith-Galipeau and Macky Tall;

"**Notice**" means the notice of annual and special meeting of Shareholders;

"Old RSU" means restricted share units formerly granted by the Corporation pursuant to the Stock Option Plan;

"Option Price" means the price per Share to be payable upon the exercise of Options under the Stock Option Plan;

"Options" means options granted by the Corporation pursuant to the Stock Option Plan;

"Orientation and Development Plan" means the Corporation's Directors Orientation Plan and Development Program;

"Participants" means Eligible Participants when such Eligible Participants are granted Options or Old RSUs under the Stock Option Plan, PSUs under the PSU Plan or RSUs under the RSU Plan or Eligible Directors or Eligible Employees when such Eligible Directors or Eligible Employees are granted DSUs under the DSU Plan, as applicable;

"Peer Group" means the peer group described under "Compensation Discussion & Analysis - Benchmarking";

"Performance Period" means the period over which the performance criteria (if any) and other vesting conditions of PSUs will be measured and which shall end no later than December 31 of the calendar year which is three years commencing at the start of the calendar year in which PSUs were granted;

"Proxyholder" means the person named on the form of proxy;

"PSU" means performance share units granted by the Corporation pursuant to the PSU Plan;

"PSU Plan" means the Corporation's performance share unit plan approved by the Board on December 11, 2015, as amended from time to time;

"PwC" means PricewaterhouseCoopers LLP, Chartered Professional Accountants;

"Record Date" means March 30, 2023, being the date for determination of Shareholders entitled to receive Notice of and to vote at the Meeting;

"Redeemable PSU" means redeemable performance share units issued under the Share Unit Plan;

"Redeemable RSU" means redeemable restricted share units issued under the Share Unit Plan;

"Restriction Period" means the period during which RSUs may vest, as determined by the Governance, Ethics and Compensation Committee but which period shall end no later than December 31 of the calendar year which is three years after the calendar year in which RSUs were granted;

"RM" means risk management function;

"RSU" means restricted share units granted by the Corporation pursuant to the RSU Plan;

"RSU Plan" means the Corporation's restricted share unit plan approved by the Board on December 11, 2015, as amended from time to time;

"**Share Unit Plan**" means the Corporation's share unit plan approved by the Board on December 7, 2022, as may be amended from time to time;

"Shareholders" means holders from time to time of Shares;

"Shares" means the common shares of the Corporation;

"STIP" means the short-term incentive plan of the Corporation;

"Stock Option Plan" means the Corporation's stock option plan plan governing the issuance of Options as amended from time to time (previously named the Long-Term Incentive Plan);

"Sun Life" means Sun Life Financial Trust Inc.;

"Termination Date" means the date an Eligible Director ceases to be an Eligible Director (and is not at that time an employee of the Corporation) or ceases to be an Eligible Employee (and is not at that time a Director), in each such cases for any reason (other than for cause), including by reason of death, disability, retirement or resignation;

"Total Reserve" means under the Stock Option Plan, the total number of Shares reserved and available for grant and issuance pursuant to Options and Old RSUs, being, subject to Shareholder approval at the Meeting, 3,108,184 Shares, representing approximately 2.5% of the 124,453,717 issued and outstanding Shares as of December 31, 2022;

"Total Shareholder Return" or "TSR" means the return generated by the Corporation's dividends and appreciation of its Share price over a specified period;

"TSX" means the Toronto Stock Exchange;

"TSX Trust" means TSX Trust Company (formerly known as AST Trust Company of Canada);

"U.K." means the United Kingdom;

"**Under-Represented Groups**" means women, Indigenous peoples, persons with disabilities, members of visible minorities, LGBTQIA2S+, and veterans;

"U.S." means the United States of America;

"Vested PSUs" means, with respect to PSUs, at the end of a Performance Period, the number of PSUs credited to each Participant's account with respect to such award (including any Dividend Equivalents accrued thereon) multiplied by the Vesting Percentage;

"Vesting Date" means the date on which the Governance, Ethics and Compensation Committee determines whether the vesting conditions of PSUs or RSUs, as applicable (including the performance criteria, if any) have been met, but no later than the last day of the Restriction Period; and

"Vesting Percentage" means, with respect to PSUs, the percentage of performance achieved during the applicable Performance Period, as assessed by the Governance, Ethics and Compensation Committee on the Vesting Date in light of the performance criteria set for such Performance Period.

Schedule A - Board of Directors Charter

BOARD OF DIRECTORS CHARTER OF WSP GLOBAL INC. (THE "CORPORATION")

Amended December 7, 2022

A. PURPOSE

The role of the board of directors of the Corporation (the "**Board**") is to supervise the management of the business and affairs of the Corporation. The Board, directly and through its committees, shall provide direction to senior management, generally through the president and chief executive officer (the "**CEO**"), to pursue the best interests of the Corporation.

B. DUTIES AND RESPONSIBILITIES

The Board, in exercising its powers and discharging its duties, shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In considering what is in the best interests of the Corporation, the Board may look at the interests of, inter alia, shareholders, employees, creditors, consumers, governments, the environment and the long-term interests of the Corporation to inform its decisions.

In furtherance of its purpose, the Board shall exercise, as appropriate, the powers vested in and exercisable by the Board pursuant to applicable laws and regulations. Without limiting the generality of the foregoing, the Board shall assume the following duties and responsibilities:

Purpose and Strategy

1. Articulate a shared understanding with management of the Corporation's purpose that, among other things, addresses corporate value generation for society;
2. Ensure that a strategic planning process is in place and approve, at least on an annual basis, a strategic plan which supports the Corporation's purpose and takes into account, among other things, the longer term opportunities and risks of the business;
3. Review and approve the Corporation's annual operating and capital budgets;
4. Review operating and financial performance results in relation to the Corporation's strategic plan and budgets;
5. Approve all significant decisions outside of the ordinary course of the Corporation's business, including major financings, acquisitions, and disposition opportunities or material departures from the strategic plan or budgets;

Governance

6. Oversee the Corporation's approach to, and disclosure of, corporate governance practices and oversee the development by the governance, ethics and compensation committee of the Board (the "GEC Committee") of a set of corporate governance guidelines and principles that are specifically applicable to the Corporation;
7. Approve the nomination of directors to the Board from the GEC Committee, as well as ensure that a majority of the Corporation's directors have no direct or indirect material relationship with the Corporation and determine who, in the reasonable opinion of the Board, are independent pursuant to applicable legislation, regulation and listing requirements;
8. Appoint the chairperson of the Board (the "Chairperson") and if the Chairperson is an Executive Chairperson, a lead director (the "Lead Director") and the chairpersons and members of each committee of the Board, on recommendation from the GEC Committee;
9. Along with the GEC Committee, provide and oversee an orientation program for newly appointed directors and development program for all directors;

10. Conduct a periodic review of the relationship between management and the Board, particularly in a view to ensure effective communication and the provision of information to directors in a timely manner;
11. Assess annually the effectiveness and contribution of the Board, the Chairperson, each committee of the Board and their respective chairpersons, and individual directors;
12. Promote a culture of ethical business conduct and review and approve, following the recommendation of the GEC Committee, the Corporation's Code of Conduct and underlying policies and oversee compliance with the Corporation's Code of Conduct and the Corporation's other policies, programs and practices relating to business conduct and ethics, promotion of integrity and deterrence of wrongdoing by directors, officers and other management personnel, employees, independent contractors and other persons subject to an employment-type relationship with the Corporation, its subsidiaries and affiliated companies;
13. Receive reports from the GEC Committee and the Audit Committee regarding any breach of the policies with respect to business conduct and ethics, including the Code of Conduct, and review investigations and any resolutions of complaints received under such policies;
14. Along with the GEC Committee, oversee and monitor the Corporation's implementation of procedures, policies and initiatives relating to the corporate, social and environment responsibilities, and health and safety rules and regulations, including with respect to diversity and well-being.
15. Act and function independently from management in fulfilling its fiduciary obligations;
16. Review, approve and oversee the implementation of the Corporation's material policies, including the insider trading policy, delegation of authority policy, and privacy policy, and measures for receiving feedback from the Corporation's stakeholders, and oversee compliance with these policies by directors, executive officers and other management personnel and employees;

Human Capital Management and Compensation

17. Encourage a culture that equitably and sustainably supports the Corporation's purpose;
18. Integrate human capital management into its oversight of corporate strategy and risk;
19. Appoint the CEO and the Chief Financial Officer (the "CFO") of the Corporation, following the recommendation of the GEC Committee;
20. Review and approve, following the recommendation of the GEC Committee, written position descriptions for the role of the CEO, the CFO and the Chief Ethics Officer, which includes delineating management's responsibilities, as well as written position descriptions for the role of the chairperson of each of the Board and the committees of the Board, the Vice-Chairman and the Lead Director, as applicable;
21. Review, together with the chairperson of the GEC Committee, the performance of the CEO against the corporate goals and objectives set for the CEO;
22. Review and approve, following the recommendation of the GEC Committee, the Corporation's compensation policy and share ownership requirements for directors, if any;
23. Review and approve, following the recommendation of the GEC Committee, the corporate goals and objectives set for the CEO, the CFO and other executive officers, relevant to their compensation, and reviewing the performance of these individuals against such corporate goals and objectives;
24. Review and approve, following the recommendation of the GEC Committee, the compensation and share ownership requirements of the CEO, the CFO and other executive officers of the Corporation (including participation in compensation and benefits policies or changes thereto);
25. Satisfy itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization;
26. Review and approve, following the recommendation of the GEC Committee, the succession planning relating to the position of the CEO and other executive officers and plans in respect of the emergency CEO succession plan;

Risk Management, Capital Management and Internal Controls

27. Identify and assess periodically, together with the audit committee of the Board (the "Audit Committee"), the principal risks of the Corporation's business, and the implementation of appropriate systems to manage these risks;
28. Together with the Audit Committee, oversee the integrity of the Corporation's internal control over financial reporting, management information systems, disclosure controls and procedures, financial disclosure and the safeguarding of the Corporation's assets;
29. Review and approve, upon recommendation from the Audit Committee, and oversee the Corporation's disclosure controls and procedures;

30. Oversee the Corporation's insurance programs and related risks, in particular the directors and officers liability insurance policy of the Corporation and make recommendations as required;
31. Administer all policies and practices with respect to the indemnification of directors and officers by the Corporation;

Communications

32. In conjunction with management, meet with the Corporation's shareholders at the annual meeting and be available to respond to questions at that time;
33. Monitor investor relations programs and communications with analysts, the media and the public;
34. Review, approve and oversee the implementation of the Corporation's Public Disclosure Policy and communications policies to promote consistent disclosure practices by the Corporation in connection with the disclosure of material information about the Corporation;
35. Review and approve the disclosure in core documents filed with securities regulators in accordance with the Corporation's Public Disclosure Policy;
36. Oversee the Corporation's engagement and communications with its stakeholders;

Financial Reporting, Auditor

37. Review and approve, upon recommendation from the Audit Committee, the Corporation's financial statements and related financial information; and
38. Appoint, upon recommendation from the Audit Committee (including mandate, scope and performance), subject to approval of shareholders, and remove, the Corporation's auditor.

C. LIMITATIONS OF DUTY

39. Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation.
40. Members of the Board are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information and (ii) the accuracy and completeness of the information provided.

Schedule B - Position Descriptions

CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors has adopted a position description for the Chairman of the Board. Some of the primary responsibilities of the Chairman include, among others, the following: (i) establish procedures to govern the Board of Directors' work and ensure the Board of Directors' full discharge of its duties, (ii) work with the president and CEO, other officers and senior management personnel to monitor progress on the strategic plan, annual budgets, policy implementation, succession planning and other key priorities, (iii) ensure that the Board of Directors acts and functions independently from Management in fulfilling its fiduciary obligations, and (iv) chair every meeting of the Board of Directors and encouraging free and open discussion at such meetings.

CHIEF EXECUTIVE OFFICER

The Board of Directors has adopted a position description for the CEO. The CEO is accountable to the Board of Directors for the effective overall management of the Corporation and for conformity with policies agreed upon by the Board of Directors. The CEO shall have full responsibility for the day-to-day operations of the business of the Corporation and its subsidiaries in accordance with the strategic plan and operating and capital budgets, and for developing a long-term, sound strategy with a view to the best interest of the Corporation. Some of the primary responsibilities of the CEO include, among others, the following: (i) manage the strategic and operational performance of the Corporation in accordance with the goals, policies and objectives set by the Board from time to time, including overseeing the Corporation's achievement and maintenance of a satisfactory competitive position within its industry, (ii) develop, for the Board's consideration and approval, an annual strategic plan which takes into account, among other things, potential growth through strategic acquisitions, longer term opportunities and risks of the business, (iii) develop, in cooperation with the CFO and certain other executive officers, an annual operating plan and financial budget that supports the Corporation's short-term and long-term strategy, (iv) maintain a strong working relationship with the Board of Directors and (v) oversee the CFO and certain other executive officers in ensuring that the day-to-day business affairs of the Corporation are appropriately managed through the development and implementation of processes that will ensure the achievement of the Corporation's financial and operating goals and objectives.

CHAIR OF COMMITTEES

The Chair of each of the Audit Committee and the Governance, Ethics and Compensation Committee currently are Mr. Carrière and Ms. Smith-Galipeau, respectively. Under applicable securities laws, each of Mr. Carrière and Ms. Smith-Galipeau is independent from the Corporation.

Position descriptions have been adopted by the Board of Directors for the Chair of each of the Audit Committee and the Governance, Ethics and Compensation Committee.

Some of the primary responsibilities of the Chair of each of the Audit Committee and the Governance, Ethics and Compensation Committee include, among others, the following: (i) establish procedures to govern the committee's work and the discharge by the committee of its duties, (ii) encourage an effective working relationship between Management and the members of the committee, (iii) in consultation with the CEO, the Corporate Secretary and the Chair of the Board, determine the frequency, dates and locations of meetings of the committee, (iv) set the committee meeting agendas, in collaboration with Management, to ensure all required business is brought before the committee to enable it to efficiently carry out its duties and responsibilities, (v) report to the Board of Directors on the matters reviewed by, and on any decisions or recommendations of the committee at the next meeting of the Board of Directors following any meeting of the committee, (vi) oversee the flow of information to the committee and monitor the adequacy and timeliness of materials provided by Management to enable the committee to exercise its duties, and (vii) chair every meeting of the committee and encourage candid, free and open discussions at meetings of the committee.

Schedule C - Long-Term Incentive Plans

STOCK OPTION PLAN

The following description of the Stock Option Plan (as defined below) reflects plan terms that remain subject to Shareholder approval. Please see "Stock Option Plan Amendments in the Last Year" at the end of this section for a description of these plan terms and the plan terms that will remain in effect if such approval is not received.

Effective January 1, 2011, the Corporation adopted a long-term incentive plan for granting long term incentives named the Long-Term Incentive Plan, which provided for the granting of stock options and restricted share units. Restricted share units have not been granted under the plan since 2013 and there are no restricted share units outstanding. As there is no intention to grant restricted share units under the plan in the future, on December 7, 2022 the plan was amended so that restricted share units could no longer be granted under the plan and the plan was renamed the Stock Option Plan (the "**Stock Option Plan**").

Under the Stock Option Plan, the Corporation may grant, subject to certain terms and conditions, options ("**Options**") to purchase Shares to certain management employees holding positions that can have a significant impact on the Corporation's long-term results.

The Stock Option Plan is administered by the Board, which shall also be responsible for its interpretation, construction and application. The Board may delegate its authority to a committee selected by the Board (the "**Committee**", and the Board and the Committee are, to the extent the Board has delegated authority under the Stock Option Plan to such committee, the "**Administrator**"). Pursuant to the Stock Option Plan, only those officers, senior executives and other employees of the Corporation or its affiliates that occupy key positions as determined by the Administrator are eligible to receive Options ("**Eligible Participants**", and when such Eligible Participants are granted Options, the "**Participants**"). In determining Options to be granted under the Stock Option Plan, the Administrator gives due consideration to the value of each Eligible Participant's present and potential future contribution to the Corporation's success.

Under the Stock Option Plan, the total number of Shares reserved and available for grant and issuance pursuant to Options is limited to 3,108,184 Shares, representing approximately 2.5% of the Corporation's issued and outstanding Shares as of December 31, 2022 (the "**Total Reserve**").

Shares in respect of which an Option is granted but not exercised prior to the termination of such Option, due to the expiration, termination or lapse of such Option or otherwise, are available for Options to be granted thereafter. The Stock Option Plan provides that the aggregate number of Shares issued to any one insider and associates of such insider under the Stock Option Plan or any other proposed or established share compensation arrangement within any one-year period shall not exceed ten percent (10%) of the issued and outstanding Shares, and that the aggregate number of Shares (a) issued to insiders and associates of such insiders within any one-year period and (b) issuable to insiders and associates of such insiders at any time under the Stock Option Plan or any other proposed or established share compensation arrangement shall in each case not exceed ten percent (10%) of the issued and outstanding Shares.

Options granted under the Stock Option Plan may not be assigned or transferred except by will or the laws of succession in a deceased Participant's jurisdiction.

The Board may amend the Stock Option Plan or any Option so long as the amendment shall not adversely alter or impair any Options previously granted, except as permitted in the Stock Option Plan, as agreed with a Participant, or as the Board determines is required, to comply with applicable law or the rules of the TSX.

Without limiting the foregoing, but subject to the below, the Board may, without Shareholder approval, make the following amendments to the Stock Option Plan or any Option:

- amendments of a "housekeeping" nature;
- a change to the vesting provisions of any Option;
- the introduction or amendment of a cashless exercise feature payable in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Total Reserve;

- the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted;
- any changes or corrections as may be required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

The Board will be required to obtain any required approval of the TSX and Shareholder approval for the following amendments:

- any change to the maximum number of Shares issuable from treasury under the Stock Option Plan, including an increase to the fixed maximum number of Shares or a change from a fixed maximum number of Shares to a fixed maximum percentage, other than an adjustment pursuant to a change in capitalization;
- any amendment which reduces the exercise price of any Option or other entitlement granted under the Stock Option Plan after it has been granted or any cancellation of an Option or other entitlement and the substitution of that Option or entitlement by a new Option or entitlement with a reduced price, except in the case of an adjustment pursuant to a change in capitalization;
- any amendment which extends the expiry date of any Option or other entitlement granted under the Stock Option Plan beyond the original expiry date, except in case of an extension due to a Black-Out Period;
- any amendment which would allow non-employee directors to be eligible for awards under the Stock Option Plan;
- any amendment which would permit any Option or other entitlement granted under the Stock Option Plan to be transferable or assignable by any Participant other than by will or by the laws of succession of the domicile of a deceased Participant under the Stock Option Plan;
- any amendment which increases the maximum number of Shares that may be issued to (i) insiders and associates of such insiders; or (ii) any one insider and associates of such insider under the Stock Option Plan or any other proposed or established share compensation arrangement in a one-year period, except in case of an adjustment pursuant to a change in capitalization; and
- any amendment to the amendment provisions of the Stock Option Plan,

provided that Shares held directly or indirectly by insiders benefiting from certain amendments shall be excluded when obtaining such Shareholder approval.

Options

For each grant of Options under the Stock Option Plan, the Administrator shall (i) designate the Eligible Participants who may receive Options under the Stock Option Plan, (ii) fix the number or dollar amount of Options to be granted to each Eligible Participant, (iii) determine the price per Share to be payable upon the exercise of each such Option (the **"Option Price"**), which shall not be less than the market value of such Shares at the time of the grant, and (iv) determine the relevant vesting provisions, including performance criteria, if any, and the term of the Option which shall not exceed ten years, the whole subject to the terms and conditions of the Stock Option Plan. For purposes of the Stock Option Plan, the "market value" of the Shares shall be: (i) if the grant is made outside a Black-Out Period, the volume weighted average trading price of the Shares on the TSX for the five (5) trading day period ending on the last trading day before the day on which the Option is granted or, if not available, the closing market price of the Shares at the time of the grant; (ii) if the dollar amount is approved by the Administrator outside a Black-Out Period as part of a periodic grant program but with an effective award date that falls on the first or second day of a Black-Out Period, the volume weighted average trading price of the Shares on the TSX for the five (5) trading day period ending on the last trading day before the first day of such Black- Out Period; or (iii) if the dollar amount is approved by the Administrator during a Black-Out Period, then the grant will be made no earlier than on the sixth (6th) day following the end of such Black-Out Period using the volume weighted average trading price of the Shares on the TSX for the five (5) trading day period following the last day of such Black-Out Period. The Option Price for Shares that are subject to any Option granted to a U.S. Taxpayer shall be the greater of the market price determined in accordance with the immediately preceding sentence and the market value determined in a manner required for such Option to be an exempt stock right under Section 409A of the U.S. Internal Revenue Code of 1986, as amended.

Unless otherwise determined by the Administrator, all unexercised Options shall be cancelled at the expiry of such Options. If the expiration date falls on or within ten days following the expiration of a Black-Out Period, it is automatically extended to the tenth trading day after the expiration of such Black-Out Period.

If a Participant's employment is terminated for cause, Options terminate on the effective date of the termination or the date specified in the notice of termination. If a Participant's employment is terminated other than for cause, by reason of death, reason of disability or upon retirement, any Options may be exercised if they have vested at the time of termination or cessation of employment, unless otherwise determined by the Administrator. Such Options are exercisable for a period of 90 days after the termination date or prior to the expiration of the original term of such Options, whichever occurs earlier, unless otherwise

determined by the Administrator. In the event of the death of a Participant, his/her vested Options at the time of death must be exercised by his/her heirs within one year of the Participant's death or prior to the expiration of the original term of such Options, whichever occurs earlier. A change of employment among the Corporation and its affiliates does not affect the Participant's Options.

In the event of the injury or disability of a Participant or in the event of retirement of a Participant, any Options may be exercised by the Participant as the rights to exercise such Options accrue; however such Options shall only be exercisable within five years after the cessation of employment (or the effective date on which the Participant becomes eligible long-term disability benefits) or the retirement, as applicable, or prior to the expiration of the original term of such Options, whichever occurs earlier. In the event a Participant takes a voluntary leave of absence, any Options may be exercised by the Participant as the rights to exercise such Options accrue.

If a Participant has a written agreement with the Corporation or an affiliate governing the services rendered by the Participant and that agreement contains a restrictive covenant, the terms of such restrictive covenant shall automatically extend to cover the Option so granted under the Plan. If the Administrator determines that the Participant has breached the restrictive covenant, the Administrator may cancel the Option in whole or in part.

Prior to their expiration or earlier termination in accordance with the Stock Option Plan, Options are exercisable in whole or in part and at such time or times and/or pursuant to performance criteria or other vesting conditions as the Administrator may determine in its sole discretion at the time of granting the Option.

The Stock Option Plan also provides that in the event of a Change in Control (as defined in the Stock Option Plan), a reorganization of the Corporation, an amalgamation of the Corporation, an arrangement involving the Corporation, a take-over bid (as that term is defined in the Securities Act (Québec)) for all of the Shares or the sale or disposition of all or substantially all of the property and assets of the Corporation, the Board may make such provision for the protection of the rights of the Participants as the Board in its discretion considers appropriate in the circumstances, including, without limitation, changing the vesting conditions for the Options and/or the date on which any Option expires.

Stock Option Plan Amendments in the Last Year

On December 7, 2022, the Board amended the Stock Option Plan to (i) change the name of the plan from the Third Amended and Restated Long-Term Incentive Plan to the "Stock Option Plan", (ii) delete provisions relating to the granting of restricted share units under the plan, (iii) update Canadian and U.S. income tax provisions, (iv) delete the limit on the number of Shares being reserved for issuance to any one participant, (v) permit the designation of a dollar amount of option grants, (vi) remove the "net exercise" settlement feature, (vii) add a forfeiture provision, (viii) provide that participants' entitlements are not affected by a change of employment or engagement within or among the Corporation or its affiliates, and (ix) incorporate various changes of an administrative and housekeeping nature. The forgoing amendments did not require Shareholder approval under the terms of the Stock Option Plan.

The Board also made several amendments on December 7, 2022 that are subject to Shareholder approval under the terms of the Stock Option Plan and TSX rules. The changes, which have been conditionally approved by the TSX, are to:

a. increase the number of common shares of the Corporation reserved for issuance under the plan from 2,080,950 to 3,108,184;
b. increase the insider participation limit from four percent (4%) to ten percent (10%) of the issued and outstanding common shares of the Corporation; and
c. clarify the Corporation's flexibility to make amendments which do not require shareholder approval, confirm that amendments that do require shareholder approval are also subject to TSX approval.

The amendments to the Stock Option Plan which are subject to Shareholder approval are being considered at the Meeting (see subsection "*4. Approval of Amendments to the Stock Option Plan*" on *page 11*, under the "Business of the Meeting" section of the Circular.)

SHARE UNIT PLAN

Effective December 7, 2022, the Corporation adopted a share unit plan (the "**Share Unit Plan**") for key employees of the Corporation and its affiliates.

Under the Share Unit Plan, the Corporation may grant share units to key employees in the form of redeemable restricted share units ("**Redeemable RSUs**") and redeemable performance share units ("**Redeemable PSUs**", and together with Redeemable RSUs,

"**Share Units**") that are based on the value of a Share and vest over time and may be subject to performance-based measures. Vested Share Units may be redeemed by the participant at any time after vesting but prior to the tenth (10th) anniversary of the grant date for Shares issued from treasury, market-purchased Shares or cash, or any combination of them, at the choice of the participant.

The Share Unit Plan will be administered by the Board. The Board may delegate its authority to a committee selected by the Board (the "**Committee**", and the Board and the Committee are, to the extent the Board has delegated authority under the Share Unit Plan to such committee, the "**Administrator**"). Pursuant to the Share Unit Plan, only those full-time officers, senior executives, employees and dependent contractors of the Corporation or its affiliates that occupy key positions as determined by the Administrator are eligible to receive Share Units ("**Eligible Participants**", and when such Eligible Participants are awarded Share Units, the "**Participants**"). In determining Share Units to be granted under the Share Unit Plan, the Administrator gives due consideration to the value of each Eligible Participant's present and potential future contribution to the Corporation's success.

Under the Share Unit Plan, the total number of Shares reserved and available for grant and issuance pursuant to Share Units is limited to 1,500,000 Shares, representing approximately 1.2% of the 124,453,717 issued and outstanding Shares as of December 31, 2022.

Shares in respect of which Share Units are granted but not redeemed under the Share Unit Plan due to the cancellation or termination of such Share Units or otherwise, shall be available for Share Units to be granted thereafter. The Share Unit Plan provides that the aggregate number of Shares issued to any one insider and associates of such insider under the Share Unit Plan or any other proposed or established share compensation arrangement within any one-year period shall not exceed ten percent (10%) of the issued and outstanding Shares, and that the aggregate number of Shares (a) issued to insiders and associates of such insiders within any one-year period and (b) issuable to insiders and associates of such insiders at any time under the Share Unit Plan or any other proposed or established share compensation arrangement shall in each case not exceed ten percent (10%) of the issued and outstanding Shares.

Share Units awarded under the Share Unit Plan are not assignable or transferable, whether voluntary or by operation of law, except by will or the laws of succession in a deceased Participant's jurisdiction.

The Board may from time to time, without notice and without approval of the Shareholders, amend, modify, change, suspend or terminate the Share Unit Plan or any Share Units granted pursuant thereto as it in its discretion determines appropriate, provided, however, that such amendment shall not adversely alter or impair any Share Units previously granted except as permitted in the Share Unit Plan, as agreed with a Participant, or as the Board determines is required or desirable to comply with applicable law or the rules of the TSX. Participant consent shall not be required in connection with the termination of the Share Unit Plan where the vesting of all outstanding Share Units is accelerated. If the Board terminates or suspends the Share Unit Plan, no new Share Units shall be credited to a Participant and outstanding Share Units may be either accelerated and settled or remain outstanding, provided that outstanding Share Units will not be entitled to dividend equivalents on or after the termination or suspension of the Share Unit Plan unless the Board determines otherwise.

Without limiting the foregoing, but subject to the below, the Administrator may, without Shareholder approval, make the following amendments to the Share Unit Plan or any Share Units:

a. amendments of a "housekeeping" nature;
b. a change to the vesting provisions of any Share Units; and
c. any such changes or corrections as may be required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

The Administrator will be required to obtain any required approval of the TSX and Shareholder approval for the following amendments:

a. any change to the maximum number of Shares issuable from treasury under the Share Unit Plan, including an increase to the fixed maximum number of Shares or a change from a fixed maximum number of Shares to a fixed maximum percentage, other than an adjustment following certain corporate transactions;
b. any amendment which extends the vesting period of any Share Units beyond the original date, except in case of an extension due to a Black-Out Period;
c. any amendment which would allow non-employee directors to be eligible for awards under the Plan;
d. any amendment which would permit any Share Unit granted under the Plan to be transferable or assignable by any Participant other than by will or by the laws of succession of the domicile of a deceased Participant;
e. any amendment which increases the maximum number of Shares that may be issued to (i) insiders and associates of such insiders; or (ii) any one insider and associates of such insider under the Share Unit Plan or any other proposed or

established share compensation arrangement in a one-year period, except in case of an adjustment following certain corporate transactions; and

f. any amendment which deletes or reduces the range of amendments which require Shareholder approval under the amendment provisions of the Share Unit Plan.

A Redeemable RSU is a unit equivalent in value to a Share that does not vest until after a specified period of time, or satisfaction of other vesting conditions as determined by the Administrator. For each grant of Redeemable RSUs under the Share Unit Plan, the Administrator shall (i) designate the Eligible Participants who may receive Redeemable RSUs under the Share Unit Plan; (ii) fix the number or dollar amount of Redeemable RSUs to be granted to each Eligible Participant and the Award Date (as defined in the Share Unit Plan), and (iii) determine the relevant conditions and vesting provisions and Restriction Period (as defined in the Share Unit Plan) of such Redeemable RSUs, the whole subject to the terms and conditions prescribed in the Share Unit Plan and in any award notice. Unless otherwise specified in an award notice, all Redeemable RSUs will vest on the third anniversary of the Award Date.

A Redeemable PSU is a unit equivalent in value to a Share that does not vest unless certain performance criteria are met within a specified performance period, as determined by the Administrator. For each grant of Redeemable PSUs under the Share Unit Plan, the Administrator shall (i) designate the Eligible Participants who may receive Redeemable PSUs under the Share Unit Plan; (ii) fix the number or dollar amount of Redeemable PSUs to be granted to each Eligible Participant and the Award Date; and (iii) determine the vesting schedules, performance period, performance measures and objectives and other conditions for Redeemable PSUs under the Share Unit Plan, the whole subject to the terms and conditions prescribed in the Share Unit Plan and in any award notice. Upon conclusion of each performance period, between 0% - 200% of the Redeemable PSUs shall vest upon the conclusion of each performance period, subject to the achievement of specified performance measures and objectives.

For purposes of the Share Unit Plan, the "market value" of the Shares shall be: (i) if the grant is made outside a Black-Out Period, the volume weighted average trading price of the Shares on the TSX for the five (5) trading day period ending on the last trading day before the Award Date or, if not available, the closing market price of the Shares at the time of the grant; (ii) if the dollar amount is approved by the Administrator outside a Black-Out Period as part of a periodic grant program but with an effective award date that falls on the first or second day of a Black-Out Period, the volume weighted average trading price of the Shares on the TSX for the five (5) trading day period ending on the last trading day before the first day of such Black-Out Period; or (iii) if the dollar amount is approved by the Administrator during a Black-Out Period, then the grant will be made no earlier than on the sixth (6th) trading day following the end of such Black-Out Period using the volume weighted average trading price of the Shares on the TSX for the five (5) trading day period following the last day of such Black-Out Period.

If the Corporation pays dividends, Participants will be entitled to receive dividend equivalents in the form of additional RSUs or PSUs (as applicable) as of each dividend payment date in respect of which normal cash dividends are paid on Shares. Dividend equivalents will be computed on each dividend payment date but granted on the earlier of (i) April 15 of the fiscal year following the fiscal year in which the dividends were paid, or (ii) the Participant's Termination Date if the Participant retires, is terminated without cause, becomes disabled, or dies, and in the case of (i) or (ii) based on the Share Units credited to the Participant on each dividend record date. Dividend equivalents will vest at the same time and on the same vesting conditions as the Share Units to which they relate.

Subject to the terms of the Share Unit Plan and except as otherwise provided in an Award Notice, a Participant may redeem a vested Share Unit for (i) a whole Share issued from treasury, (ii) a whole Share purchased on the open market, (iii) the equivalent cash value of a whole Share, or (iv) a combination of the foregoing. If a Participant does not redeem their vested Share Units within 10 years of the applicable Award Date, the vested Share Units will be redeemed for Shares issued from treasury. If the expiration or settlement of a Share Unit falls on or within ten days following the expiration of a Black-Out Period, it is automatically extended to the tenth day after the expiration of such Black-Out Period.

If a Participant's employment is terminated for cause, then any Share Units credited to the Participant that have not been settled on the effective date of the termination or the date specified in the notice of termination are immediately forfeited and cancelled as of such date. If a Participant's employment is terminated other than for cause, reason of disability, or upon retirement, then a pro-rated amount of Share Units will vest on the vesting date applicable to the Share Units based on the period of time that the Participant was actively employed between the applicable award date and applicable vesting date. Participants whose employment is terminated other than for cause will have until the earlier of (i) 90 days following the effective date of the termination or the date specified in the notice of termination and (ii) any applicable expiration date to redeem any Share Units that were vested as of such date, and until the earlier of (iii) 90 days following the applicable vesting date and (iv) any applicable expiration date to redeem any awards that vest following the effective date of the termination or the date specified in the notice of termination. Participants who retire or become disabled shall have until the earlier of (i) five years following the cessation of employment (or the effective date on which the Participant becomes eligible long-term disability benefits) and (ii) any applicable expiry date to redeem their Share Units. If a Participant dies, all outstanding Share Units will immediately vest as of their date of death based on 100% performance, and the executor or administrator of their estate will generally have one year to redeem

such vested Share Units, but subject to satisfying certain conditions may elect to redeem such vested Share Units by the end of the year following the year of the Participant's death. If a Participant resigns, their unvested Share Units are forfeited and cancelled as of the effective date of their resignation and their vested Share Units may be redeemed until the earlier of (i) 90 days following the effective date of the termination or the date specified in the notice of termination and (ii) the applicable expiry date. Notwithstanding the foregoing, a change of employment or engagement within or among the Corporation or any Affiliate will not affect a Participant's Share Units. In all cases, the Administrator may resolve to permit the acceleration of vesting of any or all Share Units or waive termination of any or all Share Units.

In the event that there is a restatement of the Corporation's quarterly or annual financial statements, adjustments may be made to (i) reduce the number of Share Units in each grant relating to or made in the fiscal year for which the Corporation's annual financial statements have been restated, or containing the fiscal quarter for which the Corporation's annual quarterly financial statements have been restated, and (ii) vesting or the performance ratio based on the performance criteria affected by such restatement, as determined by the Administrator.

In the event of any subdivision, consolidation, share dividend, capital reorganization, reclassification, exchange, or other change with respect to the Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of the Corporation or other distribution of the Corporation's assets to shareholders (other than a payment of dividends) at any time after the award of a Share Unit, such outstanding Share Units shall be adjusted in such manner as the Administrator deems appropriate to preserve, proportionately, the interests of Participants under the Plan.

In the event of a Change of Control (as defined in the Share Unit Plan), a reorganization of the Corporation, an amalgamation of the Corporation, an arrangement involving the Corporation, a take-over bid (as that term is defined in the Securities Act (Québec)) for all of the Shares or the sale or disposition of all or substantially all of the property and assets of the Corporation, the Board may make such changes to awards of Share Units as it in its discretion considers appropriate in the circumstances.

PERFORMANCE SHARE UNIT PLAN

On March 12, 2014, the Board approved, following a recommendation of the Governance, Ethics and Compensation Committee, the creation and issuance of PSUs in accordance with a newly adopted Performance Share Unit Plan (the **"PSU Plan"**). The PSU Plan was designed to provide Eligible Participants with the opportunity to participate in the long-term success of the Corporation, to promote a greater alignment of their interests with those of Shareholders, to reward Eligible Participants for their performance and to provide a means through which the Corporation may attract, motivate and retain key personnel. The PSU Plan is administered by the Governance, Ethics and Compensation Committee. Once vested, PSUs issued under the PSU Plan are payable in cash only.

For each grant of PSUs under the PSU Plan, the Governance, Ethics and Compensation Committee shall (i) designate the Eligible Participants who may receive PSUs under the PSU Plan, (ii) determine the number of PSUs (including fractional PSUs) to be credited to each Eligible Participant, having regard to the market value of the Shares at the time of the grant, (iii) determine the performance measures and objectives that shall determine the proportion, not exceeding 200% of such awarded PSUs becoming Vested PSUs, and (iv) determine the Performance Period, the whole subject to the terms and conditions of the PSU Plan. For the purpose of such determination, the "market value" of the Shares shall be, in accordance with the amendments to the PSU Plan approved by Board on December 16, 2020 and described below, (i) if the grant is made outside a Black-Out Period, the volume weighted average trading price of the Shares on the TSX for the five (5) Trading Day period ending on the last Trading Day before the Award Date or, if not available, the last available closing market price of the Shares at the time of the grant;(ii) if the dollar amount of PSUs is approved by the Governance, Ethics and Compensation Committee outside a Black-Out Period as part of a periodic grant program but with an effective Award Date that falls on the first or second day of a Black-Out Period, the volume weighted average trading price of the Shares on the TSX for the five (5) Trading Day period ending on the last Trading Day before the first day of such Black-Out Period; or (iii) if the dollar amount of PSUs is approved by the Governance, Ethics and Compensation Committee during a Black-Out Period, then the award will be made no earlier than on the sixth (6th) trading day following the end of such Black-Out Period using the volume weighted average trading price of the Shares on the TSX for the five (5) Trading Day period following the last day of such Black-Out Period.

Following the completion of a Performance Period applicable to an award, the Governance, Ethics and Compensation Committee shall assess the performance in light of the measures identified and the objectives set for such Performance Period. The Governance, Ethics and Compensation Committee shall then determine the percentage, not to exceed 200%, of performance achieved during the Performance Period (the **"Vesting Percentage"**) applicable to the awards. In making its determination, the Governance, Ethics and Compensation Committee may set the Vesting Percentage at a higher percentage (not to exceed 200%) than would have resulted based solely on the performance measures and objectives. The number of PSUs that will vest for a Participant will correspond to the number of PSUs granted to such Participant on the grant date (including Dividend Equivalents) multiplied by the Vesting Percentage (the **"Vested PSUs"**).

Participants are entitled to receive payment in cash for each Vested PSU in an amount equal to the number of Vested PSUs multiplied by the volume weighted average trading price of the Shares on the TSX for the five trading day period immediately preceding the date or dates determined by the Governance, Ethics and Compensation Committee as the date(s) on which all or part of an award shall be valued and thereafter be paid, less any applicable withholding taxes.

Upon a Participant's retirement, if a Participant's employment is terminated other than for cause, or if a Participant becomes Disabled (as defined in the PSU Plan), subject to any resolution passed by the Governance, Ethics and Compensation Committee, a pro-rated portion of PSUs in the Participant's account which have not become payable as of the separation date, based on the amount of time such Participant was actively employed during the Performance Period, shall be paid to the Participant after each applicable Vesting Date, provided that such PSUs have become Vested PSUs in accordance with the PSU Plan, and provided further the Participant shall cease to accumulate Dividend Equivalents as of the separation date. Upon the death of a Participant, any PSU granted which have not become payable on or before the date of death will immediately vest and become payable and, for such purpose, the Vesting Percentage shall be 100% and the PSUs will be valued at the date of death. Upon the termination of a Participant's employment for cause or for any other reason than those specified above, any unvested PSU credited to such Participant's account shall be forfeited and cancelled along with any Dividend Equivalent in relation to such PSUs.

The PSU Plan also provides that in the event of a Change of Control (as defined in the PSU Plan), all outstanding PSUs shall vest immediately at a Vesting Percentage of 100%, or such higher percentage as may be determined by the Governance, Ethics and Compensation Committee.

PSU Plan Amendments

No amendments to the PSU Plan were made in 2022.

DEFERRED SHARE UNIT PLAN

Effective May 12, 2015, the Board approved, following a recommendation of the Governance, Ethics and Compensation Committee, the creation and issuance of deferred share units **("DSUs")** in accordance with a newly adopted Deferred Share Unit Plan (the **"DSU Plan"**). The DSU plan, as amended, is designed to enhance the Corporation's ability to attract and retain talented individuals to serve as members of the Board and in executive positions, to promote alignment of interests between Participants and Shareholders and to assist Participants in fulfilling the Director Share Ownership Requirements and the Executive Share Ownership Requirements.

The DSU Plan is administered by the Governance, Ethics and Compensation Committee. For the purpose of the DSU Plan, **"Eligible Directors"** are those directors who are not employees of the Corporation and are designated as such by the Board and **"Eligible Employees"** are those employees of the Corporation and are designated as such by the Board. When such Eligible Directors or Eligible Employees are granted DSUs, they are also referred to as **"Participants"**. DSUs issued under the DSU Plan can only be settled in cash.

Eligible Directors receive part of their compensation in DSUs, with fractions computed to three decimal places, being calculated using the market value at the time of the grant. For the purpose of the DSU Plan, the "market value" is the volume weighted average trading price of a Share on the TSX for the five trading days immediately preceding the date of calculation or such other manner as is required or allowed by the rules and policies of the TSX, or, if not available, the last available closing market price of the Shares at the time of the grant. Participation in the DSU Plan by Eligible Employees remains entirely at the Eligible Employee's discretion, since no given portion of an Eligible Employee's **"Annual Eligible Remuneration"** has been determined by the Board to be mandatorily payable in DSUs. For the purpose of the DSU Plan, the Annual Eligible Remuneration (i) in the case of an Eligible Director, is the amount of annual compensation payable to such Eligible Director in respect of his or her duties as a director of the Corporation and (ii) in the case of an Eligible Employee, is the amount of the annual bonus or other annual short term incentive compensation payable to an Eligible Employee in respect of his or her duties and performance as an employee of the Corporation. An Eligible Employee may be permitted to, as determined by the Board and in accordance with the terms of any applicable STIP in effect from time to time, defer all or a portion of his or her short-term incentive compensation into DSUs **("Match Eligible Remuneration")** and receive Matching DSUs in respect of such deferral. On the same date as DSUs are granted to a Participant in respect of a deferral of Match Eligible Remuneration, additional DSUs may be granted to the Participant as a matching grant of DSUs **("Matching DSUs")**. The number of Matching DSUs granted shall be equal to twenty-five percent (25%) of the first fifty percent (50%) of DSUs granted in respect of the Participant's deferral of Match Eligible Remuneration, or such other matching percentage designated by the Board from time to time.

Unless otherwise determined, DSUs, including any Dividend Equivalents, vest immediately upon being granted. Matching DSUs, including any Dividend Equivalents, will vest in accordance with the vesting schedule set forth in the Participant's grant notice which shall be, unless otherwise determined by the Board, at a rate of 1/3 per year on the anniversary date of the grant, over a

period of three years.

If the Governance, Ethics and Compensation Committee approves a dollar amount of DSUs to be granted to an Eligible Employee, such Participant's notional account shall be credited with a number of DSUs equal to the approved dollar amount divided by the Fair Market Value of one Share. For the purposes of an award made to an Eligible Employee, the "Fair Market Value" of the Shares shall be (i) if the award is made outside a Black-Out Period, the volume weighted average trading price of the Shares on the TSX for the five (5) Trading Day period ending on the last Trading Day before the award Date or, if not available, the last available closing market price of the Shares at the time of the award; (ii) if the dollar amount of DSUs is approved by the Committee outside a Black- Out Period as part of a periodic grant program but with an effective award date that falls on the first or second day of a Black-Out Period, the volume weighted average trading price of the Shares on the TSX for the five (5) Trading Day period ending on the last Trading Day before the first day of such Black-Out Period; or (iii) if the dollar amount of DSUs is approved by the Committee during a Black-Out Period, then the award will be made no earlier than on the sixth (6th) day following the end of such Black-Out Period using the volume weighted average trading price of the Shares on the TSX for the five (5) Trading Day period following the last day of such Black-Out Period.

No Participant will have any right to receive any payment under the Plan, however, until he or she ceases to be an Eligible Director (and is not at that time an employee of the Corporation) or an Eligible Employee (and is not at that time a Director) for any reason (other than for Cause), including by death, disability, retirement or resignation (a **"Termination Date"**).

In accordance with the terms of the DSU Plan, a Dividend Equivalent is to be computed in the form of additional DSUs calculated on each dividend payment date in respect of which normal cash dividends are paid on the Shares. Such additional DSUs will vest at the time these are credited to the recipient's account and settlement of such Dividend Equivalent will occur at the same time and in accordance with the same terms as the underlying DSUs. Dividend Equivalents shall be computed as of each dividend payment date by dividing: (i) the amount obtained by multiplying the amount of each dividend declared and paid per Share by the number of DSUs recorded in the Participant's account on the record date for the payment of such dividend, by (ii) the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding the dividend payment date for the payment of any dividend made on the Shares, with fractions computed to three decimal places. Such Dividend Equivalent payable in the form of additional DSUs will be credited to a Participant's account annually on April 15 from the date DSUs have been awarded to the date of settlement of such DSUs.

Once a Termination Date occurs for a given Participant, such Participant (or its legal representative in the case of death) will be entitled to file up to two redemption notices requesting settlement of all or part of the vested DSUs credited to its account by way of a cash payment calculated using the Market Value on the date of such filing. The **"Market Value"** means the volume weighted average trading price of a Share on the TSX for the five (5) Trading Days immediately preceding the date of calculation. Should no redemption notice be filed, then the Participant will be deemed to have filed a redemption notice for all its DSUs on December 1 of the first calendar year commencing after the date of the Participant's Termination Date (other than as a result of the Participant's death while serving as an Eligible Director or an Eligible Employee, in which case the date for determination of the Market Value will be the date of the Participant's death).

The DSU Plan also provides that in the event of a Change of Control (as defined in the DSU Plan), the Board may make such provision for the protection of the rights of the Participants as the Board, in its discretion considers appropriate in the circumstances, including without limitation, providing for substitute or replacement deferred share units of the continuing entity (unless substitution or replacement of the outstanding DSUs is deemed impossible or impractical by the Board, in its sole discretion). Notwithstanding the foregoing, no Participant will be entitled to receive payment for, or in respect of, any DSUs on or before his or her Termination Date.

DSU Plan Amendments

No amendments to the DSU Plan were made in 2022.

RESTRICTED SHARE UNIT PLAN

Effective January 1, 2016, the Board approved, following a recommendation of the Governance, Ethics and Compensation, the creation and issuance of new restricted share units granted or to be granted by the Corporation **("RSUs")** in accordance with a newly adopted Restricted Share Unit Plan (the **"RSU Plan"**). The RSU Plan was designed to increase the interest in the Corporation's welfare of Eligible Participants, who share responsibility for the management, growth and protection of the business of the Corporation or a Subsidiary, to provide an incentive to Eligible Participants to continue their services for the Corporation or a Subsidiary and to provide a means through which the Corporation may attract, motivate and retain key personnel. The RSU Plan is administered by the Governance, Ethics and Compensation Committee. Once vested, RSUs issued under the RSU Plan are payable in cash only.

For each grant of RSUs under the RSU Plan, the Governance, Ethics and Compensation Committee shall (i) designate the Eligible Participants who may receive RSUs under the RSU Plan, (ii) fix the number or dollar amount of RSUs, as the case may be, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted (the **"Award Date"**) and (iii) determine the relevant conditions and vesting provisions and Restriction Period of such RSUs. Under the RSU Plan, (i) RSUs shall vest three years after the Award Date unless otherwise provided for by the Governance, Ethics and Compensation Committee (the **"Vesting Date"**) and (ii) the **"Restriction Period"** shall be determined by the Governance, Ethics and Compensation Committee, but in all cases shall end no later than December 31 of the calendar year which is three years after the calendar year in which the award is granted. Although the Governance, Ethics and Compensation Committee could provide at the time of granting RSUs for any vesting conditions as it deems appropriate, the Corporation expects the vesting of all RSUs to be time-based only.

If a dollar amount of RSUs is granted instead of a specified number of RSUs, the Participant's account shall be credited with a number of RSUs equal to the approved dollar amount divided by the **"Market Value"** of one Share, which shall be (i) if the grant is made outside a Black-Out Period, the volume weighted average trading price of the Shares on the TSX for the five (5) Trading Day period ending on the last Trading Day before the Award Date or, if not available, the last available closing market price of the Shares at the time of the grant;(ii) if the dollar amount of RSUs is approved by the Committee outside a Black-Out Period as part of a periodic grant program but with an effective Award Date that falls on the first or second day of a Black-Out Period, the volume weighted average trading price of the Shares on the TSX for the five (5) Trading Day period ending on the last Trading Day before the first day of such Black-Out Period; or (iii) if the dollar amount of RSUs is approved by the Committee during a Black-Out Period, then the award will be made no earlier than on the sixth (6th) trading day following the end of such Black-Out Period using the volume weighted average trading price of the Shares on the TSX for the five (5) Trading Day period following the last day of such Black-Out Period.

In accordance with the terms of the RSU Plan, a Dividend Equivalent is to be computed in the form of additional RSUs calculated on each dividend payment date in respect of which normal cash dividends are paid on the Shares. Such RSUs are credited annually on April 15 and shall vest on the Vesting Date according to the same vesting conditions as the underlying RSUs. Dividend Equivalents are computed as of each dividend payment date by dividing: (i) the amount obtained by multiplying the amount of each dividend declared and paid per Share by the number of RSUs recorded in the Participant's account on the record date for the payment of such dividend, by (ii) the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding the dividend payment date for the payment of any dividend made on the Shares, with fractions computed to three decimal places.

At latest on the 30th day after a Vesting Date, Participants are entitled to receive payment in cash for each RSU which vested on that date in an amount equal to the number of vested RSUs multiplied by the Market Value, less any applicable withholding taxes.

Upon a Participant's retirement, if a Participant's employment is terminated other than for cause, or if a Participant becomes Disabled (as defined in the RSU Plan), subject to any resolution passed by the Governance, Ethics and Compensation Committee, a pro-rated payment, based on the amount of time such Participant was actively employed since the Award Date and the total length of the RSUs' vesting period, will be paid to the Participant after each applicable vesting date. However, the Participant shall cease to accumulate Dividend Equivalents as of the separation date.

The RSU Plan also provides that in the event of a Change of Control (as defined in the RSU Plan), all outstanding RSUs shall vest immediately.

RSU Plan Amendments

No amendments to the RSU Plan were made in 2022.

wsp.com/investors

WSP Global Inc.
1600 Boulevard René-Lévesque West
11th Floor, Montréal, Quebec
Canada H3H 1P9

CDPQ

Creating value in an environment like no other

2022 ANNUAL REPORT

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This report presents an overview of our 2022 results, our achievements and our progress in Québec and around the world.

CDPQ unites constructive capital and dedicated teams carrying out our mission.

Some distinctions

Global SWF

CDPQ was named 2022 Fund of the Year by Global SWF, a global reference that analyzes the activities of around 400 sovereign wealth and public pension funds.

World Benchmarking Alliance

CDPQ ranked 1st among 59 global pension funds in the WBA's sustainable finance rankings.

Best Places to Work

CDPQ placed 16th among the world's top 20 best places to work.

Value across all periods

$401.9 B

NET ASSETS
AS AT DECEMBER 31, 2022

Results over ten years

8.0%
ANNUALIZED RETURN

$201.5 B
INVESTMENT RESULTS

$30.1 B
VALUE ADDED

Results over five years

5.8%
ANNUALIZED RETURN

$91.8 B
INVESTMENT RESULTS

$17.9 B
VALUE ADDED

Results in 2022

-5.6%
RETURN

-$24.6 B
INVESTMENT RESULTS

$10.4 B
VALUE ADDED

Liquidity

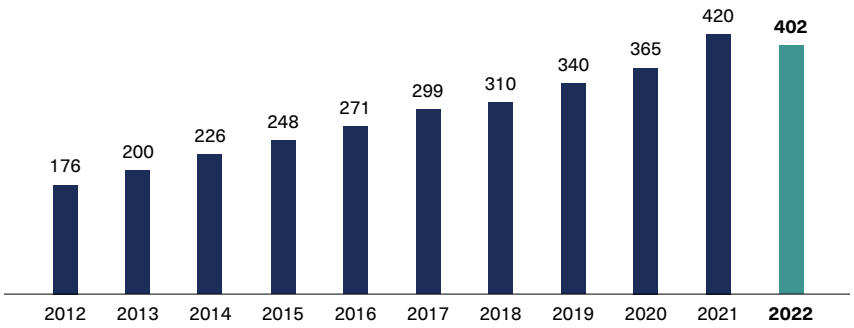
CDPQ has sufficient liquidity to meet its commitments and maintain the flexibility it needs to seize investment opportunities and weather potential crises.

Highest credit ratings reaffirmed

AAA The DBRS, Fitch, Moody's and S&P rating agencies reaffirmed the investment grade credit ratings of CDPQ and CDP Financial, with a stable outlook.

Growth in net assets since 2012

(in billions of dollars)



We leverage the full strength of CDPQ to support companies and the economy to give us the edge to go further together.

Our ambition

In 2022, we continued to fulfill our role in Québec in addition to aiming for $100 billion in Québec assets by 2026.

Our priorities

We support local companies based on our priority areas of focus: sustainable growth, global reach and technological change.

Our value proposition

We are focused on our key levers: our capital, the diverse expertise of our teams and our ability to forge connections through our vast network.

Nortera: Targeting the North American market from Brossard

Alongside the Fonds de solidarité FTQ, we acquired a 65% joint stake in this leading canned and frozen vegetables producer.

Following this transformative transaction for Québec's agri-food sector, Nortera will be able to pursue its North American expansion from its Brossard headquarters. Another step toward a greener and more environmentally responsible food sector.

Pomerleau

An additional investment of $150 million to support the pan-Canadian growth plan of this major construction company, among Canada's largest

Impact | Pomerleau acquired ITC Construction Group, a leading residential construction company headquartered in Vancouver

GRYB

Co-investment to accelerate the expansion of this Victoriaville-based heavy machinery specialist and develop its product line

Impact | A major industry player was created following the acquisition of RAD Technologies, Dalkotech and Eco-trak

Plusgrade

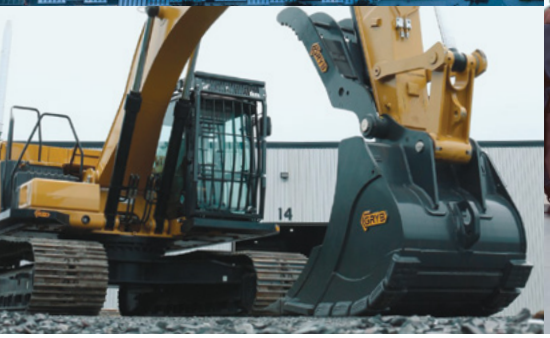
Support the company's acquisition of the Points loyalty transaction platform for US$385 million

Impact | The strong growth of this ancillary revenue powerhouse will generate value for over 140 tourism and financial services partners in 60 countries

Haleco

Ivanhoé Cambridge's participation in an investment of nearly $200 million in this project involving 327 residential units and 40 community housing units

Impact | This building, which emphasizes energy efficiency and urban agriculture, will redevelop a site in downtown Montréal



Our work goes beyond the sums invested—we help grow local companies and energize the ecosystem and the next generation.

Support

Our teams work closely with companies to execute their growth and performance projects.

Initiatives

In partnership with numerous organizations, we conduct innovative initiatives adapted to today's business context.

Diversity

We foster the development of a diversified entrepreneurial community to build a more inclusive economy.

Ambition ME: Reaching their full potential

We offer financing and support to propel mid-market companies in Québec to their next growth stage.

"We've been on the ground working alongside mid-sized companies for decades. Personalized assistance, cutting-edge expertise, networking opportunities . . . we do more than invest capital—we provide them with strategic support—which generates tangible results and great success stories."

Geneviève Bouthillier
Managing Director, Private Mid-Market Companies, CDPQ

FLO

Rolling out more than 70,000 charging stations for electric vehicles in North America

Novatech Group

Rising to the top of the door and window industry by quadrupling its annual revenues in 10 years

Metro Supply Chain

Meeting supply chain challenges by managing 1.3 million m^2 of warehouse space worldwide

Les Cheffes de file

A community of practice with the goal of accelerating the growth of women-owned companies with annual revenues of $5–50 million. Visit Les Cheffes de file web page at www.cdpq.com to find out more about these ambitious leaders.

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WOMEN ENTREPRENEURS IN THE COMMUNITY

13
QUÉBEC REGIONS REPRESENTED

11
CODEVELOPMENT, NETWORKING AND TRAINING ACTIVITIES IN 2022

Repères numériques

A training and coaching program focused on developing a digital business culture to spur the growth of Québec-based SMEs with annual revenues of $5–35 million. Visit the Repères numériques web page at www.cdpq.com for more information.

50
COMPANIES COACHED SINCE LAUNCHING IN 2021

13
QUÉBEC REGIONS REPRESENTED

19
EVENTS ORGANIZED IN 2022, INCLUDING WORKSHOPS, TRAINING AND EXCLUSIVE CONFERENCES

Visit the Ambition ME web page at www.cdpq.com to read inspirational portraits, including three new company profiles published in 2022.

What drives us: Creating value for Quebecers.

Listening

Because each of our depositors is unique, we factor their realities, objectives and needs into our strategies.

Collaboration

We work closely with their decision-making committees, advising on their investment policy decisions.

Transparency

We engage in productive and open discussions with our depositors covering all aspects of our relationship.

Our motivation

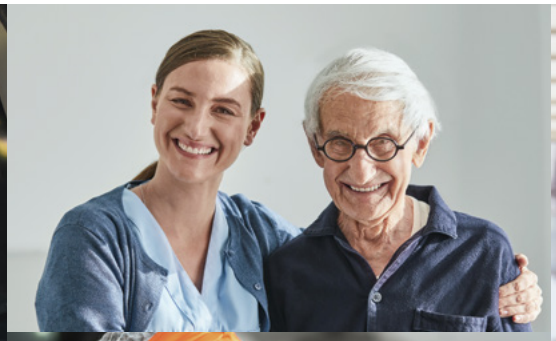
Behind our clients, there are millions of people at different stages of their lives. We always keep this in mind in our day-to-day work.

Our driving force is our 48 depositors, primarily pension and insurance funds in Québec's public and parapublic sectors, who entrust us with their assets to generate sustainable returns.

The results generated by CDPQ over the years provide them with a sound financial position.

Performance of our eight largest depositors

6.4% to 9.1%	4.2% to 6.7%	-8.0% to -3.9%
OVER 10 YEARS	OVER 5 YEARS	IN 2022



We take concrete action to generate positive impacts for people, communities and the environment.

Influence

Drawing on our leadership position on sustainability, we encourage local and international stakeholders to meet the challenges of the transition.

Conviction

We lead by example by making tangible and ambitious ESG commitments.

Awareness

We encourage our portfolio companies and external managers to adopt best practices.

Investing constructive capital

This means continuously innovating and creating opportunities to grow our portfolio companies while contributing to a sustainable and inclusive economy.

$47 B

LOW-CARBON ASSETS IN THE PORTFOLIO, UP $29 BILLION OVER 5 YEARS

45%

PROPORTION OF WOMEN AT CDPQ, WHERE THEY HOLD MORE THAN ONE QUARTER OF INVESTMENT POSITIONS

54,337

RESOLUTIONS ON VARIOUS TOPICS VOTED ON AT SHAREHOLDER MEETINGS IN 2022

The three pillars of our approach to sustainable investing

Environment

Exercise climate leadership to support the transition toward a more sustainable world

Social

Foster diversity in all its forms and support the adoption of tax best practices

Governance

Encourage industry-wide adherence to rigorous governance and technology risk management practices

For more information on our achievements, see our Sustainable Investing Report at www.cdpq.com.

To go even further, we forge strategic partnerships based on a shared vision.

Complementarity

We join forces with partners who are recognized for their cutting-edge expertise and deep knowledge of target markets.

Reach

We cultivate collaborations that allow us to expand our investment pool to seize promising opportunities worldwide.

Post-investment

We actively monitor investments to generate more value for our partners, our portfolio companies and our depositors.

Invenergy Renewables: Revolutionizing renewable energy

As a shareholder, we have supported the expansion of this leader in North American energy production through various transactions since 2013. Invenergy owns over 100 land and sea wind farms, as well as some 50 solar projects.

This partnership enables us to reduce our portfolio's carbon intensity while contributing to a more sustainable world.

Howden Group Holdings

Since 2017, collaboration with this world-renowned U.K.-based insurance broker

Result | Continued support for the company's acquisition-driven expansion, including Aston Lark in 2022 and TigerRisk in early 2023

NVELOP

New association between Ivanhoé Cambridge and this real estate logistics specialist, which aims to be present along key supply chains

Result | Two acquisitions in Germany in 2022 to develop modern and sustainable logistics spaces

AppDirect

Since 2020, partnership with this global business platform leader headquartered in San Francisco

Result | Strategic backing for the company's organic and acquisition-driven growth, including support for the launch of AppDirect Capital

RXR Realty

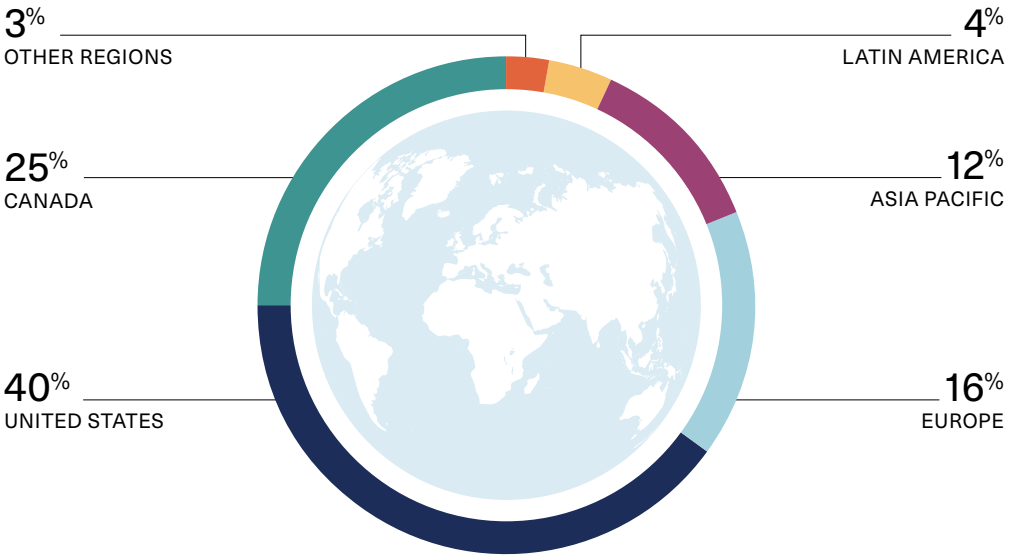
New partnership between Otéra Capital and this U.S.-based real estate company that builds responsible communities

Result | Financing for two multiresidential projects in the New York City region in 2022, including brownfield rehabilitation and affordable housing

Our strategy seeks to benefit from growing diversified asset classes, regions and sectors.

Total portfolio geographic exposure

AS AT DECEMBER 31, 2022



Medical Solutions

Private Equity | United States
Health care

Fundamental Renewables

Fixed Income | United States
Renewable energy

Akiem

Infrastructure | Europe
Rail transportation

Scape

Real Estate | Australia
Student housing

Returns of our three major asset classes

Fixed Income

0.5%
OVER 5 YEARS

-14.9%
IN 2022

Real Assets

5.4%
OVER 5 YEARS

12.0%
IN 2022

Equities

9.5%
OVER 5 YEARS

-5.7%
IN 2022

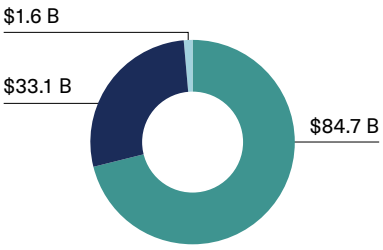
Net assets

AS AT DECEMBER 31, 2022

Fixed Income

$119.4 B

NET ASSETS
BY PORTFOLIO

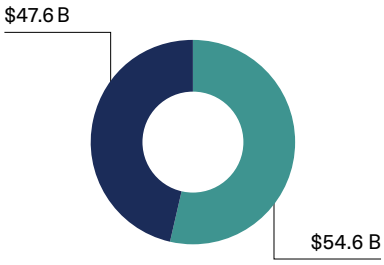


- Credit
- Rates
- Short Term Investments

Real Assets

$102.2 B

NET ASSETS
BY PORTFOLIO

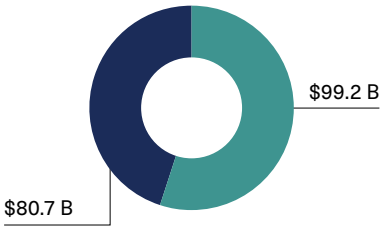


- Infrastructure
- Real Estate

Equities

$179.9 B

NET ASSETS
BY PORTFOLIO



- Equity Markets
- Private Equity

Despite headwinds, we made progress on our priorities in 2022.

Optimal performance

We aim to provide optimal performance for our clients, the depositors.

Total portfolio

- Faced with the worst market conditions in 50 years, our portfolio's annual return of -5.6% outpaced our benchmark portfolio at -8.3%, generating $10.4 billion in value added
- Strongest two-year value-added performance in our history, generated in strongly contrasting market conditions in 2021 and 2022

Fixed Income

- Return of -14.9%, affected by the historic rise in interest rates, but $2.3 billion of value added due to credit activities
- Investments and commitments of over $15 billion in private credit

Real Assets

- Real Estate:
  - Portfolio repositioning delivered for the second year in a row, with a performance of 12.4% and value added of $1.4 billion
  - Over 70 investments and sales totalling $15 billion, with emphasis on promising sectors such as logistics and student housing
- Infrastructure:
  - Return of 11.5% and good protection against inflation, for value added of $4.1 billion
  - $10 billion invested in or committed to various regions and sectors

Equities

- Equity Markets:
  - With a preponderance of Quality mandate securities, the portfolio slightly outperformed its benchmark, with a return of -11.3%
- Private Equity:
  - Good operational performance by private companies in the portfolio, for a return of 2.8% and value added of $1.8 billion

Québec economy

We contribute to Québec's economic development.

- An active year in a slowing global market, with $4 billion in new investments and commitments
- Announcement of our enhanced ambition to increase our assets in Québec to $100 billion by 2026
- Initiatives to support entrepreneurship and the next generation, including Ambition ME, Repères numériques and Les Cheffes de file, continued

Sustainable growth

- Investments in growth and performance projects of successful companies such as Pomerleau, Énergir and Bouthillette Parizeau
- Implementation of transformative projects for Québec's economy, not only in infrastructure, with various key stages completed for the REM, but also in real estate, with Haleco

Global reach

- Investments in companies with international ambitions, such as WSP, Cozey and Plusgrade
- Nearly 40 connection and networking opportunities were created to help Québec companies go international

Technological change

- Support for tech companies such as Talent.com and firms focused on innovation such as Inovia Capital

Worldwide presence

We take concerted action around the world.

- Increased geographic diversification to benefit from the growth of dynamic economies
- Investments in key sectors in all our major regions:
  - United States: New high-quality assets in real estate, as well as in the renewable energy, insurance and telecommunications sectors
  - Europe: Heightened positioning in sustainable mobility and a partnership targeting logistics real estate in Germany
  - Asia Pacific: First direct investments in renewable energy infrastructure in Japan and in ports in the United Arab Emirates
  - Latin America: Acquisition of an electricity transmission network serving three countries
- Participation in major international meetings, contributing to our organization's international profile

Sustainable investing

We affirm our leadership in sustainable investing, particularly on climate issues.

- Significant progress was made in 2022, paving the way for us to achieve our climate targets to help meet the major challenges of the transition:
  - $47 billion in low-carbon assets, versus a target of $54 billion by 2025
  - The portfolio's carbon intensity was down 53% from 2017, versus a target of 60% by 2030
  - Over $300 billion of assets that are low-carbon or in low-intensity sectors
  - Three transactions in connection with the $10-billion transition envelope to decarbonize the highest-emitting sectors
  - Exit from oil production essentially complete
- Concrete initiatives were implemented to foster diversity, equity and inclusion, and to support the adoption of tax best practices
- Promotion of sound governance and risk management practices

Technology

We are focused on the digital economy.

- Support of CDPQ's transformation into a fully digital organization by focusing on technological innovation
- Careful management of technology risks, including cybersecurity and disruptive technology
- Increased use of data science to optimize investment decisions

In 2022, CDPQ continued executing its orientations by drawing on its constructive capital approach and agile teams, which was even more important in a challenging year, in terms of both the economy and markets, as well as for investors and the broader population. Through its activities, the organization continued to make a vital contribution to Québec's economic development.

Despite challenging conditions, CDPQ created value added over one, five and ten years with its well-diversified portfolio and the strategic adjustments made in recent years, among other things. In addition, depositors' funds remain well capitalized, which is favourable to the over six million Quebecers who contribute to or benefit from them. The returns delivered over time place them in a good financial position. Overall, CDPQ's teams accomplished a great deal across all activities, both in Québec and around the world.

So the Board of Directors is very satisfied with CDPQ's performance in 2022, in such an unusual environment.

The Board rigorously monitored the execution of strategic orientations throughout the year, while ensuring that oversight activities are followed. Board members discussed governance, ethics rules, internal audit, risk management, the market environment, human resources and investment policies: in short, all the areas that ensure the effectiveness and strength of the organization.

We also oversaw other items during the year, including the implementation of an enhanced governance, risk and compliance tool, strengthening cybersecurity, as well as diversity, equity and inclusion efforts. We also paid particular attention to workforce management programs in an environment of fierce competition for talent.

In sum, we supported CDPQ so it could fully play its role, with the ongoing objective of carrying out its dual mandate.

AMBITION AND OUTREACH

The work carried out in 2022 also reflects greater ambitions for the organization in Québec. The Board looks very favourably on CDPQ's intention to hold $100 billion in Québec assets by 2026, a goal at the heart of its mission to which it is fully committed. There was no shortage of accomplishments in 2022, with the completion of multiple transactions, entrepreneurial initiatives and structuring projects. In this regard, we note the progress made on the REM, whose first branch will be commissioned in spring 2023.

Internationally, CDPQ seized many opportunities in various asset classes, leveraging its collaborative approach, business relationships, and the presence of its teams in the field. The organization also put its extensive network to work to help its Québec-based portfolio companies expand globally.

In addition, CDPQ continued making advances on sustainable investing, including on its climate goals: increasing low-carbon assets, reducing the carbon intensity of the total portfolio and working to divest assets related to oil production. Thanks to its innovative approach, CDPQ was ranked first in sustainable finance by the World Benchmarking Alliance. This distinction is one of many prestigious awards received in 2022, including being named Fund of the Year by Global SWF.

MOBILIZED TEAMS

In 2022, the Board composition changed, so I would like to welcome René Dufresne, Olga Farman and Nelson Gentiletti, who arrived in June. I would also like to sincerely thank Michel Després, Jean La Couture and Ravy Por, who left the Board, for their outstanding contributions. I warmly thank all my fellow Board members for their ongoing collaboration.

It is impossible to end this message without highlighting, on behalf of the Board, the work of Charles Emond in this unique year. Through his leadership, he mobilized CDPQ's teams and continued to develop the organization. Under his guidance, CDPQ managed to generate value added for its depositors for a second year in a row, in diametrically opposed markets. This was accomplished while demonstrating an unwavering commitment to Québec.

In closing, we would like to commend the work of all employees of CDPQ and its subsidiaries, competent and dedicated people who, in Québec and internationally, proudly carry out the organization's mission.

Jean St-Gelais

Chairman of the Board

Unprecedented. I have used this word many times since the beginning of the pandemic. And it remains the right one to describe what we went through in 2022. Despite the headwinds, CDPQ demonstrated its capacity to generate value for its clients. Our teams' expertise and commitment really made the difference in a year like no other.

Faced with the worst market conditions in 50 years, CDPQ outperformed its benchmark portfolio over one, five and ten years, adding $10 billion, $18 billion and $30 billion in value, respectively. We also achieved our highest ever value added over a two-year period, in strongly contrasting markets in 2021 and 2022.

Why underscore this in particular? Because while a rising tide lifts all boats, when the tide is low, value added becomes all the more important. We are determined to continue in this direction and show the value we can create for our depositors and the Québec economy.

Every year provides a snapshot of an organization's results, but in today's atypically volatile environment, that picture can change quickly. This was the case at the end of 2022, with considerable variations in performance, sometimes in just a few weeks or even days, depending on when the photo was taken. Yet as a long-term investor, we work with a much longer investment horizon to better stay the course and take full advantage of our constructive capital.

BENEFICIAL STRATEGIC CHANGES

In 2022, each of our main asset classes outperformed its index. The Fixed Income portfolios had a more challenging year due to the historic and rapid rise in rates, but they still created value. Our Equity Markets portfolios resisted more against falling global stock markets, due in part to our focus on quality in the stock markets and a favourable position in resilient Private Equity sectors. Our Real Assets delivered excellent performance and proved their effectiveness in a high-inflation environment. The Real Estate portfolio continued to benefit from the repositioning of its activities toward promising sectors, and the Infrastructure portfolio was buoyed by the good performance of transportation and renewable energy assets.

Clearly, the strategic initiatives deployed in recent years have paid off—demonstrated by the steady increase in our value added over five and ten years—as have the sound diversification of our portfolio and the discipline of our teams.

ENHANCED AMBITION IN QUÉBEC

While there was a pronounced slowdown in transaction volumes around the world, it was an active year in Québec. To give us a clear ambition in the market we know best, we have announced our intention to increase our Québec assets to $100 billion by 2026. This means that we will go further in our role with local businesses and implement leading and benficial projects for our economy.

I would also like to take the opportunity to underscore the colossal work carried out by the builders of the REM as we anticipate the imminent commissioning of its first branch. Considering that work began five years ago and was carried out mainly during a period of unprecedented crisis, this is quite an accomplishment! This electric transit network—one of the largest automated systems in the world—promises to transform people's daily lives and redefine mobility in Greater Montréal. Not to mention that when we take the REM, we will be helping finance our pensions while reducing greenhouse gases.

We also continued our efforts in sustainable investing, including on the climate front. Today, our portfolio has over $300 billion of assets in low-intensity sectors, and we have essentially completed our exit from oil production. As the urgency of the transition becomes ever clearer, we continue to take actions that are making a difference, while being profitable for our depositors. CDPQ's sustainable approach is increasingly recognized internationally, as evidenced by our position at the top of the World Benchmarking Alliance's rankings, which includes some 60 large pension funds. Of the several other awards received in 2022, I am particularly proud of CDPQ being named 2022 Fund of the Year, out of a pool of around 400 sovereign wealth and public pension funds analyzed by Global SWF.

All these awards are, of course, due to our teams, and I would like to thank them for all their work this year. They are our assets. I would also like to take this opportunity to thank the members of the Board of Directors, under the chairmanship of Jean St-Gelais, for their support and contributions.

I firmly believe that we are well equipped to adapt to a fast-changing world and navigate this highly volatile environment, which should continue for some time. Expertise, discipline, ambition: we have what it takes to continue progressing and living up to the trust Quebecers place in us.

Charles Emond

President and Chief Executive Officer

Our Clients, the Depositors

Our Clients, the Depositors

Soaring inflation, interest rate hikes, geopolitical tensions: 2022 was marked by an unprecedented economic and financial environment. This led to in-depth discussions between our teams and our clients. These discussions were a continuation of our regular talks focusing on their needs and risk appetite, as well as on CDPQ's strategies and product offering.

2022 AT A GLANCE

Although this particular year exerted some pressure on our depositors, their financial situation remains advantageous due in part to the significant investment results over the years. It should also be noted that the financing mechanisms in place often include smoothing methods designed to cushion the impact of the annual return from a long-term financing perspective. Over time, the demographic profile of the plans will continue to change as they gain in maturity. Certain depositors will be in a net disbursement situation over the next few years.

The current context also poses challenges associated with high valuations in private markets, rising inflation and various geopolitical issues, with a potential impact on expected returns. This may prompt depositors to adapt their investment choices as well as their funding and benefit policies or their risk tolerance. Adjustments to their long-term allocation targets for CDPQ's specialized portfolios will be made as needed.

Moreover, 2022 enabled our clients to accurately measure the effects of strategic changes related to the product offering, as well as strengthening our collaboration—a key aspect of our relationship.

A well-defined relationship

The relationship between CDPQ and our depositors is based on a business model characterized by:

- Collaboration
- Listening
- Transparency
- Clearly defined roles and responsibilities

A fruitful partnership

Over 100
MEETINGS WITH DEPOSITORS IN 2022

6
SEMINARS ORGANIZED

Some 40
ANALYSES CARRIED OUT

A real impact for our clients and their beneficiaries

The returns generated by CDPQ over the past decade have strongly contributed to the financial solidity of our clients' pension and insurance plans. Sound plan management, in combination with CDPQ-generated returns, saw financial charges reduced for the beneficiaries of certain public plans, including:

- Insurance contributions for the Société de l'assurance automobile du Québec
- Contributions to the Government and Public Employees Retirement Plan and to the Commission des normes de l'équité, de la santé et de la sécurité du travail

In addition, the surpluses recorded in recent years by most of the plans mitigated the effect of market volatility in 2022 and make it easier to navigate economic uncertainty in the coming years.

Through our advisory services, we aim to contribute to the financial solidity of our depositors' pension and insurance plans.

To that end, CDPQ's teams support depositors' decision-making committees in establishing their investment policies, drawing on our lengthy investment track record.

"Each of our clients is unique. That's why we work closely with them to gain a clearer understanding of their changing needs and realities. During our discussions, we offer tailored advice that leverages our market knowledge and portfolio management expertise."

Jacques Demers
Senior Vice-President,
Depositor Advisory Services, CDPQ

Specifically, CDPQ advises on decisions regarding the selection of a target long-term benchmark portfolio (strategic asset allocation). These services include:

- Financial market analyses and economic outlook evaluations
- Long-term risk and return assumptions for the primary asset classes and specialized portfolios
- Simulations comparing the expected long-term effect of benchmark portfolio choices on a plan's returns, risk, financial position and its financing
- Stress tests and sensitivity analyses to measure the benchmark portfolio's behaviour in various scenarios

In addition, the reporting tools and the various discussion forums with depositors make it possible to present the changes in CDPQ's strategic orientations and to illustrate how they can support achieving the depositors' objectives.

By sharing their realities and perspectives, our clients facilitate CDPQ's strategic reflection process.

This process led to changes in certain strategies in 2022, thus encouraging some depositors to review their allocation targets for various portfolios and their customization activities. In this context, extensive work and analysis was carried out jointly with depositors throughout the year.

AN ADAPTED PORTFOLIO OFFERING

CDPQ enables depositors to allocate their funds to specialized portfolios with the same type of securities, with the vast majority of these portfolios managed actively (see Table 1, page 25).

As a complement to the specialized portfolios, CDPQ offers customized activities that give each depositor the opportunity to adjust its portfolio construction and its strategic risk level based on its needs, or to establish customized exposure to interest rates.

Investment policy

Each specialized portfolio is managed based on rules set out in an investment policy specifying the:

- Management approach
- Investment universe and benchmark index
- Target returns
- Risk oversight

This management exercise is subject to stringent compliance monitoring.

2022 HIGHLIGHTS

Recent strategic product changes

Fixed Income

The deployment of CDPQ's strategic orientations within the Credit portfolio continued throughout the year, including an increase in private credit.

In addition, the execution of the strategic plan involving duration adjustments within the Rates and Credit portfolios was completed in the first half of the year. It should be noted that this plan is intended to better meet our depositors' needs, particularly in fund diversification and management of the interest rate risk inherent in their plans' actuarial liabilities.

Several of these orientations were gradually integrated into the benchmark index and are now fully reflected, effective July 1, 2022.

Real Assets

This asset class, whose allocation has risen significantly among the vast majority of our clients in recent years, facilitates greater diversification of the various funds while offering good protection against inflation. Both of these attributes proved useful in the atypical context of 2022.

TABLE 1

PRODUCT OFFERING
(as at December 31, 2022)

	PRODUCTS	OBJECTIVES
FIXED INCOME	Rates[1] Credit[1] Short Term Investments[1, 2]	Reduce the total portfolio's risk level Provide an important source of liquidity Partially match depositors' assets and liabilities Generate attractive returns, notably through the Credit portfolio
REAL ASSETS	Real Estate[1] Infrastructure[1]	Diversify risk Partially hedge inflation risk through exposure to assets, including some generating investment income indexed to inflation, like the liabilities of certain depositors
EQUITIES	Equity Markets[1] Private Equity[1]	Increase depositors' long-term target returns
CUSTOMIZED ACTIVITIES	Leverage product Rates COA[2, 3]	Modulate portfolio construction and strategic risk level (Leverage product) Calibrate exposure to interest rates (Rates COA)
OTHER INVESTMENTS	Asset Allocation[1]	Achieve diversification and complementarity of activities with those of other portfolios

1. Specialized Portfolio
2. Index Management
3. COA (Customized Overlay Activities)

Equities

The Equity Markets portfolio continued to evolve in 2022, with enhanced quantitative investment strategies and the creation of a global equities strategy based on corporate profitability. It bears repeating that the strategic changes launched in 2021 resulted in a more balanced portfolio.

In addition, in light of increased risks of various types appearing in emerging markets, in-depth reviews were undertaken regarding the weighting of the Growth Markets mandate's activities and the recommended management approach to bring them to completion. Against that backdrop, the Equity Markets portfolio architecture underwent changes that are slated to take effect in 2023.

Customized Activities

The leverage product enables certain clients to invest additional amounts in CDPQ's specialized portfolios. This product provides the possibility of enhancing their portfolio construction and optimizing their funds' long-term risk-return profile. In addition to promoting better diversification, the leverage product can help improve the expected return.

In addition, Rates Customized Overlay Activities (COA) enable depositors to calibrate their funds' exposure to interest rates without allocating additional capital. Customizing the interest rate exposure ensures better diversification and more effective management of the interest rate risk inherent in their actuarial liabilities.

Depositors' returns

Over five years, the various depositors' funds have delivered performance that meets their long-term needs.

Decisions concerning the allocation of assets among the three major asset classes in the total portfolio—Fixed Income, Real Assets and Equities—are reflected in each depositor's return. The depositors make these decisions, with CDPQ's support, based on their:

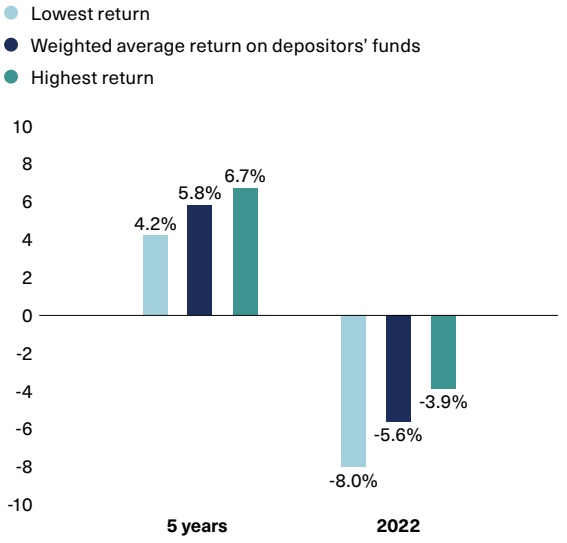
- Target returns
- Risk tolerance
- Investment horizon

As shown in Figure 2, the eight principal depositors generated annualized returns ranging from 4.2% to 6.7% over five years. Their returns varied between -8.0% and -3.9% for one year.

It should be noted that in 2022, performance differences among clients were more pronounced than in prior years. This underscores depositors' increasingly varied investment policy choices, reflecting individual realities that differ depending on the type of underlying plan or funding, the level of financial health or plan maturity.

FIGURE 2

THE EIGHT PRINCIPAL DEPOSITORS' RETURNS



Eight principal depositors

Represented 96.4% of net assets as at December 31, 2022

	NET ASSETS		
Finances Québec	$107.5 B	**Retirement Plans Sinking Fund** Fund used by the Government of Québec to capitalize the employer's portion of retirement benefits of employees in the public and parapublic sectors	
Retraite Québec	$106.8 B	**Retraite Québec for the Québec Pension Plan** Québec Pension Plan Fund, base and additional plans	• 4.2 million contributors • 2.2 million beneficiaries • $16.0 billion in benefits paid annually
RREGOP	$83.3 B	**Government and Public Employees Retirement Plan**	• 613,000 contributors • 319,000 retirees and 22,000 surviving spouses and orphans • $7.3 billion in retirement benefits paid annually
Commission de la construction du Québec	$28.5 B	**Supplemental Pension Plan for Employees of the Québec Construction Industry**	• 190,000 contributors • 101,000 retirees or surviving spouses • $1.0 billion in benefits paid annually
CNESST	$19.3 B	**Commission des normes, de l'équité, de la santé et de la sécurité du travail** Fonds de la santé et de la sécurité du travail	• 226,000 contributing employers • 4 million workers covered • $2.6 billion in benefits paid annually
Finances Québec	$17.8 B	**Generations Fund** Fund used to repay Québec's debt	
Société de l'assurance automobile Québec	$13.4 B	**Société de l'assurance automobile du Québec** Fonds d'assurance automobile du Québec	• 5.7 million driver's licence holders • 7 million registered vehicles • $1.1 billion paid in benefits annually
PPMP	$10.9 B	**Pension Plan of Management Personnel**	• 31,000 contributors • 35,000 retirees and 3,000 surviving spouses and orphans • $1.6 billion in benefits paid annually

TABLE 3

CDPQ'S 48 DEPOSITORS

Comparison of net assets as at December 31, 2021, and as at December 31, 2022
(fair value as at December 31 – in millions of dollars)

	First deposit	Depositors' net assets 2022 $	2022 %	2021 $	2021 %
PENSION PLANS					
Retraite Québec for the Régime de rentes du Québec	**1966**	**106,808**	**26.6**	105,912	25.3
Supplemental Pension Plan for Employees of the Québec Construction Industry	**1970**	**28,498**	**7.1**	30,498	7.3
Government and Public Employees Retirement Plan	**1973**	**83,252**	**20.7**	91,519	21.8
Pension Plan of Management Personnel	**1973**	**10,857**	**2.7**	11,577	2.8
Pension Plan for Federal Employees Transferred to Employment with the Government of Québec	**1977**	**275**	**0.1**	306	0.1
Pension Plan of Elected Municipal Officers	**1989**	**333**	**0.1**	356	0.1
Retirement Plan for the Mayors and Councillors of Municipalities	**2015**	**1**	**–**	1	–
Régime complémentaire de rentes des techniciens ambulanciers/ paramédics et des services préhospitaliers d'urgence	**1990**	**769**	**0.2**	827	0.2
Ministère des Finances, gouvernement du Québec[1]					
Retirement Plans Sinking Fund	**1994**	**107,499**	**26.8**	112,943	26.9
Superannuation Plan for the Members of the Sûreté du Québec – employers' fund	**2009**	**1,225**	**0.3**	1,311	0.3
Régime de retraite de l'Université du Québec	**2004**	**767**	**0.2**	886	0.2
Régime de retraite du personnel des CPE et des garderies privées conventionnées du Québec	**2005**	**779**	**0.2**	720	0.2
Régime de retraite pour certains employés de la Commission scolaire de la Capitale	**2006**	**25**	**–**	30	–
Pension Plan of the Non-Teaching Staff of the Commission des écoles catholiques de Montréal	**2007**	**143**	**–**	173	0.1
Superannuation Plan for the Members of the Sûreté du Québec – participants' fund	**2007**	**870**	**0.2**	843	0.2
Régime de retraite des employés de la Ville de Laval	**2007**	**312**	**0.1**	399	0.1
Retirement Plan for Active Members of the Centre hospitalier Côte-des-Neiges	**2010**	**93**	**–**	103	–
Fonds commun de placement des régimes de retraite de l'Université Laval[2]	**2012**	**–**	**–**	217	0.1
Fiducie globale Ville de Magog	**2012**	**87**	**–**	94	–
Régime de retraite des employées et employés de la Ville de Sherbrooke	**2012**	**45**	**–**	65	–
Régime de retraite des agents de la paix en services correctionnels	**2013**	**783**	**0.2**	860	0.2
Régime complémentaire de retraite des employés réguliers de la Société de transport de Sherbrooke	**2013**	**93**	**–**	101	–
Régime de retraite de la Corporation de l'École Polytechnique	**2014**	**79**	**–**	92	–
Régime de retraite de la Ville de Terrebonne	**2015**	**106**	**–**	118	–
Régime de retraite des cadres de la Ville de Québec	**2016**	**306**	**0.1**	337	0.1
Régime de retraite des employés manuels de la Ville de Québec	**2016**	**365**	**0.1**	415	0.1
Régime de retraite des fonctionnaires de la Ville de Québec	**2016**	**668**	**0.2**	747	0.2
Régime de retraite du personnel professionnel de la Ville de Québec	**2016**	**285**	**0.1**	308	0.1
Régime de retraite des policiers et policières de la Ville de Québec	**2016**	**575**	**0.2**	649	0.2
Régime de retraite des pompiers de la Ville de Québec	**2016**	**224**	**0.1**	249	0.1
Régime de retraite des employés du Réseau de transport de la Capitale	**2016**	**187**	**0.1**	169	–
Régime de retraite des chauffeurs d'autobus de la Société de transport de Laval	**2017**	**164**	**–**	171	–
La Société des casinos du Québec	**2020**	**83**	**–**	66	–
Régime de retraite de HEC	**2021**	**33**	**–**	33	–
Fiducie globale de la Ville de Longueuil	**2021**	**81**	**–**	77	–
Régime de retraite des policiers de la Ville de Longueuil	**2021**	**34**	**–**	34	–
Fonds commun des cols bleus et pompiers de la Ville de Longueuil	**2021**	**25**	**–**	25	–
Fiducie globale des régimes de retraite des employés de la Ville de Lévis[3]	**2022**	**24**	**–**	–	–
Régime de retraite pour les employés de la Ville de Saint-Jean-sur-Richelieu[3]	**2022**	**22**	**–**	–	–

TABLE 3

CDPQ'S 48 DEPOSITORS (continued)

Comparison of net assets as at December 31, 2021, and as at December 31, 2022

(fair value as at December 31 – in millions of dollars)

		Depositors' net assets			
		2022		2021	
	First deposit	**$**	**%**	$	%
INSURANCE PLANS					
Régie des marchés agricoles et alimentaires du Québec	**1967**	**12**	**–**	13	–
La Financière agricole du Québec	**1968**	**780**	**0.2**	867	0.2
Autorité des marchés financiers	**1969**	**1,213**	**0.3**	1,230	0.3
Commission des normes, de l'équité, de la santé et de la sécurité du travail	**1973**	**19,279**	**4.8**	20,710	4.9
Société de l'assurance automobile du Québec	**1978**	**13,373**	**3.3**	14,858	3.5
Les Producteurs de bovins du Québec	**1989**	**6**	**–**	7	–
Survivor's Pension Plan	**1997**	**465**	**0.1**	518	0.1
Conseil de gestion de l'assurance parentale	**2005**	**238**	**0.1**	175	0.1
Régie du bâtiment du Québec[3]	**2022**	**30**	**–**	–	–
OTHER DEPOSITORS					
Office de la protection du consommateur	**1992**	**138**	**–**	171	–
Ministère des Finances, Government of Québec[1]					
Generations Fund	**2007**	**17,766**	**4.4**	16,049	3.8
Accumulated Sick Leave Fund	**2008**	**1,156**	**0.3**	1,365	0.3
Territorial Information Fund	**2011**	**520**	**0.1**	455	0.1
Agence du revenu du Québec	**2012**	**136**	**–**	148	–
TOTAL		**401,887**	**100.0**	419,797	100.0

1. The Ministère des Finances entrusts CDPQ with a total of five funds.
2. Depositor until March 2022.
3. New depositor in 2022.

Management Report

Global Macroeconomic Environment

AN UNUSUAL PERIOD

Just a few years ago, some aspects of the global economy seemed immutable: an environment of low and stable inflation, trade globalization, and China's expanded role in the international economic landscape. In the wake of the fairly tepid recovery that followed the 2008–2009 financial crisis, central banks struggled to normalize monetary policy. At the time, a return to a higher interest rate environment seemed unlikely.

However, these long-standing conditions were tested in recent years by surging protectionism, geopolitical tensions, the pandemic, and inflation's strong comeback. The elevated inflationary pressures triggered rapid and pronounced monetary tightening in 2022, raising concerns about the sustainability of the post-pandemic recovery and shaking the bond and stock markets.

FROM PANDEMIC TO INFLATIONARY ENVIRONMENT

When the pandemic began at the start of 2020, it sent a historic shock wave through the global economy. The public health restrictions that were abruptly rolled out curbed production and consumption capacity, causing economic activity to contract sharply. In the financial markets, the many uncertainties touched off a mass migration toward less risky assets and safe-haven securities. The major stock indexes plummeted and the Canadian dollar depreciated.

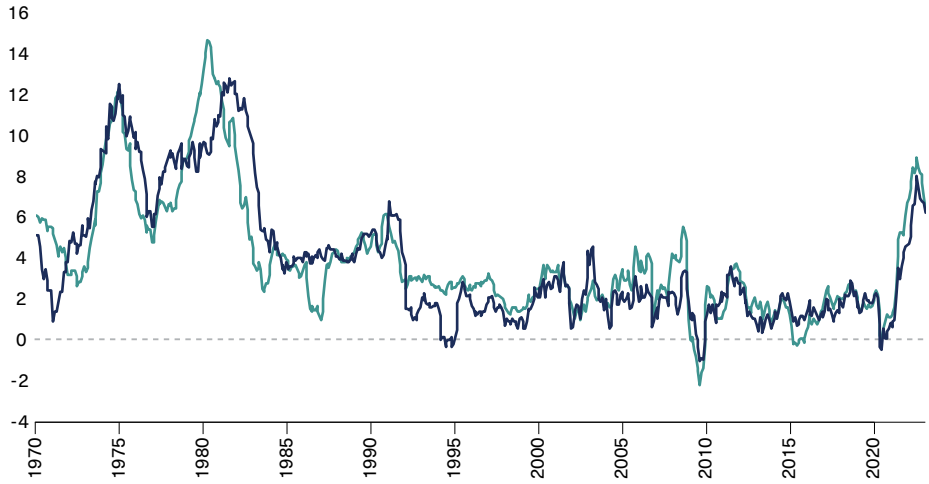
In response to this major shock, authorities around the world intervened extensively. In the major developed nations, central banks moved key rates to their lower bounds—for those not already there—deployed huge quantitative easing programs, and signalled that interest rates would remain low for a long time. This context drove bond yields down; 10-year U.S. and Canadian sovereign yields held below 1.0% from the end of March to December 2020.

FIGURE 4

INFLATION
(as a percentage)

- United States
- Canada

Source: Haver



To help them through the challenging period, governments substantially increased transfers to businesses and households. Thanks to these measures, total disposable personal income shot up in the United States and Canada during the pandemic, which was unusual given the context.

Together with the reopening of the economy and public vaccination, the extraordinary support from government and monetary authorities allowed the global economy to bounce back quickly, paving the way for renewed optimism in the stock markets, which persisted to the end of 2021. The S&P/TSX, Canada's main stock index, ended 2021 with a gain of 18% from its pre-pandemic peak. The U.S. S&P 500 index did even better, rising more than 40% over the same period, driven by tech giants and other securities. Against the U.S. dollar, the Canadian dollar also benefited from this environment, seeing its value rise from a low of US$0.69 in March 2020 to US$0.79 at the end of 2021. However, the unique nature of the pandemic's shock to the economy was not limited to its scope or the speed of the ensuing recovery. Numerous factors triggered a resurgence in inflationary pressures that had not been seen in many decades.

The support for households and shift from consumption of services to goods put strong pressure on supply chains, which were themselves affected by the ongoing public health measures. Manufacturing and transportation companies were unable to cope with the demand for goods. Ports became congested and inventories declined quickly. This situation exerted heavy upward pressure on prices for many goods.

The substantial increase in commodity prices associated with rebounding demand and the sluggish response from supply also stimulated inflation. In addition, the war in Ukraine triggered a spectacular surge in natural gas and food prices in Europe. Robust housing prices also magnified inflationary pressures in North America.

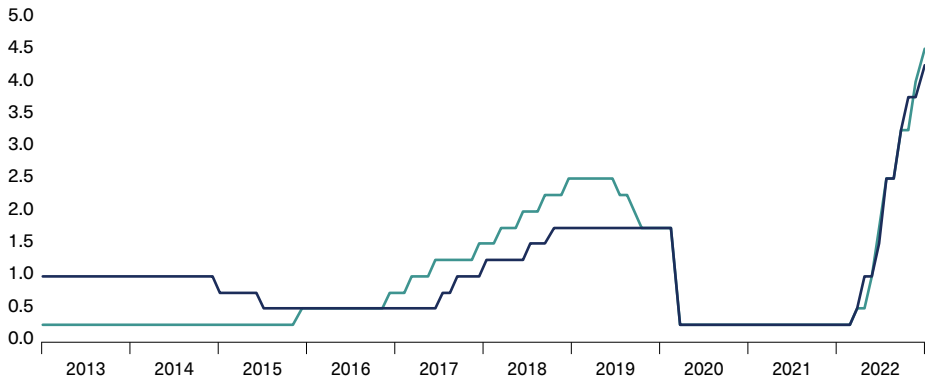
In June 2022, total inflation as measured by CPI hit a peak of 9.1% in the United States and 8.1% in Canada, the highest levels recorded since the early 1980s (see Figure 4, page 33).

FIGURE 5

KEY RATES
(as a percentage)

- U.S. Federal Reserve (upper limit of the federal funds target range)
- Bank of Canada

Source: Haver



AGGRESSIVE MONETARY TIGHTENING DESTABILIZES MARKETS

Initially, the surge in inflation was seen by many as temporary. At the end of 2021, inflation concerns were starting to intensify, but the markets expected the U.S. Federal Reserve (Fed) and Bank of Canada (BoC) to only increase their key rates by approximately 75 and 125 basis points respectively in 2022.

However, persistent inflationary pressures eroded the patience of central banks, which were forced to terminate the ongoing accommodative policies much earlier than expected. In less than one year, from March to the end of December 2022, the Fed moved its key rate from 0.25%—the top of the target range for the federal funds rates—to 4.50%. During the same period, the BoC rose its key rate from 0.25% to 4.25% (see Figure 5, page 34).

The two central banks' actions put substantial upward pressure on bond yields. The 10-year rate on U.S. government bonds, which had ended 2021 at around 1.50%, temporarily went over 4.20% in fall 2022, a level not seen since 2008, before settling at around 3.90% at the end of 2022 (see Figure 6). Skyrocketing bond yields resulted in a decline in bond values.

Tighter financial conditions helped stoke fears about the survival of the recovery. The sectors most sensitive to interest rate fluctuations quickly fell, particularly residential real estate. In North America, the volume of existing home sales declined, putting downside pressure on prices. In tandem, consumer confidence deteriorated, along with business's economic sentiment.

In the context of a labour shortage, North America's labour market remained resilient, given the ongoing expansion. Job creation was robust and, in 2022, the unemployment rate remained at very low levels, historically.

Despite fears about the economy, the central banks remained fully committed to reining inflation in closer to target and preventing a repeat of the problems experienced in the 1970s and 1980s, when they lost control of inflation expectations.

Monetary tightening was not the only shock to hit the global economy in 2022. The war in Ukraine had sizeable repercussions, especially in Europe, where surging energy prices reduced household buying power and hindered the industrial sector. In China, economic activity slowed substantially in 2022 due to difficulties in the real estate market and its "zero-COVID" policy, which disrupted consumption, travel and production.

FIGURE 6

FINANCIAL MARKETS

- US 10-year Treasury bond yield (left, as a percentage)
- S&P 500 (right, index)

Source: Haver

Markets were not unaffected by the uncertainties associated with the interest rate increases and the continuity of the economic cycle. In the United States, the S&P 500 tumbled 19.4% in 2022 (see Figure 6, page 35). In Canada, the S&P/TSX fell 8.7%, as robust commodity prices curbed the magnitude of the correction. As for currencies, the U.S. dollar, in addition to acting as a safe-haven security, was buoyed by the growing view that the Fed needed to be slightly more incisive than the BoC in its monetary tightening cycle. The Canadian dollar therefore depreciated, slipping from US$0.79 at the end of 2021 to US$0.74 at the end of 2022.

Between them, the combination of the surge in bond yields, which triggered capital losses for bond holders, and the stock market correction made 2022 an especially tough year for investors.

GEOPOLITICAL TENSIONS AND A FRAGMENTING GLOBAL ECONOMY

In addition to having to grapple with the return of high inflation, for the last few years, the global economy has been faced with a more challenging context for trade relations and geopolitical issues. Increasingly, the global economy is fragmenting around two main centres of influence: the United States and China. These challenges are encouraging—and sometimes forcing—companies to adapt to keep supply chains and production robust.

Before the pandemic, rising protectionism was already a major concern. The reassessment of the North American Free Trade Agreement, Brexit and the rise in tariff barriers in many countries accurately illustrated the change of course following several decades of growing trade globalization.

Not to mention the escalating tensions between the two leading world powers, which show no signs of abating. Beyond ideological and political questions, the points of contention are expressed on persisting trade issues and technological competition, particularly in the field of semiconductors. In fall 2022, the United States imposed new restrictions on exporting these products, which are vital to the digital economy, to China.

The war in Ukraine, the dominant event of the year with its dramatic humanitarian consequences, the destruction of the country's production capacity and the energy crisis it triggered in Europe, is another source of division, this time between the West and Russia.

For the global economy, 2022 therefore concluded in a climate of uncertainty. The fight against inflation is not over and could disrupt the post-pandemic recovery, geopolitical issues remain tense and the global economy continues to fracture into two camps.

Analysis of Overall Performance

Faced with the worst market in 50 years, CDPQ posted a -5.6% return and outperformed our benchmark portfolio, with value added across all periods.

Net assets
$401.9 B

5.8%
5-YEAR ANNUALIZED RETURN

$17.9 B
VALUE ADDED OVER 5 YEARS

Main asset classes: Fixed Income / Real Assets / Equities / Other Investments

FIVE-YEAR RETURN

Total portfolio

Investment results: $91.8 B
Annualized return: 5.8%

As at December 31, 2022, CDPQ's net assets stood at $401.9 billion, up from $298.5 billion as at December 31, 2017. The $103.4-billion increase over five years stemmed from:

- Investment results totalling $91.8 billion
- Net deposits totalling $11.6 billion

The Equities and Real Assets classes contributed significantly to the results.

During the period, the annualized weighted average return on depositors' funds was 5.8%. Table 7 shows how this performance compares to the five- and ten-year figures.

Table 8 on page 38 presents the net assets and returns of the main asset classes compared to the benchmark indexes. Over five years, the total portfolio's annualized return outperformed the benchmark's 4.9% by 0.9%, generating $17.9 billion in value added. This performance was attributable to the Equities and Fixed Income classes.

Among the factors underpinning the total portfolio's performance, CDPQ's sound diversification remains key. It should also be noted that the effect of the strategic initiatives undertaken in recent years, combined with our teams' disciplined execution, served to increase the value added generated for depositors over five years and ten years.

TABLE 7

CDPQ RETURNS
(for periods ended December 31 – as a percentage)

	Overall return[1]
10 years	**8.0**
5 years	**5.8**
2022	(5.6)
2021	13.5
2020	7.7
2019	10.4
2018	4.2

1. Weighted average return on depositors' funds.

TEN-YEAR RETURN

Over 10 years, the total portfolio's annualized return was 8.0%, compared to 7.0% for the benchmark portfolio. This 1.0% difference represents $30.1 billion in value added. The investment results were $201.5 billion, while net deposits were $24.2 billion.

Fixed Income

Investment results: -$1.8 B
Annualized return: 0.5%

Over five years, this asset class's annualized return is positive, although it was strongly affected by challenges encountered in 2022 amid rising interest rates. This asset class outperformed its benchmark's -0.5%, creating $5.9 billion in value added. This performance is attributable to the good showing of CDPQ's credit activities, combined with the high current yield of the portfolio securities.

Real Assets

Investment results: $20.9 B
Annualized return: 5.4%

Over five years, this asset class's annualized return was lower than the benchmark's 6.2%, primarily due to the pandemic's impact on the Real Estate portfolio in early 2020. Both portfolios contributed to the results:

- Real Estate posted an annualized return of 2.3%, attributable to pandemic-related factors and to the historic preponderance of shopping centres, a sector hard hit by COVID-19. This sector's weighting was halved following the repositioning of real estate activities in 2020, falling from 22% to 11% of the portfolio
- Infrastructure generated an annualized return of 9.8%, thanks to the portfolio's exposure to growth segments, particularly renewable energy

Equities

Investment results: $75.5 B
Annualized return: 9.5%

This asset class's sustained performance during the period made it the biggest contributor to the total portfolio's investment results, as well as to its value added. Its annualized return outperformed the benchmark, which delivered an 8.3% return. As such, $10.2 billion in value added was generated, due in particular to:

- The excellent 17.3% showing of the Private Equity portfolio, with contributions by both direct investments and investment funds
- The contribution of the Quality mandate, the largest in the Equity Markets portfolio, whose securities are focused on the quality of company fundamentals and proved resilient to market fluctuations

The negative return in 2022 weighed on the five-year performance of the Equity Markets portfolio, which stood at 5.3%, as did the portfolio's style biases prior to mid-2021. It should be noted that we subsequently changed our approach, resulting in a more balanced portfolio.

TABLE 8

NET ASSETS AND RETURNS
(for periods ended December 31, 2022)

		5 years			1 year		
Asset class	**Net assets $B**	**Investment results $M**	**Return %**	**Index %**	Investment results $M	Return %	Index %
Fixed Income	**119.4**	**(1,847)**	**0.5**	**(0.5)**	(20,130)	(14.9)	(16.4)
Real Assets	**102.2**	**20,889**	**5.4**	**6.2**	10,492	12.0	5.2
Equities	**179.9**	**75,466**	**9.5**	**8.3**	(12,118)	(5.7)	(6.9)
Total[1]	**401.9**	**91,804**	**5.8**	**4.9**	(24,612)	(5.6)	(8.3)

1. The total includes the Asset Allocation portfolio, customized overlay activities, cash activities and terminated activities.

2022 RETURN

Total portfolio

Investment results: -$24.6 B
Return: -5.6%

Numerous challenges marked 2022, including soaring inflation, historic interest rate hikes by central banks and heightened geopolitical tensions. The first half of the year saw the worst simultaneous correction in the stock and bond markets in 50 years, with negative returns ranging from -10% to -30%.

In these unusual conditions, the weighted average return on depositors' funds was -5.6% for one year, compared to -8.3% for the benchmark (see Table 8, page 38). This favourable difference represents $10.4 billion in value added—the third best in CDPQ's history after 2010 and 2021. This is the second consecutive year in which significant value added was generated, despite strongly contrasting markets.

The $17.9-billion decrease in CDPQ's net assets was largely due to:

- The fall in value of the Fixed Income asset class, which saw a sharp decline due to the fastest monetary tightening in decades
- The negative return of the Equities asset class, which nevertheless resisted better thanks to:
  - The good operational performance of companies held in the Private Equity portfolio
  - The preponderance of Quality mandate securities in the Equity Markets portfolio

The Real Assets class contributed positively to the results, thanks to the excellent performance of the Real Estate and Infrastructure portfolios amid rising inflation. All asset classes outperformed their benchmarks, even though there were few places where investors could hide.

Fixed Income

Investment results: -$20.1 B
Return: -14.9%

Within the total portfolio, this asset class had the most difficult year. Its strongly negative return was primarily due to:

- The rapid rise in interest rates during the year, combined with widening credit spreads
- The lengthy duration of the Fixed Income portfolios, which allows for better diversification and better matching with depositors' liabilities; the duration was favourable in recent years, but affected the 2022 performance in the context of rising interest rates

However, the asset class outperformed its benchmark's -16.4%. CDPQ's credit activities continued to make the difference and primarily accounted for the $2.3 billion in value added for one year. The value added was derived from all Credit portfolio mandates, in particular Sovereign Debt and Corporate Credit. The expected return of the portfolio securities is higher today, which should make it possible to offset the drop in value in the future.

Real Assets

Investment results: $10.5 B
Return: 12.0%

For one year, this asset class largely outperformed its benchmark's 5.2%. Both of its portfolios delivered excellent results in an inflationary environment, outpacing their respective benchmarks and generating $5.5 billion in value added. The returns of:

- Real Estate stood at 12.4%, driven by the portfolio's repositioning in 2020 in favour of promising sectors such as logistics and residential
- Infrastructure was 11.5%, due in part to the high current yield of the portfolio's assets and the contributions of the transportation and renewable energy sectors

It should be noted that the Real Assets class fully demonstrated its diversifying role amid rising inflation by limiting the negative impact on the total portfolio.

Equities

Investment results: -$12.1 B
Return: -5.7%

In an atypical and volatile year when the leading indexes of the major global stock markets experienced a severe correction, the Equities asset class posted a negative return. This asset class, however, proved more resilient thanks to:

- The good operational performance of companies held in the Private Equity portfolio, which finished the year with a 2.8% return
- The preponderance of Quality mandate securities in the Equity Markets portfolio

This asset class's return outpaced that of its benchmark's -6.9%, resulting in $1.8 billion in value added.

GEOGRAPHIC DIVERSIFICATION

Portfolio diversification is a central pillar of CDPQ's strategy in terms of asset classes, sectors and geographic markets. Investing internationally makes it possible to:

- Optimize the risk-return profile
- Seize attractive opportunities in dynamic economies

Over five years, CDPQ's exposure to global markets increased by $169 billion and now accounts for three quarters of the total portfolio. Table 9 shows the portfolio's geographic allocation in 2017 and 2022. CDPQ maintains a major presence in Canada, particularly in Québec. We ramped up our investments in nearly all main regions, with the United States showing the largest increase.

TABLE 9

GEOGRAPHIC EXPOSURE OF THE TOTAL PORTFOLIO[1]
(as at December 31 – as a percentage)

	2022	2017
Canada	**25**	42
United States	**40**	28
Europe	**16**	13
Asia Pacific	**12**	11
Latin America	**4**	2
Other regions	**3**	4
Total	**100**	100

1. In 2022, CDPQ reviewed its methodology for calculating concentrations to better reflect its geographic exposure (see Note 11 to the Consolidated Financial Statements).

As a global investment group, CDPQ seeks to engage in concerted international action by leveraging CDPQ Global, an integrated structure built around three regional hubs with teams in nine offices on four continents. These teams help enhance CDPQ's knowledge of target markets and our understanding of their regulatory frameworks. We also benefit from our global presence to:

- Expand our business network
- Access more opportunities
- Effectively manage the risk associated with the geographic diversification of our assets
- Put our Québec-based portfolio companies in contact with other international companies to generate beneficial partnerships

CURRENCY EXPOSURE AND FOREIGN EXCHANGE HEDGING

Due to our international activities, CDPQ does business in various foreign currencies. Exposure to these currencies usually leads to a diversification effect for the total portfolio.

The main developed country currencies are subject to strategic and dynamic hedging, initially determined for the total portfolio and then within the specialized portfolios. Exposure to emerging market currencies is not usually hedged, due to high hedging costs. CDPQ's net exposure to foreign currencies:

- Remained stable over five years, standing at 50% of net assets at the end of 2022
- Fell by 5% for one year due to the increase in foreign exchange hedging on certain currencies, while gross foreign currency exposure increased

Over both five years and for one year, the impact of this exposure was favourable to the returns, thanks largely to the U.S. dollar's strong appreciation during the period. Emerging currencies had a negative effect over five years, despite their positive contribution in 2022. The impact from currencies of other developed countries was almost neutral over the two horizons.

CDPQ believes that the impact of developed country currencies will tend to be neutral over the long term, while most emerging currencies will tend to depreciate.

TARGET BENCHMARK PORTFOLIO

CDPQ's benchmark portfolio corresponds to the weighted average of the asset allocation decisions made by each of the depositors when their investment policies are established.

Depositors' adjustments to the composition of their respective benchmark portfolios have a direct impact on the composition of CDPQ's benchmark portfolio. Table 10 shows the changes for one year, which reflect CDPQ's strategic orientations. Noteworthy changes include:

- A notable increase in the allocation to the Real Assets class
- A slight drop in allocations to both the Equities and Fixed Income asset classes
- Increased use of the leverage product

TOTAL PORTFOLIO

The composition of the total portfolio reflects decisions made by:

- Our depositors, with respect to their benchmark portfolios
- CDPQ, as part of consolidated asset allocation activities, within the upper and lower limits set for each specialized portfolio

The two columns on the right side of Table 10 show changes in the weighting of the specialized portfolios from 2021 to 2022. They include:

- A significant increase in the weighting of the Real Assets class
- A decrease in the weighting of the Equities asset class and, to a lesser extent, a reduction in the Fixed Income asset class

TABLE 10

COMPOSITION OF THE TARGET BENCHMARK PORTFOLIO AND CHANGES IN THE TOTAL PORTFOLIO
(as a percentage of depositors' net assets)

	Benchmark portfolio				**Total portfolio**	
	as at December 31, 2022[1]			as at December 31, 2021[1]	**as at December 31, 2022**	as at December 31, 2021
	Lower limit %	**Benchmark portfolio %**	**Upper limit %**	Benchmark portfolio %	**%**	%
Fixed Income						
Rates	**5.4**	**10.2**	**17.0**	11.0	**8.3**	10.5
Credit	**15.4**	**20.3**	**26.5**	19.7	**21.1**	20.0
Short Term Investments	**0.2**	**1.2**	**8.1**	1.3	**0.4**	0.4
Subtotal		**31.7**		32.0	**29.8**	30.9
Real Assets						
Real Estate	**7.5**	**11.9**	**15.9**	12.2	**11.9**	10.1
Infrastructure	**6.7**	**11.0**	**14.8**	9.7	**13.6**	10.8
Subtotal		**22.9**		21.9	**25.5**	20.9
Equities						
Equity Markets	**19.3**	**30.0**	**37.4**	31.1	**24.8**	28.3
Private Equity	**11.0**	**16.2**	**21.4**	15.3	**20.1**	19.7
Subtotal		**46.2**		46.4	**44.9**	48.0
Other[2]						
Asset Allocation	**0.0**	**0.0**	**1.0**	0.0	**0.6**	0.5
Leverage product	**–**	**(0.8)**	**–**	(0.3)	**(0.8)**	(0.3)
Total		**100.0**		100.0	**100.0**	100.0

1. The benchmark portfolio and its upper and lower limits are the result of the weighted average of the depositors' respective benchmark portfolios.
2. Includes Customized Overlay Activities (COA) that are not capitalized and consequently have no reference weight.

Fixed Income

Given the historic increase in interest rates, this asset class fell in 2022, but created value-added over one and five years due to credit activities.

Net assets

$119.4 B

29.8% of the total portfolio

0.5%

5-YEAR ANNUALIZED RETURN

$5.9 B

VALUE ADDED OVER 5 YEARS

3 portfolios: Rates / Credit / Short Term Investments

All the figures in this section are detailed in Table 18 (page 59)

RATES

Five-year return

Investment results: -$2.5 B

Annualized return: -0.4%

This actively managed portfolio has activities mainly in these mandates:

- Rate Management
- Sovereign Debt

The move into negative territory over five years was largely due to the increase in sovereign yields that followed the pandemic, particularly in 2022. The portfolio's annualized return is in line with that of its index, also at -0.4%, generating slight value added.

Sovereign Debt activities outperformed the index through the tactical management of provincial securities.

2022 return

Investment results: -$6.1 B

Return: -13.4%

The portfolio's negative return in 2022 essentially resulted from its high sensitivity to interest rates. Its return was slightly below the benchmark index's -13.1% return due to declines in some relative value strategies. However, dynamic management of provincial securities made a positive contribution to results.

It should be noted that, going forward, return expectations on securities held are now more attractive, and this should compensate for the lower value recorded in 2022.

RATES PORTFOLIO

COMPOSITION

- More traditional government bonds with excellent credit quality:
  - Governments of Canada and other developed countries
  - Governments of Canadian provinces

ADVANTAGES

- Low long-term risk and protection of the total portfolio
- Main source of CDPQ's liquidity
- Diversification
- Source of current yield
- Matching of assets with the long-term financial commitments of depositors

CREDIT

Five-year return

Investment results: -$82.0 M
Annualized return: 1.0%

This actively managed portfolio represents more than two thirds of the Fixed Income asset class, with net assets of $84.7 billion at the end of 2022. It features diversified investment activities that enhance its risk-return profile. These are allocated across various mandates, including:

- Corporate Credit
- Sovereign Debt
- Real Estate Debt (managed by Otéra Capital)
- Infrastructure Financing
- Capital Solutions

Rising rates in 2022 affected the portfolio's five-year annualized return, which nevertheless ended on a positive note, unlike its benchmark. Its performance was due to:

- The substantial current yield on securities specific to this asset class
- Good performance in all the credit mandates, which contributed to the absolute and relative performance of the portfolio

The 1.7% difference with the benchmark index, at -0.7%, resulted in $5.8 billion in value added. All the portfolio's mandates contributed, particularly Corporate Credit and Real Estate Debt.

MARKET CONDITIONS

Over five years, long-term government bond yields, influenced by a series of major events—volatile growth, the pandemic, the geopolitical context, inflation—fluctuated strongly downwards and then upwards, but ended the period sharply higher, mainly due to inflationary pressures.

In 2022, the historic surge in inflation around the world was exacerbated by geopolitical conflicts, as well as supply chain and labour market issues. In response, the central banks raised interest rates significantly. Over one year, the Bank of Canada raised its rate from 0.25% to 4.25%, while the U.S. Federal Reserve increased its rate from 0.25% to 4.50%, upending market expectations.

In this environment, Canadian bond indexes posted negative one-year results (see Table 11). The FTSE Canada Universe Bond Index fell -11.7% in 2022, compared to a -2.5% drop in 2021 and a 0.3% increase over five years. Long-term securities suffered, with returns close to -20%.

TABLE 11

FTSE CANADA BOND INDEX RETURNS
(as a percentage)

	2022				2021				5 years			
Bond indexes	**Short-term**	**Medium-term**	**Long-term**	**Total**	Short-term	Medium-term	Long-term	Total	Short-term	Medium-term	Long-term	Total
Federal	**(3.9)**	**(10.9)**	**(24.0)**	**(9.3)**	(1.1)	(3.7)	(7.1)	(2.6)	0.7	(0.1)	(2.2)	0.1
Provincial	**(3.8)**	**(9.7)**	**(22.3)**	**(15.1)**	(1.1)	(2.6)	(4.6)	(3.3)	1.0	0.8	(1.4)	(0.2)
Québec	**(4.1)**	**(10.2)**	**(22.2)**	**(16.1)**	(1.0)	(3.0)	(4.7)	(3.5)	1.0	0.6	(1.4)	(0.5)
Corporate	**(4.4)**	**(10.0)**	**(18.7)**	**(9.9)**	(0.5)	(1.5)	(2.6)	(1.3)	1.5	1.6	0.1	1.1
Universe	**(4.0)**	**(10.3)**	**(21.8)**	**(11.7)**	(0.9)	(2.7)	(4.5)	(2.5)	1.0	0.7	(1.1)	0.3

2022 return

Investment results: -$14.1 B
Return: -15.7%

Given sharply rising rates and widening credit spreads, the portfolio recorded its lowest annual return since its inception in 2017. However, it yielded its best value added, representing $2.4 billion compared to its benchmark index, which returned -18.2%.

Each of the portfolio's activities contributed to this performance, demonstrating once again the benefits of diversification. As such:

- Sovereign Debt made a significant contribution, gaining from its active management and current yield
- Real Estate Debt benefited from its lower sensitivity to the volatility in public markets
- Corporate Credit, Infrastructure Financing and Capital Solutions were less affected by wider public credit spreads, compared to the benchmark index, due to the high proportion of private securities

The portfolio capitalized on the current yield available in private credit. In contrast, the portfolio's long duration affected its performance for one year. As for the Rates portfolio, it should be noted that, going forward, the expected return on securities held is now more favourable.

In addition, the market environment in 2022 presented a number of opportunities at attractive entry rates. Our teams therefore made investments and commitments of over $15 billion in private credit, including:

- Albioma: Through financing totalling €485 million, support for KKR's acquisition of this French energy producer which aims to end its use of coal by 2025
- Fundamental Renewables: An interest in US$400 million of financing for this lender for clean energy projects
- Eqwal: A loan to support the growth of this network of orthotics offices in France
- Waller Creek: A US$540-million loan from Otéra Capital as part of US$675 million in total financing for the construction of the tallest tower in Texas, a mixed-use real estate project designed for energy efficiency in Austin
- Vaughan industrial portfolio: A $144.3-million loan, from Otéra Capital and partially guaranteed by a fund sponsored by a real-estate investment firm, to finance the acquisition of a portfolio of industrial properties in the Greater Toronto Area

CREDIT PORTFOLIO

COMPOSITION

- Expanded universe of instruments with features of fixed income securities according to the mandate:
  - Corporate Credit: quality or high-yield bonds and direct or syndicated loans
  - Sovereign Debt: a focus on sovereign and quasi-sovereign securities from growth markets
  - Real Estate Debt: term, construction, bridge and land loans, mostly senior, on multiresidential, office, industrial and commercial buildings
  - Infrastructure Financing: senior and subordinated debt in industries such as transportation, renewable energy and telecommunications
  - Capital Solutions: specialty finance, asset monetization and tailored financing in the form of debt and hybrid instruments

ADVANTAGES

- Market segments featuring better performance and a return that is superior to the traditional bond market
- Diversified sources of value
- In real estate debt, lower credit risk due to a prudent underwriting approach and the quality of the underlying assets

SHORT-TERM INVESTMENTS

Five-year return

Investment results: $80 M
Annualized return: 1.3%

This indexed portfolio consists of short-term liquid investments in the Canadian money market. Its performance over five years reflects the generally very low interest rate environment that prevailed until 2021, followed by much higher rates in 2022.

2022 return

Investment results: $30 M
Return: 2.0%

In an environment of rapidly and sharply rising short-term rates, the portfolio delivered a significant one-year return.

Real Assets

In a high-inflation environment, this asset class delivered excellent one-year performance and strong value added, attributable to its two portfolios.

Net assets

$102.2 B

25.5% of the total portfolio

5.4%

5-YEAR ANNUALIZED RETURN

-$0.5 B

VALUE ADDED OVER 5 YEARS

2 portfolios: Real Estate / Infrastructure

All the figures in this section are detailed in Table 18 (page 59)

REAL ESTATE

Five-year return

Investment results: $5.1 B

Annualized return: 2.3%

Over the past five years, the global real estate market has faced significant challenges, including the rise of e-commerce and a pandemic whose effects are still being felt. In this environment, the Real Estate portfolio managed by Ivanhoé Cambridge delivered performance for the period that reflected these challenges and that improved strongly following the repositioning of activities in 2020.

The results were largely attributable to the current yield on the assets held, complemented by an appreciation in asset values, particularly in logistics and, to a lesser extent, in the funds, equities and financing sector.

Over five years, the annualized return was below the 5.3% return of the index, mainly due to:

- The historical preponderance of shopping centres in the portfolio, an asset class that has faced significant challenges
- Poorer performance in the traditional office sector

REAL ESTATE PORTFOLIO

COMPOSITION

- High-quality real estate properties, projects, companies and funds that are shaping dynamic cities around the world
- Investments in equities and financing products in various sectors, including:
  - Logistics, residential, office buildings, shopping centres and life sciences

ADVANTAGES

- Diversification of the risk in CDPQ's total portfolio due to a lower correlation between the assets held and global markets
- Partial protection of capital against long-term inflation because of the characteristics of leases that may include rent indexation or rent increase clauses
- Source of current yield
- Attractive risk-return profile and substantial cash flows

It should be recalled that these two sectors, to which Ivanhoé Cambridge was more exposed than the benchmark index, were more affected by the containment measures adopted around the world at the beginning of the pandemic.

Since 2020, the subsidiary has repositioned its portfolio toward promising sectors such as logistics, residential and life sciences. Meanwhile, the weighting of traditional segments, such as offices and shopping centres, has been greatly reduced. This trend can be seen in the fact that most of the assets have been held for less than five years. There has also been geographical diversification, with increased exposure to Asia Pacific, Europe and the United States. Figures 12 and 13 present changes in the portfolio from 2017 to 2022.

2022 return

Investment results: $5.2 B
Return: 12.4%

Around the world, 2022 was a year in two acts for real estate: the first half of the year was marked by a high volume of investment as the economy reopened, followed by a slowdown in activity in the second half of the year due to uncertainty over inflation and rising interest rates. Despite this turmoil, the portfolio generated strong one-year performance that was:

- Driven by the logistics sector and, to a lesser extent, by the residential sector, both of which recorded gains
- Tempered by traditional assets, which lost value, including:
  - Office buildings, a sector undergoing a profound transformation and requiring active monitoring
  - Shopping centres, which are tending to stabilize

In addition, it should be noted that the portfolio benefited from a good current yield across all sectors and contributions from the funds, equities and financing sector, as well as favourable market effects. The portfolio outperformed its benchmark index, which had a 9.2% return. The difference was due to assets outperforming their indexes in most sectors, with the exception of the residential sector, which was in line with its index. This resulted in $1.4 billion in value added, representing a positive result for a second consecutive year and demonstrating how the repositioning has been successful.

FIGURE 12

GEOGRAPHIC EXPOSURE – REAL ESTATE
(as a percentage)

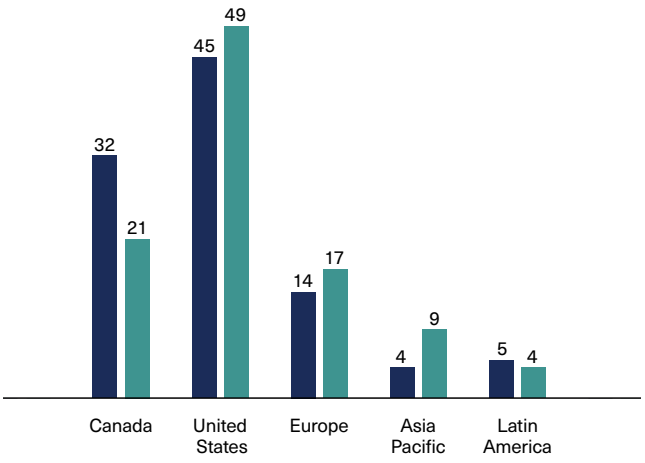
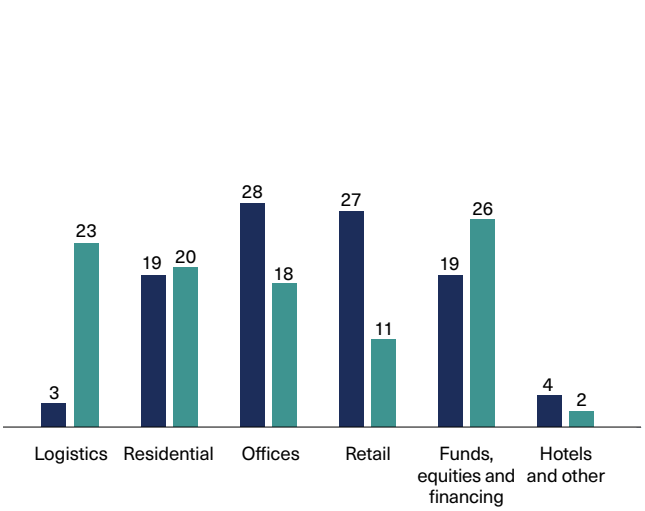


FIGURE 13

SECTORAL EXPOSURE – REAL ESTATE
(as a percentage)



In 2022, Ivanhoé Cambridge's teams were active, completing over 70 investments and sales totalling $15 billion. Among the investments made around the world, we note:

- NVELOP: A new strategic partnership with this logistics real estate specialist in Germany through two transactions representing 97,000 m² (over one million sq. ft.), for a targeted deployment of €200 million by Ivanhoé Cambridge
- Scape: Partnership with this leading player, the owner of the largest portfolio of student residences in Australia, in a transaction worth nearly AU$1 billion in this promising sector
- Greystar: Continued collaboration with this global investment leader, already present in several countries, through a joint venture in the Chilean market to seize opportunities in the residential sector
- Cohabs: Investment in this Brussels-based company specialized in coliving in Europe and the United States
- Lendlease: Launch of a joint venture, in partnership with this global real estate group, to invest an initial $500 million in life science projects in the United States

Lastly, Ivanhoé Cambridge increased its focus on new real estate technologies, including an investment in Taronga Ventures' Proptech fund in Asia Pacific and a pilot project with Turntide Technologies to improve energy efficiency in some of its Canadian shopping centres.

INFRASTRUCTURE

Five-year return

Investment results: $15.8 B
Annualized return: 9.8%

Interest in infrastructure investments has remained strong around the world in recent years. In addition to its advantageous risk-return profile, this investment class has a defensive character that is highly sought after when markets are turbulent and volatile. The portfolio's annualized return over five years stemmed from:

- A high and stable current yield, generated year after year
- Asset value appreciation, driven by infrastructure development platforms

FIGURE 14

GEOGRAPHIC EXPOSURE – INFRASTRUCTURE
(as a percentage)

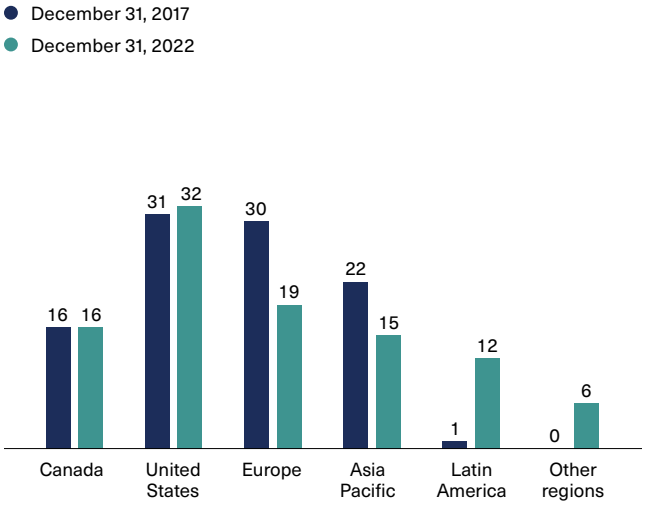
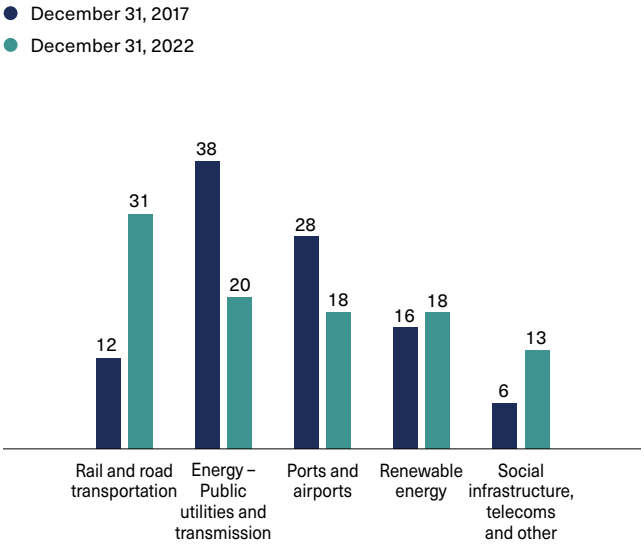


FIGURE 15

SECTORAL EXPOSURE – INFRASTRUCTURE
(as a percentage)



The assets located in the United States and in growth markets performed well. In addition, through favourable positioning in sectors of the future—including renewable energy—the portfolio generated a higher annualized return than its index, which posted a return of 7.2%. This resulted in $5.1 billion in value added.

Geographically and by sector, the greatest increases in exposure over the past five years have been in Latin America and in the rail and road transportation sectors, as shown in Figures 14 and 15 on page 48.

It should also be noted that this portfolio's weighting increased the most over the period. Through sustained capital deployment and strong investment results, its net assets reached $54.6 billion as at December 31, 2022.

2022 return

Investment results: $5.3 B
Return: 11.5%

Despite the specific context of 2022, activity in the infrastructure market did not slow down. The effective protection this asset class provides against inflation has helped make it even more attractive and competitive to investors. The portfolio was less affected by rising rates and earned a substantial one-year return, driven by both:

- Good performance by transportation and renewable energy assets
- A generally high current yield on investment

These same factors also explain the difference with its index, which returned 0.8%. This represents $4.1 billion in value added, the strongest performance of all the portfolios. The assets performed well in all regions, particularly in the United States and Europe.

During the year, the Infrastructure team continued to deploy capital in a disciplined way, logging $10 billion in new investments and commitments while extending its global reach. Major transactions included:

- Invenergy Renewables: CDPQ secured, through this long-term partner and a group of investors, a lease for an offshore wind farm in the New York Bight auction, with the winning bid of US$645 million
- DP World: US$2.5-billion investment alongside this long-standing partner in port infrastructure in the United Arab Emirates that is well positioned to take advantage of global trade routes and supply chains
- Akiem: Acquisition of the Akiem Group, a leading locomotive rental company in France as well as Europe, enhancing CDPQ's positioning in sustainable mobility
- Shizen Energy: ¥20 billion (US$135 million) investment and up to ¥70 billion (US$474 million)—CDPQ's first in infrastructure in Japan—to support the growth of this renewable energy leader
- Terna portfolio in South America: Acquisition of Terna's electricity transmission network in Brazil, Peru and Uruguay for more than €265 million, paving the way for the creation of a CDPQ platform dedicated to electricity transmission on the South American continent

In 2022, several key milestones were reached in construction of the REM, including completion of infrastructure work and the complete electrification of the South Shore branch, as well as the performance of dynamic tests to validate system operations and reliability under various conditions. The commissioning of this first branch is planned for spring 2023.

INFRASTRUCTURE PORTFOLIO

COMPOSITION

- Interests in companies that operate various types of infrastructure, including:
  - Ports, airports, rail and road transportation, wind and solar farms, energy transmission and distribution networks, passenger transportation systems, and social and telecommunications infrastructure

ADVANTAGES

- Stable and predictable revenues over the long term
- Partial long-term capital protection against inflation
- Steady cash flows and a better risk-return profile than other asset classes due to the regulatory frameworks governing many sectors
- Distinct risk profile that can be used to diversify risk in the total portfolio

Equities

This asset class resisted better in an atypical and volatile year, generating value added over both one and five years.

Net assets

$179.9 B

44.9% of the total portfolio

9.5%

5-YEAR ANNUALIZED RETURN

$10.2 B

VALUE ADDED OVER 5 YEARS

2 portfolios: Equity Markets / Private Equity

All the figures in this section are detailed in Table 18 (page 59)

EQUITY MARKETS

Five-year return

Investment results: $28.9 B
Annualized return: 5.3%

The objective of this portfolio consists of generating sustained results over the long term, with an optimal risk-return profile. It has three mandates based on style and two geographic mandates. Over five years, the portfolio's performance was in part:

- Stimulated by the strong performance of quality corporate stocks, including those in the United States
- Limited by its significant exposure to growth market securities, which marked time

In addition, the portfolio was adversely affected by the market turbulence, which was exacerbated by two episodes of monetary policy tightening with a pandemic in between. The year 2022 weighed on the five-year return, which fell short of the benchmark index at 6.0%. The difference was due in part to the portfolio's limited exposure to certain technology giants during the first half of the period, when their share prices took off. Among the main contributors were many Canadian and Québec companies. It is also worth noting the strong contribution made by externally managed funds.

2022 return

Investment results: -$14.0 B
Return: -11.3%

In a challenging environment, the portfolio finished the year just above its index, which stood at -11.4%. This was despite exiting the oil production industry and excluding the tobacco industry, which were among the only sectors to post improved results in 2022. In such a volatile environment, growth stocks were also at a disadvantage. The portfolio was nevertheless able to benefit from some positive factors, including:

- Resilience stemming from its focus on quality company fundamentals
- A favourable positioning in more defensive segments, such as insurance, pharmaceuticals and telecommunications
- Dynamic management of styles during the year

It should be noted that the portfolio is better balanced today following some strategic changes initiated in 2021.

MARKET CONDITIONS

From 2018 to 2022, all the main stock indexes posted positive returns (see Figure 16). The S&P 500, the flagship U.S. index, was lifted by the technology sector, which accounts for more than a quarter of its weight. After several years of underperforming, Canada's S&P/TSX Composite Index benefited from a rally in the energy sector to finish equal with the global MSCI ACWI Index. The MSCI Emerging Markets Index posted the weakest return.

The year was marked by a severe correction in stock market indexes and, above all, by extraordinary volatility. In fact, the post-pandemic surge in inflation, the accelerated cycle of interest rate hikes and geopolitical tensions caused stock market valuations to plunge from the record highs recorded in late 2021. The technology sector was particularly hard hit, including in the United States, where the S&P 500 fell sharply. The S&P/TSX offered greater resistance due to the contribution made by natural resources.

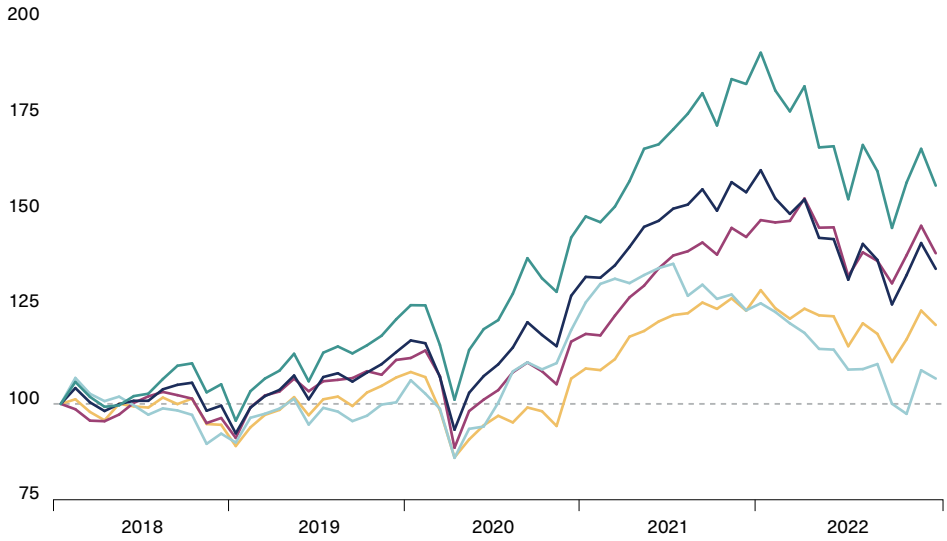
FIGURE 16

EQUITY MARKETS PERFORMANCE

(December 31, 2017 = 100, in local currencies)

- S&P 500
- MSCI ACWI
- MSCI EM
- S&P/TSX
- MSCI EAFE

Source: Rimes



QUALITY MANDATE

Five-year return

Investment results: $15.8 B
Annualized return: 8.3%

Over the period, this mandate was the driving force behind the portfolio, accounting for nearly one third of assets. It delivered the best results of all the mandates, benefiting from:

- Good execution of the targeted styles
- The strength of the U.S. market, to which its investment universe is highly exposed

The annualized return outperformed the index's 7.1% return, generating $1.7 billion in value added. This was the result of favourable stock selections, including in Europe, in companies with stable economic fundamentals. External management also contributed to the mandate's standout performance.

2022 return

Investment results: -$2.0 B
Return: -5.1%

Despite rising rates and eroding investor confidence, the mandate's defensive bias helped limit losses. The technology sector, which was hit hard in 2022, was the main reason for the negative performance. However, the mandate was able to benefit from :

- Active management and dynamic style management during the year
- Positioning in defensive stocks, such as in pharmaceuticals and telecommunications

Over one year, the mandate outperformed its index, at -8.8%, generating $1.3 billion in value added. This was due to effective stock selection across most sectors, including communications, consumer discretionary and industrials. The overweight position in the health sector also proved beneficial.

QUALITY MANDATE

COMPOSITION

- High-quality companies exposed to global growth that are traded on the exchanges of developed markets—excluding Canada—in the MSCI World Index
- Highly profitable and stable companies that have strong fundamentals over time and demonstrate a conservative use of financial leverage

ADVANTAGES

- Risk-adjusted return exceeding that of public equities over a long-term horizon
- Geographical diversification
- Investments that are less sensitive to market fluctuations and provide higher liquidity during periods of market turmoil

GROWTH MANDATE

Return since inception

Investment results: -$3.7 B

The activities of this mandate, created in July 2021, target:

- Securities of companies with high earnings growth potential
- Strategies based on innovation and technology

As at December 31, 2022, the mandate had $14.7 billion in net assets, down from the previous year due to negative investment results. The innovation segment was strongly affected. Since the mandate's inception, it has faced unique conditions: first, a bull market environment, in which it outperformed in the second half of 2021; then a bear market environment, where its management style was at a disadvantage in the first half of 2022.

2022 return

Investment results: -$5.2 B

Return: -26.7%

After several years of superior performance, the Growth style of management suffered from the market correction in 2022. The major technology companies, which account for a large portion of the Growth universe, had a significant negative impact on performance.

In addition, small businesses in the innovation segment were impacted after reaching very high valuation levels in 2021. The over-representation of this segment caused the mandate to underperform the index, which returned -24.4%.

GROWTH MANDATE

COMPOSITION

- High-quality companies with superior growth prospects that are traded on the exchanges of developed markets—excluding Canada—in the MSCI World Index
- Activities aimed at exploiting the various growth phases of a company through two components:
  - Small caps with an innovative business model that may disrupt their industry
  - Mid and large caps with the potential to extend their business model while strengthening their profitability

ADVANTAGES

- Risk-adjusted return exceeding that of public equities over a long-term horizon
- Geographical diversification
- Participation in the economic performance drivers of tomorrow

VALUE MANDATE

Five-year return

Investment results: $1.9 B
Annualized return: 4.3%

This style mandate has both internal and external management components. Its five-year annualized return comes from the health, consumer discretionary and financial sectors. It is below that of the index, at 8.6%. The difference is due to the fact that the index was generalist in nature from the beginning of 2018 to mid-2021, a period when the Value style underperformed all the equity markets.

2022 return

Investment results: -$1.4 B
Return: -5.9%

The mandate profited from the resilience of the Value style, which posted only a small one-year decline. It benefited from the performance of stocks from several countries, including Japan. In terms of sectors:

- The health and energy sectors made positive contributions to the return
- The information technology and consumer discretionary sectors weighed on performance

Under-exposure to the energy and tobacco sectors was the primary reason for its underperformance compared to the index at -3.4%.

CANADA MANDATE

Five-year return

Investment results: $5.1 B
Annualized return: 4.9%

The mandate benefited from a preponderance of financial sector securities, which grew strongly over the period. The list of the main contributors to performance, excluding banks, was still dominated by Québec companies with operations in the United States: Couche-Tard in consumer staples, CN in industrials, and CGI in technology.

The index generated an annualized return of 6.9%. The difference with the index was largely due to positions in certain technology and industrial securities.

2022 return

Investment results: -$0.9 B
Return: -4.3%

In 2022, the Canadian equity market, which is strongly influenced by the performance of the oil industry, proved to be more resilient than those of other countries. The Québec market also held up better despite a decline in some technology holdings, which affected results.

Consumer staples stood out, with major contributions from Québec-based companies such as Couche-Tard and Dollarama. Energy and materials also made positive contributions, while technology, and industrials to a lesser extent, undermined performance.

The mandate's return was slightly below that of the index, at -3.8%, due to difficulties in certain strategic positions, but this was partially offset by a good selection of securities in the insurance industry.

VALUE MANDATE

COMPOSITION

- Securities that appear to be undervalued based on various measures of fundamental value, traded on the exchanges of developed markets—excluding Canada—in the MSCI World Index

ADVANTAGES

- Exposure to securities that have been overlooked due to their apparent undervaluation, but whose intrinsic value shows a potential for normalizing over the long term
- Behaviour that is complementary to that of the other mandates in the Equity Markets portfolio

CANADA MANDATE

COMPOSITION

- Securities of publicly listed Canadian corporations—including a large majority in Québec—with an emphasis on the construction of a quality, concentrated portfolio that reflects distinctive aspects of the Canadian universe

ADVANTAGES

- Deep understanding of investments and role of influence due to market proximity

GROWTH MARKETS MANDATE

Five-year return

Investment results: $1.8 B
Annualized return: 1.8%

This mandate has various components, including index management and external management. Over five years, it has obtained a modest annualized return, negatively affected by the sluggishness of emerging markets. In particular, the equity markets of China and South Korea posted results in the red, while Brazil's results were almost neutral. On a positive note, the markets of India and Taiwan performed well.

The mandate's performance, both in absolute and relative terms, was supported by a judicious selection of securities as part of the external management activities of local investment firms. The mandate was able to deliver $1.1 billion in value added compared to its index, which posted an annualized return of 0.9%.

2022 return

Investment results: -$4.4 B
Return: -18.1%

In a risk-averse climate, emerging markets fell sharply. Taiwan and South Korea suffered from the rout in technology securities, while China was negatively affected by its "zero-COVID" policy. India did well under the circumstances, while Brazil's performance was driven by its position as a natural resource exporter.

This was the setting for the mandate's sharp decline, falling below its index at -14.8%. After several years of strong performance, the external management component had a difficult year, explaining the difference with the index.

GROWTH MARKETS MANDATE

COMPOSITION

- Growth market securities traded on the stock exchanges of countries in the MSCI Emerging Markets (EM) Index

ADVANTAGES

- Geographical diversification
- Important component of the mandate carried out alongside well-established local partners whose in-depth knowledge of the target markets enables them to identify quality and growth companies

PRIVATE EQUITY

Five-year return

Investment results: $46.6 B
Annualized return: 17.3%

The annualized return over the period allowed the portfolio to outperform its index at 12.0%. This resulted in $13.6 billion in value added, the highest of all the portfolios. These results are due in particular to:

- A selection of quality assets in promising sectors, including technology, health and financial services
- Post-investment value creation through the operational support provided to portfolio companies, which becomes even more important in an environment of uncertainty

Direct investments were true performance drivers, benefiting from our global leveraged buyout and venture capital activities and from our efforts to develop Québec-based companies.

Figure 17, on page 56, shows the geographic exposure of the Private Equity portfolio in 2017 and 2022.

PRIVATE EQUITY PORTFOLIO

COMPOSITION

- Direct interests, primarily in private companies, but also in high-performing investment funds
- Companies operating in all sectors of the economy, with a focus on promising and resilient areas, such as technology, health and financial services
- Growth and quality companies with stable and predictable revenues

ADVANTAGES

- Expected long-term performance that exceeds that of the stock markets, but presenting greater risk
- Focus on quality partnerships and long-term value creation, particularly through organic growth, acquisitions and operational efficiency

Investment funds added value through good partner selection. It should be remembered that, as part of these activities, CDPQ partners with external managers to offer its depositors diversified exposure to the asset class. This allows us to leverage their cutting-edge expertise and benefit from a co-investment stream that helps maximize the portfolio's risk-return profile. Selected and executed by our teams, these activities enhance the funds' overall contribution to the integrated Private Equity strategy.

2022 return

Investment results: $1.9 B
Return: 2.8%

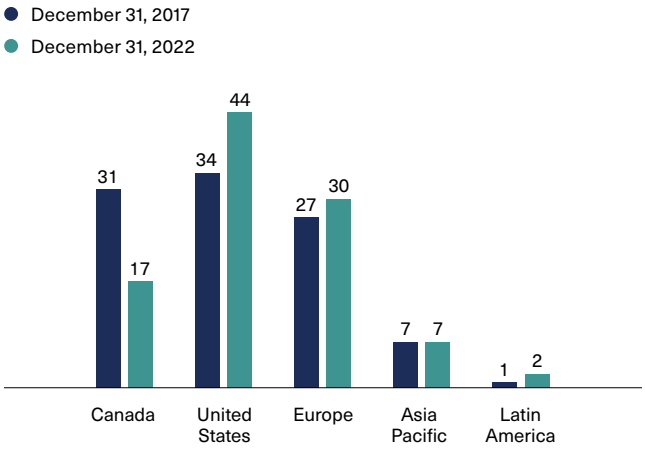
In a difficult environment marked by fewer transactions around the world, the Private Equity portfolio proved resistant. This slowdown was expected, given the bear market environment for public equity indexes and after having produced considerable accumulated returns in 2020 and 2021. In this context, in 2022 the portfolio outperformed the index, which was neutral at 0%. The $1.8 billion in value added was due to:

- Advantageous positioning in the health and insurance sectors
- Earnings growth of several private portfolio companies

Both direct investments and funds contributed to these results, benefiting from the stability of the private market. Major contributors to this performance include international companies such as Howden Group Holdings, Medical Solutions, Sebia and USI, as well as Québec companies like Canam Group, BFL CANADA and Hopper.

FIGURE 17

GEOGRAPHIC EXPOSURE – PRIVATE EQUITY
(as a percentage)



With $80.7 billion in net assets as at December 31, 2022, the Private Equity portfolio has reached maturity. As such, the teams worked to consolidate the portfolio throughout the year, selectively making $5.7 billion in acquisitions and $6.5 billion in materializations. Highlights for 2022 include:

- Howden Group Holdings: Continued support for this U.K.-based global insurance group to support acquisitions in its industry, with a significant interest in two equity raisings—one for £300 million to acquire Aston Lark in 2022 and the other for over US$900 million to acquire TigerRisk in early 2023
- Medical Solutions: Support for this U.S.-based provider of global workforce solutions in the health care industry as part of its acquisition of Host Healthcare

CDPQ was also active with major transactions in Québec in 2022, including:

- Plusgrade: Support for this tech company in the acquisition of the Points platform for US$385 million, creating a new global leader in ancillary revenue for the travel industry
- Pomerleau: A $150-million additional investment to support the pan-Canadian growth plan of one of the country's largest construction companies
- GRYB: Investment alongside the Fonds de solidarité FTQ to accelerate the expansion, through acquisitions, of this leading manufacturer of heavy machinery equipment based in Victoriaville

It should also be noted that our teams have continued to emphasize post-investment management in order to create value through operations.

Other Investments

This asset class includes activities that are complementary to other investment activities in order to contribute to the value added of the total portfolio.

Net assets
$2.0 B

$3.4 B
CONTRIBUTION TO THE TOTAL PORTFOLIO'S VALUE ADDED OVER 5 YEARS

1 portfolio: Asset Allocation

All the figures in this section are detailed in Table 18 (page 59)

CONSOLIDATED ASSET ALLOCATION ACTIVITIES

Consolidated Asset Allocation activities contribute to CDPQ's value added by implementing strategies that help diversify the total portfolio. These activities are carried out in two ways:

- Management of the Asset Allocation specialized portfolio
- An allocation of capital to the various specialized portfolios, within the upper and lower limits set by our depositors

Results over five years

Results of consolidated activities: $3.4 B
- **Asset Allocation portfolio: $0.6 B**
- **Allocation to other specialized portfolios: $2.7 B**

Over five years, consolidated asset allocation activities generated substantial results, largely due to the allocation of capital to less liquid specialty portfolios. Active strategies in the Asset Allocation portfolio also made a contribution, primarily through the dynamic strategies, which took advantage of market fluctuations during the period. We should also note the good performance by external managers.

CONSOLIDATED ASSET ALLOCATION ACTIVITIES

COMPOSITION
- Asset Allocation specialized portfolio: non-capitalized investments that take positions in key financial market factors (equity markets, credit, rates and currencies)
- Capital allocation through CDPQ's specialized portfolios

ADVANTAGES
- Enhancement of the total portfolio's value added
- Exposure to asset classes to diversify the total portfolio
- Contribution to management of the total portfolio

Results in 2022

Results of consolidated activities: $0.9 B

- **Asset Allocation portfolio: $1.3 B**
- **Allocation to other specialized portfolios: -$0.4 B**

For one year, active strategies in the Asset Allocation portfolio generated a very positive return, driven by:

- Dynamic management in various market segments as well as a more defensive directional positioning over the year
- The contribution of external managers at global macro funds whose allocation is based on macroeconomic expectations in various countries

However, allocation activities to other specialized portfolios made a negative contribution to results.

TABLE 18

SPECIALIZED PORTFOLIO RETURNS IN RELATION TO BENCHMARK INDEXES
(for periods ended December 31, 2022)

		5 years			1 year		
Specialized portfolios	Net assets $B	Investment results $M	Return %	Index %	Investment results $M	Return %	Index %
Fixed Income							
Rates	**33.1**	**(2,460)**	**(0.4)**	**(0.4)**	(6,052)	(13.4)	(13.1)
Credit	**84.7**	**(82)**	**1.0**	**(0.7)**	(14,108)	(15.7)	(18.2)
Short Term Investments	**1.6**	**80**	**1.3**	**1.2**	30	2.0	1.8
Subtotal[1]	**119.4**	**(1,847)**	**0.5**	**(0.5)**	(20,130)	(14.9)	(16.4)
Real Assets							
Real Estate	**47.6**	**5,057**	**2.3**	**5.3**	5,228	12.4	9.2
Infrastructure	**54.6**	**15,832**	**9.8**	**7.2**	5,264	11.5	0.8
Subtotal	**102.2**	**20,889**	**5.4**	**6.2**	10,492	12.0	5.2
Equities							
Quality mandate	**31.7**	**15,840**	**8.3**	**7.1**	(2,040)	(5.1)	(8.8)
Growth mandate[2]	**14.7**	**(3,727)**	**N/A**	**N/A**	(5,227)	(26.7)	(24.4)
Value mandate	**16.0**	**1,923**	**4.3**	**8.6**	(1,383)	(5.9)	(3.4)
Canada mandate	**17.5**	**5,119**	**4.9**	**6.9**	(934)	(4.3)	(3.8)
Growth Markets mandate	**19.2**	**1,774**	**1.8**	**0.9**	(4,365)	(18.1)	(14.8)
Equity Markets[3]	**99.2**	**28,887**	**5.3**	**6.0**	(13,989)	(11.3)	(11.4)
Private Equity	**80.7**	**46,579**	**17.3**	**12.0**	1,871	2.8	0.0
Subtotal	**179.9**	**75,466**	**9.5**	**8.3**	(12,118)	(5.7)	(6.9)
Other Investments							
Consolidated Asset Allocation activities[4]	**2.0**	**3,359**	**N/A**	**N/A**	869	N/A	N/A
Total[5]	**401.9**	**91,804**	**5.8**	**4.9**	(24,612)	(5.6)	(8.3)

1. The five-year total includes closed specialized portfolios.
2. Results for the Growth mandate present the results since beginning its activities on July 1, 2021.
3. Includes the activities of the Strategic mandate.
4. The consolidated Asset Allocation activities include the results of the Asset Allocation specialized portfolio of $639 million over five years and of $1.313 billion for one year, as well as allocations to other specialized portfolios representing $2.720 billion over five years and -$444 million for one year.
5. The total includes customized overlay operations, cash activities and terminated activities.

Risk Management

In 2022, CDPQ managed its risks carefully in a demanding market environment.

Highlights

1
The total portfolio's market risk rose to slightly above that of the benchmark portfolio, but remained within set limits.

2
CDPQ showed that it could navigate through crises by proactively managing risks, including liquidity risk.

3
Work was carried out on prospective risk scenarios, in particular, scenarios were built to assess the potential impact of stagflation and the decoupling of the world's two largest economies.

CHANGES IN RISK MEASUREMENT

At CDPQ, risk management is an integral part of all activities and processes. We take this into account in each investment, with the ongoing goal of generating optimal performance for our clients.

In addition to encouraging discussion and debate, CDPQ seeks to promote a sound risk culture throughout the organization. We apply high governance, oversight and monitoring standards, in addition to deploying many initiatives each year to strengthen our practices.

Risk management is based on assessments of many indicators, as well as on the expertise of Risk Management and other teams with expertise in this area. For each transaction or investment strategy, as well as in our long-term portfolio construction, risks are thoroughly analyzed in terms of variables such as:

- The global economic context
- Financial market changes
- The concentrations, including geographic and sectoral, in the total portfolio

Throughout 2022, CDPQ monitored the risks targeted at the beginning of the year, which will continue to be closely watched in 2023.

Economic risks

- Persistent inflation combined with weak growth leading to a recession
- Adjustments to central bank monetary policies and coordination with fiscal policies
- The level of government and corporate debt around the world
- The increasing cost and scarcity of raw materials
- The pandemic's repercussions on business models and lifestyles
- Higher energy prices and the consequences on the energy transition
- The impact of climate change, including failure to meet the adopted targets as well as natural disasters

Geopolitical risks

- The presence of geopolitical tensions around the world (Ukraine, Taiwan and North Korea)
- Worsening U.S.-China relations
- Tensions related to social inequalities around the world and the rise of populist movements
- Instability in Europe

Financial and operational risks

- A possible correction in valuations should markets turn risk-averse
- Protectionist measures, restrictions on foreign direct investment and regulatory changes
- Impact of disruptive technologies on the business environment
- Consequences of possible cyberattacks

Market risk

CDPQ seeks to build a high-performance and well-diversified portfolio while targeting an optimal risk-return profile, consistent with our risk assessment and market valuations, that meets the needs of our clients.

The unusual market environment in 2022 was characterized by inflationary pressures that led to a very sharp increase in rates at the same time as a stock market correction. In this context, absolute risk—estimated from historical data since 2006—mainly rose, independent of the changes in portfolio positioning.

Over five years, part of the increase in risk has also been due to the evolving investment strategy and adjustments made to our clients' investment policies. As shown in Figure 19, during this period:

- The absolute risk of the benchmark portfolio grew from 13.4% to 16.1%
- The absolute risk of the total portfolio rose from 13.2% to 16.8%

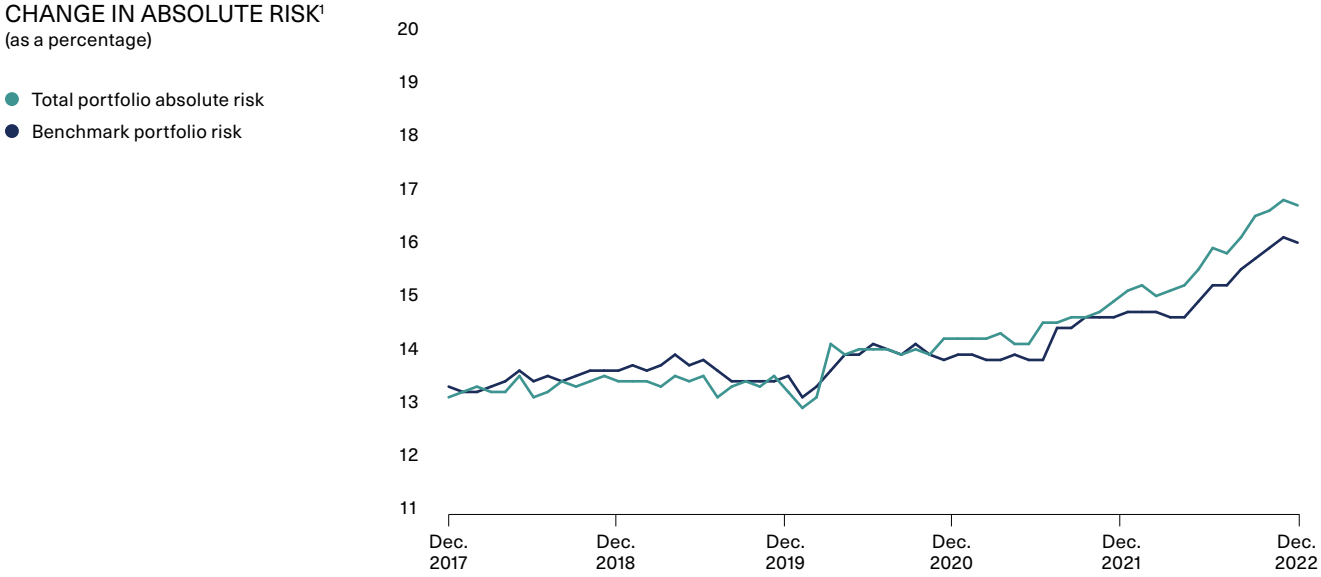
It can be seen that over the last 18 months, the gap between the absolute risks of the two portfolios has gradually widened, with the total portfolio's absolute risk slightly higher than that of the benchmark portfolio. This was mainly due to:

- The higher risk profile of our private equity portfolio compared to its benchmark, combined with a significant increase in weighting due to the very good performance of this asset class in recent years
- Additional risk-taking in credit to take advantage of the higher premiums in 2022

Figure 21, on page 62, illustrates the ratio of the total portfolio's absolute risk compared to that of the benchmark portfolio during the period. The ratio rose from 0.98 at the end of 2017 to 1.04 at the end of 2022. It is important to note that absolute risk remained well within set limits.

FIGURE 19

CHANGE IN ABSOLUTE RISK[1]
(as a percentage)



1. The risk figures preceding January 2020 were adjusted to reflect the changes in the risk calculation methodology that occurred in 2020.

Table 20 shows the change in market risk over the past year in the major asset classes. The Fixed Income asset class posted the largest increase due to the rise in rates and strategic decisions to adjust portfolio durations. Market risk in the Real Assets and Equities asset classes also increased notably, while the Other Investments asset class was unchanged.

Credit risk

Credit risk rose slightly in 2022, in line with midyear changes in the risk profile of the Credit portfolio index. To assess this risk, the teams take into account:

- Potential capital loss risk: a quantitative measurement including the probability of default by an issuer, correlations and recovery assumptions
- Internal ratings given to each investment file: the ratings are assigned by a committee comprising Risk Management and investment team members based on fundamental analyses

It should be recalled that the committee monitors the ratings closely, including any differences with credit agency ratings, and may review them when necessary.

TABLE 20

MARKET RISK – ABSOLUTE
(as at December 31 – as a percentage)

Asset class	**2022**	2021
Fixed Income	**14.1**	6.9
Real Assets[1]	**16.3**	17.3
Equities	**25.7**	25.1
Other Investments	**0.7**	0.7

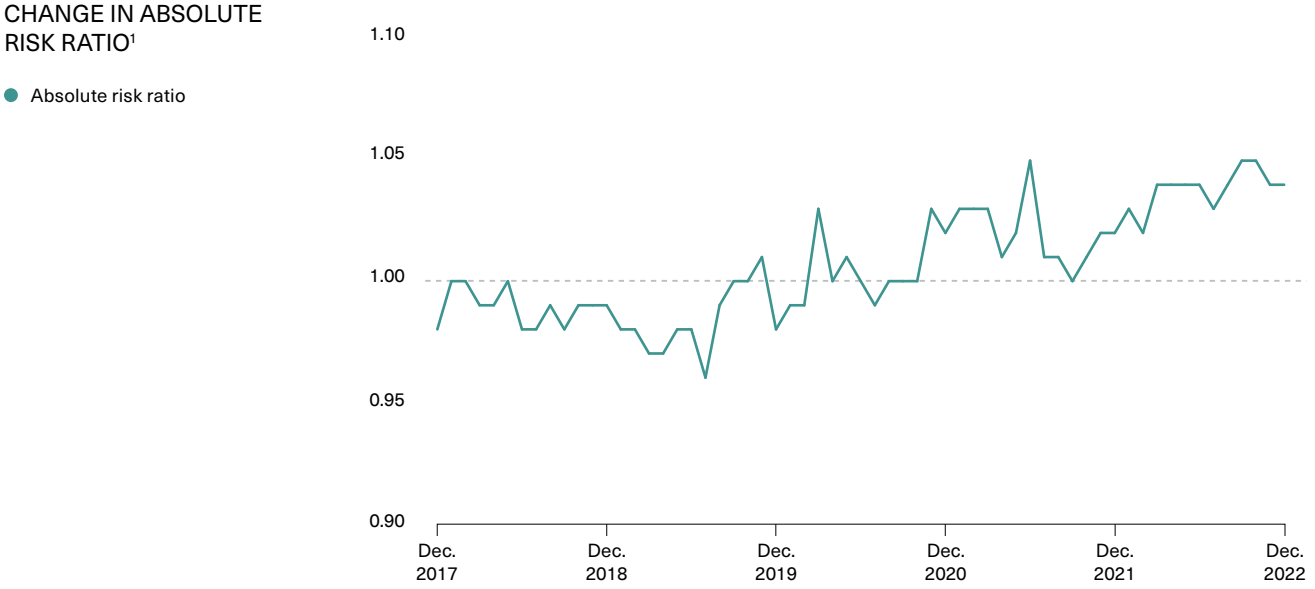
1. The risk figures for 2021 were adjusted for the Real Assets class to reflect the changes in the risk calculation methodology for Real Estate assets that occurred in 2022.

ABSOLUTE RISK RATIO MEASUREMENT

Among the items monitored to measure market risk, CDPQ calculated the absolute risk ratio for the total portfolio compared to the absolute risk for the benchmark portfolio. A ratio of 1 indicates that risk-taking is identical, while a ratio greater than 1 signals greater risk-taking to generate value added. An absolute risk limit, using this ratio, governs market risk for the total portfolio.

FIGURE 21

CHANGE IN ABSOLUTE RISK RATIO[1]



1. The risk calculation methodology was changed in 2020 and risk figures prior to January 2020 were adjusted to reflect the changes.

Concentration risk

Overall, concentration risk declined slightly in 2022. At the end of the year, CDPQ's 30 largest issuers contributed 22.5% of the market risk, compared to 25.0% in 2021. In addition, the high valuations resulting from good performance in Infrastructure and Private Equity increased the concentration in certain investments.

To manage concentration risk, CDPQ emphasizes geographic and sectoral diversification, which is a key component of our strategy. However, we may take more concentrated positions in certain investments that offer attractive return perspectives.

Counterparty risk

The counterparty risk posed by the use of over-the-counter derivative financial instruments remained stable compared to 2021. CDPQ uses various means to reduce this risk, including:

- Negotiation of legal agreements based on International Swaps and Derivatives Association (ISDA) standards
- Daily collateral exchange
- Establishment of exposure limits for each counterparty
- Continuous follow-up on a series of indicators to assess the counterparties' financial health and detect any change in the quality of their credit

Liquidity risk

In a difficult market environment, CDPQ managed liquid assets conservatively by first increasing our minimum primary liquidity and then maintaining it throughout the year. We also gave ourselves additional latitude in order to maintain a good position for seizing opportunities should market conditions deteriorate.

REVIEW OF OVERSIGHT AND PROCESSES

Governance and risk management are based on the 12 guidelines listed in Note 11 to the Consolidated Financial Statements on page 185. Convinced that sound risk management is based on rigorous frameworks and processes, CDPQ implements initiatives to continuously strengthen them, including several introduced in 2022.

Influence of the Risk Management function on investment

Risk Management seeks to contribute to strategic decisions throughout the investment cycle and in day-to-day operations, while providing governance of risk processes. It exercises influence through:

- An active presence and value-added involvement on various committees, including:
  - Investment-Risk (Co-chair)
  - Strategy and Execution
  - Operational Risk (Chair)
  - Committees related to investment, research and currencies
- A key role in analyzing and preparing the global strategy to fully identify the risks stemming from execution priorities and determine the potential impacts of new initiatives on portfolio risk
- Oversight ensuring sound diversification and compliance with the strategic plan for each portfolio
- The integration of business unit risk managers on each investment team
- An independent assessment of portfolio risk for reporting purposes

MINIMUM AMOUNT OF LIQUID ASSETS

CDPQ has various sources of liquid assets, which are:

- Primary liquidities: highly liquid assets that can be used immediately without loss of value
- Secondary liquidities: assets that are somewhat less liquid, but can be converted quickly if needed, in addition to being resilient

Each year, CDPQ establishes a minimum amount of liquid assets to:

- Meet our potential commitments
- Rebalance the total portfolio
- Maintain the desired flexibility during a crisis, specifically to seize investment opportunities

For more information, see Note 11 to the Consolidated Financial Statements on page 185.

Review of investment policies

In 2022, CDPQ continued to develop its strategy to be in a strong position in an investment environment that presents many challenges. This led us to revise some of our policies, including in Real Estate, Equity Markets and Private Equity. We began by conducting in-depth risk analyses for this purpose, and then follow-up measures were developed in response to changes in orientation and the required policy frameworks.

Reputation risk assessment process

As an institutional investor, CDPQ is exposed to reputation risk stemming from our investments, independent of their size. During the year, CDPQ strengthened its existing process, notably by emphasizing the role played by the teams that support investment decision-making.

Strategic monitoring scenarios

Given the growing uncertainties in the market environment and increased geopolitical tensions, two prospective risk scenarios were created during the year to:

- Prepare the organization for the risk of a prolonged period of stagflation
- Assess the risk of an accelerated decoupling of the two global economic powers

In addition to assessing the potential impact on the total portfolio should these risks materialize, the teams identified mitigation levers, including through asset selection and post-investment management.

Operational risk mitigation

CDPQ faces operational risks related to both its current activities and the transformations that are carried out to adapt to our business environment. The organization has evolved considerably in recent years, as evidenced by a mature portfolio, a strengthened global presence and an increasingly complex range of professions.

The Operational Risk Committee is charged with identifying the risks to be monitored, prioritizing them and identifying ways to mitigate them. It relies on an evolving map of operational risks that measures their impacts and probabilities.

In 2022, several measures were taken to mitigate this type of risk, including:

- An improved approach and new types of expertise in order to better analyze the risks associated with the business practices in our controlling positions and holding structures
- Strengthened financial security practices and tools to prevent any risk of money laundering, terrorist financing or non-compliance with international sanctions
- Adjustments to certain practices around cash flow management in order to adapt to the industry's ongoing evolution
- Initiatives designed to attract and retain talent, including the implementation of a hybrid work model and programs focused on internal mobility and career development
- Sustained efforts to limit technology risk, particularly in cybersecurity

Technology risk

With the growing number of cyberattacks around the world and the emergence of disruptive technologies, technology risks are on the rise and pose a threat to our organization's operations as well as those of our portfolio companies. To prevent them, CDPQ has implemented various processes, including:

- Analysis of technology risk, including cybersecurity risks and disruptive technologies
- Development of risk reduction plans, sometimes alongside our risk analyses
- Performance of sectoral analyses and periodic reviews of the risks in the total portfolio

Developments in technology risk are closely monitored in order to support the investment teams and play an advisory role for companies, both for prevention and in response to incidents.

For more information, see the Governance section of our Sustainable Investing Report at www.cdpq.com.

CYBERSECURITY

Cybersecurity is a priority for CDPQ. Our approach is based on recognized frameworks and rigorous security measures that are continuously controlled and tested by our teams as well as by independent third parties. Several lines of defence, both internal and external, are in place to ensure their effectiveness.

The cybersecurity improvement program was conducted throughout the year, resulting in:

- Revised cybersecurity standards, combined with reviews of the cybersecurity policy, directive and operational guide
- Monitoring of technological developments to better counter cyberattacks
- Implementation of a sophisticated monitoring model to effectively detect threats and further reduce response times
- Regular communications to raise awareness among our personnel on the right behaviours to adopt, especially to prevent phishing

It should be noted that the management of cybersecurity risks also applies to the service providers that host CDPQ's data. To become authorized providers, several strict requirements that meet CDPQ's security standards must be in place and be proven effective.

IMPROVED RISK MANAGEMENT METHODOLOGIES AND TOOLS

In 2022, CDPQ continued to refine its methodologies and quantitative analysis tools to:

- Develop risk assessment methodologies adapted to portfolio assets and to the market environment
- Better support the investment teams with effective risk management tools

Risk measurement and stress testing

In addition to value at risk (VaR), CDPQ measures market risk using stress tests, several of which were performed in 2022. Historical and hypothetical scenarios are analyzed to assess our portfolios' behaviour during favourable and unfavourable market events.

To calculate VaR, improvements have been made to the interest rates adjustment methodology to better reflect the risk of higher rates. The risk modelling of real estate assets was also reviewed to more accurately represent relationships with the main financial risk factors.

Overall risk profile

CDPQ has adopted a new vision in order to provide an overall profile of the levels and trends in various types of risk, including strategic, reputational, financial and operational risks. This profile allows us to:

- Identify and communicate the main current and potential risk issues
- Determine the main actions taken, or to be taken, to manage them appropriately

ESG risk assessment

CDPQ produces analyses to prevent the risks associated with ESG factors, whether in new transactions or for assets already in the portfolio. These analyses are focused on the more material aspects, giving due consideration to the sectors in which portfolio companies operate and the organization's sustainable investing priorities. As part of its operational due diligence process, CDPQ also examines the practices used by our external managers to integrate ESG factors, and how they change over time.

To measure the climate risk, CDPQ calculates the carbon intensity of assets, in addition to assessing various types of physical climate risk over different time horizons. Such risks are considered for each new investment in real assets. The teams also look at climate change transition risks, which are assessed using qualitative and quantitative analyses.

In terms of social factors, particular attention is paid to the portfolio companies' diversity, equity and inclusion practices, as well as their tax planning strategies.

Lastly, CDPQ analyzes the governance of our portfolio companies, including Board composition, the compensation of senior management, ethics and business conduct, disclosure, as well as cybersecurity and technology risk management.

The progress made by CDPQ on sustainable investing priorities and climate targets are presented in our Sustainable Investing Report at www.cdpq.com.

Compliance

CDPQ's compliance activities include a component on monitoring the portfolios' investment policies, as well as those of depositors, and another on the application of the Code of Ethics and Professional Conduct.

Highlights

1
Programs were applied to ensure oversight of depositors' investment policies and CDPQ's specialized portfolio investment policies.

2
Rollout of the organization's ethics and compliance program continued, resulting in internal communications, training sessions and employee advisory services.

3
CDPQ's financial security practices were harmonized through the adoption of new oversight and dissemination of a training video to the colleagues involved.

INVESTMENT POLICIES

CDPQ implements compliance programs to ensure adherence to the limits and restrictions set out in its portfolios' investment policies, as well as in depositors' investment policies. Certificates of compliance attest to adherence to the terms in force.

In 2022, certificates were issued for the periods ended June 30 and December 31. Programs to ensure the compliance of activities in the specialized portfolios, major mandates and management mandates were also maintained.

CODE OF ETHICS AND PROFESSIONAL CONDUCT

The Code of Ethics and Professional Conduct for Officers and Employees sets out CDPQ's expectations regarding ethics, guides our actions and establishes rules for compliance and disclosure. At the beginning of each year, all officers and employees must complete a declaration to renew their commitment to complying with the Code and provide the documents required to confirm information related to their personal portfolios.

Any real, potential or apparent conflict of interest must be declared, as well as any situation where there is a reasonable likelihood of a breach of CDPQ's Code or policies. To carry out personal transactions involving covered securities, employees must use the pre-authorization system provided for this purpose, which is accessible at all times. However, members of CDPQ's Executive Committee and Investment-Risk Committee are not authorized to conduct transactions involving covered securities and must provide for discretionary management of their personal portfolios or undertake not to conduct such transactions. In addition to personal transactions, the Code sets out rules governing gifts, the confidentiality of information and conflicts of interest.

CDPQ ADOPTS THE CFA INSTITUTE ASSET MANAGER CODE

In 2022, CDPQ became the first Canadian pension fund manager to adopt the Asset Manager Code of the CFA Institute, which is a global association of investment professionals. This commitment confirms our determination to implement the governance best practices while helping establish a shared framework for ethical principles.

During the year, CDPQ carried out several activities to heighten employee awareness on various aspects of the Code:

- Three mandatory training sessions for new recruits on the Code, respect in the workplace and preventing corruption
- One training session offered to all employees on the main rules in the Code (personal transactions, gifts, confidentiality of information and conflicts of interest)
- A one-on-one meeting with every incoming manager to discuss various aspects of the Code
- Publication on the intranet of interactive video clips throughout the year to address specific topics or ethical questions to remind employees how to handle situations involving ethics and professional conduct
- Deployment of an enhanced and more efficient version of the tool enabling employees to comply with the rules governing personal transactions, accompanied by communications and reviews of the rules disseminated on the intranet

The Code of Ethics and Professional Conduct for Officers and Employees is available at www.cdpq.com, in the Governance section.

HARMONIZATION OF ETHICAL AND COMPLIANCE PRACTICES AT CDPQ AND ITS SUBSIDIARIES

The Coordination Committee, which consists of the ethics and compliance officers of CDPQ, Otéra Capital, Ivanhoé Cambridge and CDPQ Infra, continued to develop harmonized ethics and compliance practices aligned with the highest standards.

At the beginning of each year, the Committee identifies shared priorities. At their quarterly meetings, Committee members discuss various ethics and compliance issues and report on the progress made on these priorities and the resulting initiatives they will undertake together. Committee members also share various best practices on tools and processes and discuss new developments in ethics and compliance. In addition to these quarterly meetings, working groups have been formed to undertake ongoing, collaborative projects.

AUDIT OF COMPLIANCE

The Auditor General of Québec conducted an audit on compliance with the policies and directives of CDPQ and its subsidiaries Ivanhoé Cambridge and Otéra Capital in the context of investment activities, and filed a report in March 2022. CDPQ established an action plan to respond to the recommendations made by the Auditor General of Québec; the plan is now being implemented.

ACCESS TO INFORMATION

CDPQ processes requests for access to information in accordance with the Act respecting access to documents held by public bodies and the protection of personal information (the Access Act). In 2022, CDPQ processed 32 requests for access to documents, including:

- 22 for CDPQ
- 5 for CDPQ and CDPQ Infra
- 5 for CDPQ Infra

All of the requests were handled within the legally prescribed time limit. Of these 32 requests:

- 11 were accepted
- 9 were accepted in part
- 3 were referred to another entity
- 6 were refused
- 3 were withdrawn

The requests received concerned the personnel and payroll in the organization's international offices, contractual commitments, the Réseau express métropolitain (REM), the REM de l'Est and several other subjects of an administrative or budgetary nature. Three requests were subject to an application for review by the Commission d'accès à l'information. Responses to requests for access are available on CDPQ's website.

Lastly, in accordance with the Regulation respecting the distribution of information and the protection of personal information, CDPQ posts on its website the specific information covered by this regulation: leases, training contracts, advertising and promotion contracts, mobile telecommunications contracts, training expenses, total travel expenses, and the CEO's travel expenses, official expenses and executive vehicle expenses.

LANGUAGE POLICY

CDPQ complies with the requirements of the Charter of the French Language and its language policy, which stipulates French as the everyday language of work for all employees in its offices in Québec. CDPQ considers the quality and use of French in its spoken and written communications to be of paramount importance. To that end, CDPQ provides its employees with various tools that foster correct French usage, as well as a number of reference works, including a lexicon that it compiled to define terms specific to its investing activities.

In 2022, linguistic capsules and activities promoting the use of French were published on the intranet. Employees were made aware of the changes introduced by the reform of the Charter of the French Language, and several initiatives were implemented to meet the law's requirements. Teams are also encouraged to use the tools and references provided on the website of the Office québécois de la langue française as well as other language tools available to them.

In addition, the language committee met four times during the year.

VIOLATIONS REPORTING MANAGEMENT

Me Bruno Duguay, Vice-President and Chief Ethics and Compliance Officer, is charged with receiving and analyzing reports of inappropriate situations related to the Code of Ethics and Professional Conduct. Reports can be made by telephone or through the Ethics Line (www.ethique.cdpq.com or 1-866-723-2377).

DISCLOSURE OF WRONGDOINGS

In addition to the mechanisms for reporting breaches of the Code of Ethics, CDPQ has a procedure for disclosing wrongdoings to communicate situations of public interest, in accordance with the Act to facilitate the disclosure of wrongdoings relating to public bodies. No such disclosures were received in 2022.

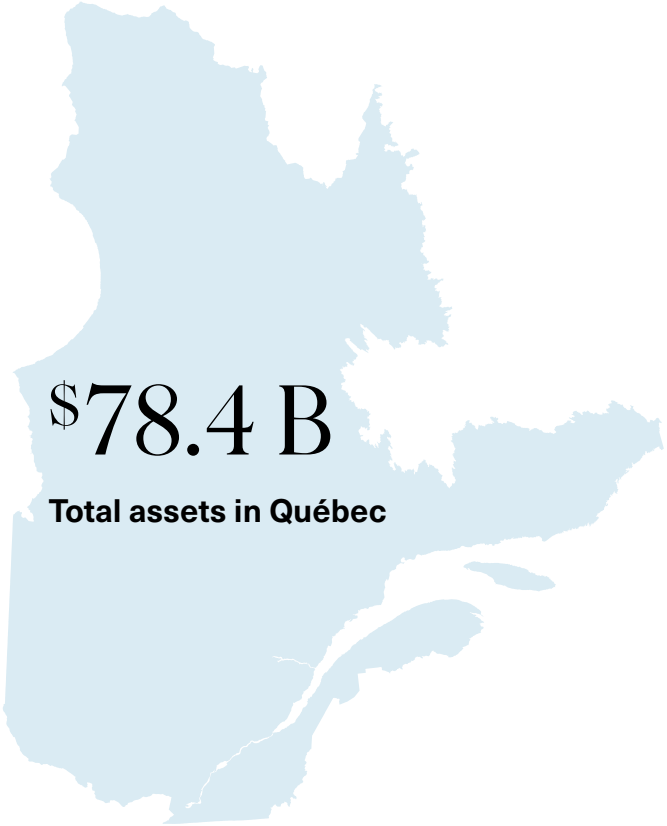
The following table lists disclosures of wrongdoings sent to CDPQ in 2022 under this law.

COMPONENTS OF SECTION 25 OF THE ACT TO FACILITATE THE DISCLOSURE OF WRONGDOINGS RELATING TO PUBLIC BODIES

	Number
Disclosures received by the designated officer	0
Disclosures the processing or examination of which was ended under paragraph 3 of section 22	0
Well-founded disclosures	0
Disclosures broken down according to the categories of wrongdoings set out in section 4:	
1. A contravention of a Québec law, of a federal law applicable in Québec or of a regulation made under such a law	0
2. A serious breach of the standards of ethics and professional conduct	0
3. A misuse of funds or property belonging to a public body, including the funds or property it manages or holds for others	0
4. Gross mismanagement within a public body, including an abuse of authority	0
5. Any act or omission that seriously compromises or may seriously compromise a person's health or safety or the environment	0
6. Directing or counselling a person to commit a wrongdoing described in any of paragraphs 1 to 5	0
Times that information was forwarded under the first paragraph of section 23	0

CDPQ in Québec

Québec, at the heart of our dual mandate



$78.4 B

Total assets in Québec

We invest our constructive capital while staying focused on our unique mission: Generate optimal returns for our depositors while contributing to Québec's economic development.

$4.0 B

NEW INVESTMENTS
AND COMMITMENTS IN 2022

A unique global footprint that allows us to support our companies and stimulate Québec's economy

1st

IN THE WORLD

We are the global institutional investor that is most present in its local economy

$100 B

IN QUÉBEC ASSETS

Our ambition for 2026

Taking the lead

This means mobilizing CDPQ's full strength and putting our resources to work for Québec's companies and economy to go further together.

Our three priorities

Sustainable growth

We propel companies' growth ambitions and support the next generation while promoting a greener economy, consideration of ESG factors, and the development of sustainable buildings and infrastructures

Global reach

We help create Québec champions in North America and around the world to generate benefits for Québec

Technological change

We back the growth of innovative businesses and accelerate the digital transformation of companies in more traditional industries

It also means supporting businesses by leveraging our strengths, in addition to investments.

Our value proposition

Capital

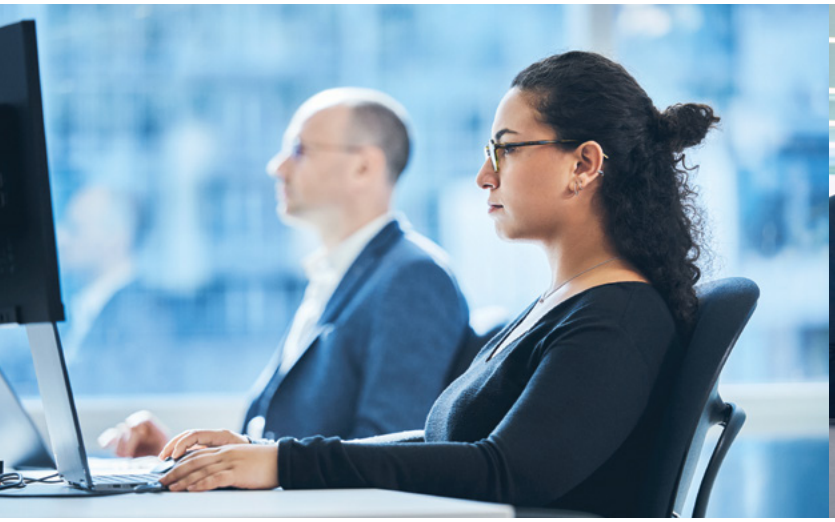
We offer flexible financing solutions tailored to companies' needs and realities

Diversified expertise

We can count on teams that specialize in investment and cutting edge fields such as sustainable investing, digital technology and cybersecurity

Capacity to forge relationships

We facilitate connections and networking to generate value for companies thanks to our in-depth knowledge of the Québec market and vast international network



Sustainable growth

We participate in investments and initiatives that foster sustainable growth for Québec's companies and economy. In particular, we target opportunities in renewable energy, infrastructure and real estate.

2022 transactions

Lion Electric

Bespoke financing of $30 million for this Québec manufacturer of all-electric medium- and heavy-duty urban vehicles to pursue its growth strategy.

Bouthillette Parizeau

As part of the Ambition ME initiative, a minority stake to support this building engineering firm that focuses on green and sustainable solutions in its Canadian development plan.

Pomerleau

An additional $150-million investment to support the growth plan of this construction leader. This transaction played a significant role in Pomerleau's acquisition of ITC Construction Group, a Vancouver-based leader in residential construction.

15%

AVERAGE ANNUAL REVENUE GROWTH FOR QUÉBEC PORTFOLIO COMPANIES OVER THE LAST FIVE YEARS

$12 B

TOTAL INVESTMENTS IN LOW-CARBON ASSETS IN QUÉBEC

Énergir

We have been supporting this Québec leader's growth for nearly 20 years, beginning in 2004, with an initial investment to support its mission to produce and distribute electricity.

Emmanuel Jaclot, Executive Vice-President and Head of Infrastructure at CDPQ, states: "With over $9 billion in assets and 540,000 homes served in North America, Énergir has something to be proud of: half of its assets are now related to electricity, renewable energy and energy services. The company is Québec's leading supplier of natural gas, and the largest electricity distributor across the border in Vermont."

The new investment will support the ongoing diversification and decarbonization of Énergir's activities while helping develop innovative energy projects in Québec, such as producing renewable natural gas through biomethanization.

Énergir: Now 100% Québec-owned

Following the additional investment in 2021 which consolidated our role as majority investor, we again expanded our stake in the company in 2022. This latest transaction made the company 100% Québec-owned.

CDPQ Infra: Innovative transportation solutions that benefit communities

CDPQ Infra develops infrastructure projects that are focused on people's needs and rooted in communities. The subsidiary is preparing the commissioning of the first branch of the Réseau express métropolitain (REM), which represents the flagship of CDPQ's contribution to developing sustainable mobility in Québec.

CDPQ Infra's model is unique: as an investor and builder, CDPQ's infrastructure subsidiary has the financial capacity and technical expertise to build transportation projects end to end, from planning to operations, including consultations with stakeholders, financing and construction.

A STRUCTURING TRANSPORTATION NETWORK FOR GREATER MONTRÉAL

The REM is an automated, electric light rail system with 26 universally accessible stations spanning over 67 km in metropolitan Montréal, with connections to the existing transportation networks. It is one of the world's biggest automated networks and is Québec's largest public transit project in 50 years.

Since construction began in 2018, the project has maintained a rapid pace, with nearly 4,000 people working every day on some thirty construction sites to build civil and other structures, as well as install tracks and systems.

Sustained progress in an unprecedented environment

Work on the future network continued to advance in an unprecedented environment. Like all sectors that were affected by the pandemic, the war in Ukraine and inflation, CDPQ Infra had to address an array of challenges arising from supply chains, the price of goods and materials, and a shortage of labour.

2022 HIGHLIGHTS

Final stretch before commissioning the South Shore branch

With a view to inaugurating this 17-km branch in spring 2023, CDPQ Infra continued with trials and dynamic testing to make sure systems were reliable regardless of the weather.

Several important phases were completed, including:

- Completion of construction on five stations and the Brossard control and maintenance centre
- Installation of tracks and control and signalling systems
- Circulation of REM cars between the Brossard station and Central Station, crossing over the Samuel-De Champlain Bridge

Travel between Montréal and the South Shore will be greatly improved: it will only take 16 minutes to get from Brossard to Central Station, with service 20 hours a day, 7 days a week, with the added bonus of panoramic views of the St. Lawrence River and downtown.

The REM's tangible benefits

Transportation

Ease of travel, new connections and service areas, increased use of public transit and decrease in the social cost of motor vehicle use

Environment

GHG reduction, decrease in the number of motor vehicles on roads, and less noise, air and visual pollution

Economy

Thousands of jobs created, support for the development of electric transportation, and catalyst for economic and real estate development, with billions of dollars already invested

From plan to reality

"We are now at the final phase and we are completing the last tests needed before commissioning a reliable, high-quality network. The project has taken shape very rapidly since work began on the REM in 2018, despite a pandemic of over two years. This is a major accomplishment, and a source of great pride."

Jean-Marc Arbaud
President and Chief Executive Officer, CDPQ Infra

Ivanhoé Cambridge: Globally invested, locally committed

Ivanhoé Cambridge develops, acquires, and manages first-class real estate projects and companies to shape dynamic cities in Québec and around the world. Its driving force: to create vibrant spaces that focus on human well-being and respect for the environment.

To fulfill its mandate, CDPQ's real estate subsidiary works with strategic partners and real estate funds around the world. It also draws on sustainable solutions to reduce its carbon footprint and have a positive impact on communities.

2022 HIGHLIGHTS

The subsidiary finalized several projects that contribute to Québec's economic vitality, including:

- Creation of a strategic partnership with Douville, Moffet & Associés (DMA) to revitalize the Laurier Québec commercial property and acquire a stake for DMA in three key assets—Laurier Québec, Édifice Champlain and Tour Frontenac
- Unveiling of the Ring, a 30-metre art installation by CCxA, at the entrance to the Esplanade PVM. A symbol of the union between Montréal and its citizens and visitors, the Ring received the Alliance pour le centre-ville 2022 prize awarded by SDC Montréal centre-ville
- Launch of the *Nouveau Centre*, an unparalleled offering of unique experiences at its flagship properties, PVM (Place Ville Marie), Fairmount The Queen Elizabeth Hotel, the Montreal Eaton Centre and Place Montréal Trust. A series of musical, cultural, circus and gourmet events ran from June to September

Haleco

In 2022, Ivanhoé Cambridge and its partners invested close to $200 million in this mixed-use project that will transform a site in the area between Old Montréal and Griffintown.

"This is only the beginning," stated Élise Proulx, Head of Québec Economic Development at Ivanhoé Cambridge. "The fully electric building will be energy lean thanks to its thermal efficiency and 100% electric power supply. The project will favour urban regeneration and biodiversity preservation: nearly 60% of the land will be revegetated and accessible to the public, and will include fruit trees and native plants," she added.

Haleco also plans to encourage citizen participation by offering education programs on saving water and energy, responsible consumption, and durable mobility.

A NEW MANAGEMENT STRUCTURE TO ACHIEVE AMBITIOUS GOALS

Determined to demonstrate strong leadership, in 2022, Ivanhoé Cambridge created five regional hubs, one of which is dedicated to Québec's economic development. The goal is to optimize its flexibility and foster synergies to make its assets, performance and the industry sustainable in an environment characterized by challenges.

Specifically, the Québec Economic Development hub aims to:

- Generate investment opportunities and structure real estate projects that meet local needs
- Maximize the benefits from the Real Estate portfolio in the market we know best
- Foster collaborations with various stakeholders on the ground

All in an effort to benefit Québec's economy and communities.

Haleco, a carbon-lean community to transform the city

Winner of C40's international Reinventing Cities competition, the 31,442 m^2 (338,439 sq. ft.) project will have 40 community housing units and 327 residential units, as well as offices, a public market, and an urban agriculture component.

Otéra Capital: Local expertise to transform urban centres

A Québec-based world-class investor, Otéra Capital develops innovative commercial real estate financing solutions. Its goal: to create long-term value for its clients and partners.

With more than 50 years of industry experience, CDPQ's real estate debt subsidiary has distinctive advantages: multi-sector expertise, deployment flexibility and a turnkey service offering. It develops bespoke financing solutions for its clients, including term, construction, bridge and land loans, mostly senior, on multiresidential, office, industrial and commercial buildings.

2022 HIGHLIGHTS

In the context of a slowing economy, Otéra Capital took a cautious approach while seizing attractive opportunities. As a result, it had a dynamic year, underwriting $850 million in loans in Québec. MCAP, its subsidiary and one of Canada's leading independent mortgage financing firms, awarded over 5,300 loans in Québec totalling $2.2 billion.

Odea Montréal

In 2022, Otéra Capital granted a loan of $110 million to build this complex with 435 residential units and commercial and office spaces. A joint project of CREECO, the parent company of Eeyou Eenou Realty Properties, and Cogir Real Estate, it is located at the gateway to Old Montréal on a site that has belonged to the James Bay Cree since 1995.

The project, which won the 2022 Grand Prix Habitat Design, has set carbon reduction targets and includes water and energy-saving measures. Rana Ghorayeb, President and Chief Executive Officer, Otéra Capital, explained: "This environmentally responsible and highly symbolic ecosystem will generate social, economic and cultural benefits for the Cree Nation, Montréal, and Québec as a whole."

Odea Montréal, an homage to Cree culture in the heart of the city

Born of a collaboration between Lemay, a Québec firm, and Indigenous architect Douglas Cardinal, the project, which is "emblematic of a nation, a place and its history," incorporates symbols of Cree culture, including a canoe, into its design.

St Ann Appartements project

A $55-million term loan to refinance this new, 206-unit building in Montréal's Griffintown neighbourhood. Located close to many services, the project encourages a lifestyle focused on sustainable mobility.

Gatsby project

A $72-million loan to build an 18-floor, 152-unit residential building in downtown Montréal. Designed by world-renowned architects, the building stands out for its neo-retro and modern accents.

A LONG-TERM INSTITUTIONAL INVESTOR OUTLOOK

In 2022, Otéra Capital refined its investment strategy around several key themes, including:

- Adopting a vision focused on value added and asset management
- Deploying a more active strategy in Québec
- Exporting its expertise to the United States to seize diverse opportunities and optimize its risk management

DIVERSITY AND INCLUSION FIRST

During the year, Otéra Capital pursued its efforts to foster an inclusive work environment:

- One of every four people comes from an ethnocultural minority at every level, including the Executive Committee
- Women account for nearly half of employees at every level of the organization, in addition to representing 86% of the Executive Committee and 56% of the Board of Directors

Global reach

We help local companies expand across North America and around the world to generate economic benefits for Québec. Leveraging our extensive network and wide-ranging expertise, we support them in penetrating new markets.

2022 transactions

Plusgrade

An additional investment was made as part of US$385 million in financing for the acquisition of Points, the world's leading customer loyalty platform.

This transaction will help to create a new global ancillary revenue leader that will generate revenues for over 140 stakeholders in the tourism and financial services sectors in 60 countries.

WSP

CDPQ took part in a $400-million financing round supporting the expansion of this engineering firm, in particular via the acquisition of John Wood Group's Environment and Infrastructure division.

This investment will enable WSP to enhance its leadership position and seize opportunities in the environment and water sectors.

Cozey

Under the Ambition ME initiative, we participated in a $15-million financing round in Cozey, a fully online modular sofa designer and retailer.

This financing will support the Montréal-based company in its growth plan and its development across Canada and the United States, while also enabling it to expand its product line.

Nearly 350

NUMBER OF ACQUISITIONS OUTSIDE QUÉBEC CARRIED OUT BY OUR PORTFOLIO COMPANIES IN 5 YEARS

Nearly 40

CONNECTION AND NETWORKING OPPORTUNITIES CREATED IN 2022 TO GLOBALIZE OUR QUÉBEC COMPANIES

Innocap

CDPQ is a longstanding shareholder of this Montréal-based company that is transforming the financial sector. Our first investment, back in 2017, helped the company accelerate its growth plan and identify promising business opportunities.

In 2022, we reinvested in the company in support of its acquisition of U.S.-based HedgeMark, owned by BNY Mellon.

Kim Thomassin, Executive Vice-President and Head of Québec at CDPQ, explains how this transaction, which was completed as part of the Ambition ME offering, gave the company a major boost: “This transformational acquisition enabled Innocap to create the world’s largest alternative investment platform and to position itself as a global leader in this sector, with a talented workforce of over 300 people in seven offices in five countries.”

Innocap, new global alternative investment leader

This new US$50-billion global platform will give institutional investors access to their alternative investments via managed account services.

The platform will include well-designed monitoring tools and tailored investment solutions focused on transparency and fee optimization.

Technological change

We are seeking to capitalize on the rise in technology. In addition to supporting funds dedicated to the development of innovative companies, we invest in promising tech firms and support those in more traditional sectors through their digital transformation. In addition, Espace CDPQ is home to venture capital investors contributing to the growth of innovative companies.

2022 transactions

Talent.com

CDPQ took part in a US$120-million financing round to support this job search leader with platform development and talent acquisition, as well as the design of new products and solutions geared toward SMEs.

Since our initial investment in 2019, the company has tripled in size. Now one of the main job search websites in the world, Talent.com employs 400 people and lists over 30 million job postings from nearly one million employers in 78 countries and 29 languages.

Fonds québécois d'amorçage Teralys

A $40-million additional investment was made in this Québec-based fund of funds launched in 2019 by CDPQ and managed by Teralys Capital, a Montréal-based private fund manager specializing in information technology and life sciences, as well as green and industrial innovations.

Since our initial $50-million investment, the Fonds has accelerated the growth of a large number of innovative start-up companies. This second investment saw CDPQ increase its support for local start-ups to $90 million.

Nearly $12 B

ASSETS IN QUÉBEC RELATED TO TECHNOLOGY SECTORS AND THE NEW ECONOMY

Over 300

PROMISING QUÉBEC-BASED COMPANIES SUPPORTED BY THE FUNDS AT ESPACE CDPQ

Inovia Capital

Since 2007, CDPQ has supported this venture capital firm dedicated to taking innovative companies to new heights. Over the years and via seven funds, this productive relationship has led to investments in companies in an array of sectors, including financial services, health care, e-commerce, workplace productivity, mobility and logistics, insurance and travel.

Mario Therrien, Head of Investment Funds and External Management at CDPQ, highlights: "Inovia Capital was one of the first investors to join Espace CDPQ, a strategic choice that has fostered discussions with promising young companies. The firm has become an essential co-investment partner for our teams. This collaboration has yielded remarkable results by helping to create the tech leaders of the future, such as Lightspeed, Hopper and AlayaCare. This is a prime example of our ability to generate value together in Québec."

Inovia Capital, builder of technology champions

Launched in 2022, the firm's fifth early-stage fund received strong support from new and existing investors. The fund will support tech companies aiming to become leaders in their fields while helping to energize Québec's technology ecosystem.

Espace CDPQ: The largest venture capital community in Québec and Canada

Serving as a hub for venture capital investors, Espace CDPQ has set itself a clear mission: to facilitate access to investment capital for innovative high-potential companies in Québec.

Espace CDPQ includes 18 resident and visiting partners comprised of private venture capital companies operating in promising sectors of the new economy, together with CDPQ's venture capital and technology team.

In 2022, Espace CDPQ completed its shift toward the venture capital industry while expanding its offering and energizing its community. Fully integrated within CDPQ's network, Espace CDPQ has capitalized on this advantage to carry out value-added initiatives that have benefited its partners, along with numerous companies. In the coming years, the community aims to:

- Strengthen the capacity of Québec's venture capital industry by bringing together key players
- Foster collaboration with local and international investment firms
- Facilitate access to investment capital within the Québec economy by stimulating discussions between investors and innovative companies

2022 HIGHLIGHTS

Contribution to Québec's economic development

Québec is Canada's second-largest venture capital market. With $12 billion in capital under management, Espace CDPQ partner firms support many promising companies. In 2022, they:

- Completed 105 investments and reinvestments in Québec, for a total of $211 million
- Took part in 4 of the top 10 transactions of the year in Québec—Paper, Talent.com, Vention and Inversago Pharma—according to Réseau Capital data
- Participated in 16 co-investments, including 11 targeting Québec-based companies

Since 2020, the partner firms have carried out 366 investments and reinvestments in Québec, according to Réseau Capital data. In addition, they participated in 54 co-investments, including some 30 in Québec.

A strengthened community

Six venture capital funds selected based on specific criteria joined Espace CDPQ in 2022: Accelia Capital, Amplify Capital, BKR Capital, Ecofuel Fund, Framework Venture Partners and Sofinnova Investments. Four of them invest exclusively in clean technology with a social or environmental focus.

BKR Capital

In 2022, CDPQ, via the Fonds québécois d'amorçage Teralys, took part in an investment totalling $4.5 million in this brand-new Canadian venture capital fund dedicated to companies within the Black community.

Nicolas Rubbo, Managing Director of Espace CDPQ, explains: "We are delighted to welcome BKR Capital to Espace CDPQ. We strongly believe that this collaboration will foster synergies, discussions and the emergence of business opportunities for high-potential tech companies. We are proud to support the growth of BKR, whose mission dovetails perfectly with our own, and to keep building a more inclusive ecosystem."

Strategic partnerships and initiatives

Espace CDPQ continued to work closely with the Mouvement des accélérateurs d'innovation du Québec (MAIN), which develops initiatives in support of entrepreneurs and business accelerators across Québec.

Together with Réseau Capital and the Canadian Venture Capital & Private Equity Association, Espace CDPQ also hosted a networking activity attended by over 120 members of the venture capital and investment community and organized an internship fair in association with Front Row Ventures, at which 25 young talents met with eight partner firms.

BKR Capital, diversifying the venture capital sector

Launched in 2021, the fund aims to invest in pre-seed and seed-stage Canadian technology companies.

BKR Capital will serve as a catalyst for entrepreneurial initiatives within Black communities, including in Québec.

Propelling SMEs, fostering entrepreneurship and inspiring the next generation

We are committed to contributing to the dynamism of entrepreneurship and the next generation. That is why we offer companies and partners practical tools, in addition to programs and initiatives tailored to their needs. We support the advancement of individuals from a variety of backgrounds and the ongoing success of companies that have pledged to foster diversity, equity and inclusion.

SUPPORTING SME GROWTH

CDPQ has developed a series of initiatives focused on key issues and tailored to the needs of SMEs—the mainstay of Québec's economy.

Les Cheffes de file, supporting the success of women-owned companies

Since 2018, this community of practice has worked to accelerate the growth of women-owned companies with annual revenues ranging from $5 million to $50 million.

In 2022, 109 women members and allies from 13 Québec regions took part in 11 co-development, networking and training activities.

Luminaire Authentik, a made-in-Québec success story

Maude Rondeau, Founder and President of Luminaire Authentik, displayed boldness and creativity when she launched her range of multi-purpose customizable lamps, exclusively manufactured in Cowansville, Québec.

"When it comes to offering products that are customized and accessible, our secret is to do everything ourselves. All our raw materials are sourced in Québec. This is a source of pride that offers major value for our staff, our customers and the environment," says this Cheffes de file member who aims to provide her clientele with an outstanding experience.

A bold and innovative story

Boasting over 3,000 customization options and adhering to a minimalist and colourful design, Luminaire Authentik enjoys a high profile in Québec. In time, the company hopes to target the western Canadian and U.S. markets.

This is another inspirational success story in which the Cheffes de file community and Québec's entrepreneurial ecosystem gain in stature and standing.

Ambition ME, providing Québec mid-market companies with the means to achieve their ambitions

This financing and support offering aims to propel mid-market companies into the next stage of their growth, through a $5-million to $75-million investment and the development of a value creation plan.

In 2022, seven high-potential companies from various sectors received this support.

Repères numériques, benefiting from technological change

This customized training program seeks to encourage the adoption of a digital culture within Québec SMEs with annual revenues of between $5 million and $35 million. Since the program was launched in 2021, 50 companies from 13 regions have participated.

In 2022, 19 events were organized for the participating companies, including workshops, training and exclusive conferences.

INVIGORATING THE ENTREPRENEURIAL ECOSYSTEM

CDPQ is actively involved in promising partnerships aimed at raising the profile of people from a wide range of backgrounds, training the next generation and developing the potential of individuals who decide to go into business. We are convinced that supporting entrepreneurship helps to build a stronger economy that is more prosperous and inclusive.

Showcasing local companies

CDPQ helps to showcase Québec companies and the new generation of entrepreneurs by supporting two flagship initiatives:

- Women's business rankings: the third of its kind by *Premières en affaires* magazine set off a wave of excitement among women entrepreneurs and industry stakeholders. Another 2022 highlight: over half of the 110 women in the magazine's ranking are new-generation entrepreneurs
- Devenir entrepreneur: this community of interests now includes some 45,000 people and boasts 300 inspirational entrepreneur profiles, including interviews, articles and podcasts that underscore the members' diversity

Supporting promising start-ups

In Québec City, Université Laval's Académie entrepreneuriale ULaval-CDPQ pursued its mission in 2022 by welcoming a sixth cohort of talented young people involved in entrepreneurial projects with innovative business models.

The program seeks to facilitate the start-up and success of high-growth-potential companies by providing tools, personalized guidance and skill development opportunities. Since the training program was created in 2017, 60 entrepreneurs have benefited.

Evol, facilitating the financing of change

This organization supports diversified and inclusive companies generating positive social or environmental impacts in 17 Québec regions. Evol provides them with financing in the form of commercial loans, as well as personalized coaching, including an array of entrepreneurial skills, training and exclusive activities.

In 2022, CDPQ supported the organization via co-development groups designed to encourage the sharing of experiences, resources and best practices.

Taking the pulse of entrepreneurship

We support the Indice entrepreneurial québécois with a view to helping expand knowledge of our ecosystem. Since 2009, the Indice has issued an annual report that gauges entrepreneurial dynamics in various regions of Québec.

In 2022, it issued a detailed portrait of local business leaders, placing special emphasis on the growing role of women and immigrants in this ecosystem, in a reflection of Québec society.

Promoting research and the development of a pool of local expertise

We support the work of several Québec universities to help develop specialists in key fields. We are determined to train a qualified next generation and provide an enriching work experience to many talented young people through our internship programs.

SUSTAINABLE GROWTH INITIATIVE (SGI)

CDPQ partnered with McGill University in 2022 to launch this ideas laboratory with the goal of promoting the growth of companies concerned about their environmental and social impacts by targeting actionable solutions adapted to their realities. The SGI will build bridges between the academic and business communities through research-to-action projects, engagement workshops, international competitions and training.

NEW TECHNOLOGIES

We continued our support for a research program and took part in the creation of a new university research chair.

The Desjardins research chair in responsible finance at Université de Sherbrooke uses artificial intelligence and data mining to evaluate extra-financial risks, improve the performance of forecasting models and prevent environmental, social and governance risks.

Launched in 2022, the Chaire institutionnelle en développement de nouvelles technologies de communication et d'automatisation pour les mines intelligentes at Université du Québec en Abitibi-Témiscamingue (UQAT) seeks to optimize mining processes by promoting innovative solutions, including new safety and profitability standards.

ETHICS AND COMPLIANCE CERTIFICATION

CDPQ continued a partnership with the École des dirigeants at HEC Montréal to provide this certification, which has been offered to company executives and managers in Montréal and Québec City since 2019.

In 2022, the CEC designation was created for individuals who have successfully completed the training. This guarantee of quality and know-how, combined with their professional designation, ensures their ability to manage, intervene and prevent ethical and compliance issues.

Internships

Every year, CDPQ welcomes many interns in finance and other key areas. In 2022, we hired 195 talented young professionals, 43% of whom were women, for periods of four to eight months.

A LARGE NETWORK OF SUPPLIERS ACROSS QUÉBEC

To carry out our activities, CDPQ and our subsidiaries use the services of approximately 1,600 Québec-based suppliers. In 2022, expenditures in Québec by CDPQ and our subsidiaries, including CDPQ Infra, totalled more than $2.6 billion, up slightly from 2021. Pursuant to our Policy on Contracts for the Acquisition or Leasing of Goods and Services, CDPQ favours Québec suppliers, provided they satisfy our cost and quality criteria.

Because every gesture counts

In these uncertain times, when economic and social issues abound, it is more important than ever to support communities. In 2022, CDPQ supported numerous organizations, particularly those working in health and culture.

One highlight: with generous employee contributions to the Centraide of Greater Montréal campaign, CDPQ donated a record amount of $1,111,470 to the organization. In addition, 141 employees sit on the Boards and committees of non-profits, and many take part in key fundraising events.

Investments in Québec

Overview by investment activity

CDPQ's total assets in Québec stood at $78.4 billion as at December 31, 2022, up from the end of 2021. Despite growing economic uncertainty, which has significantly reduced transaction volumes around the world, CDPQ was active in Québec throughout the year, with $4.0 billion in new investments and commitments.

CDPQ's public and private investments in Québec are focused on the following investment activities:

- Equities: Private Equity and Equity Markets
- Infrastructure
- Real Estate
- Real Estate Debt
- Financing and Fixed Income

As illustrated in the preceding pages, our teams have deployed constructive capital to achieve impactful transactions in each of these investment areas, based on the three pillars of our approach in Québec. This section presents an overview of these activities at the end of fiscal 2022.

Table 22 presents CDPQ's 20 largest investments in Québec in the Private Equity, Equity Markets and Infrastructure portfolios. Table 23, on page 93, details the assets related to these activities, in small- and medium-sized companies as well as in large Québec companies.

TABLE 22

TOP 20 INVESTMENTS IN QUÉBEC – PRIVATE EQUITY, EQUITY MARKETS AND INFRASTRUCTURE
(as at December 31, 2022)

- Alimentation Couche-Tard
- Bank of Montreal
- BCE
- Boralex
- BRP
- CAE
- CDPQ Infra (REM)
- CGI
- CN
- Cogeco Communications
- Dollarama
- Hopper
- iA Financial Group
- KDC/ONE
- Lightspeed
- National Bank of Canada
- Nuvei
- SNC-Lavalin
- Trencap (Énergir)
- WSP

EQUITIES: PRIVATE EQUITY AND EQUITY MARKETS

CDPQ invests in the securities of both listed and unlisted Québec companies through two portfolios:

- Private Equity, which includes both direct investments in private and publicly traded companies for initial public offerings or major transactions, investments in small cap companies and activities in investment funds
- Equity Markets, which has a high proportion of Québec's listed companies—81% of total assets in the Canada mandate, compared to 16% in the S&P/TSX, the most commonly cited Canadian index—reflecting the organization's key role in the development of Québec-based companies

Through its activities in the Québec equity market, CDPQ supports both SMEs and large companies. As shown in Table 23, its assets in Private Equity and Equity Markets in Québec totalled $29.6 billion as at December 31, 2022.

INFRASTRUCTURE

In 2022, CDPQ's Infrastructure assets in Québec totalled $6.7 billion (see Table 23). These investments consist of direct investments in listed and unlisted companies, as well as the investment in its subsidiary, CDPQ Infra.

INVESTMENT FUNDS

In recent years, CDPQ has increased its stake in venture and development capital and leveraged buyouts. In 2022, we made commitments to various funds, including the following:

- Inovia V, which supports technology companies that aspire to become leaders in their field
- Amplitude Ventures, which focuses on innovative companies in the life sciences sector
- Fonds québécois d'amorçage Teralys, which supports the creation of companies at the start-up stage

Through these partnerships with specialized funds, CDPQ extends the scope of its investments and gains access to a pool of promising companies, from which potential candidates for direct investment often emerge. This strategy has generated several transactions in recent years, such as those in Hopper, Lightspeed, Dialogue and AlayaCare.

TABLE 23

ASSETS IN QUÉBEC – PRIVATE EQUITY, EQUITY MARKETS AND INFRASTRUCTURE
(as at December 31 – in billions of dollars)

	2022	2021
Small- and medium-sized businesses		
Private Equity	**3.3**	3.3
Subtotal	**3.3**	3.3
Large businesses		
Private Equity	**10.0**	11.1
Equity Markets	**16.3**	16.0
Infrastructure	**6.7**	5.7
Subtotal	**33.0**	32.8
Total	**36.3**	36.1

Investments in Québec (continued)

REAL ESTATE

A global real estate leader, Ivanhoé Cambridge develops, acquires and manages in first-class real estate properties, projects and companies around the world. It is one of the largest property owners and managers in Québec, with a portfolio of 80 properties at the end of 2022, including:

- 61 logistics buildings
- 6 residential buildings (approximately 750 units)
- 6 office buildings
- 4 shopping centres
- 3 prestigious hotels

In total, its logistics properties, shopping centres and office buildings in Québec represent more than 1.2 million m² (12.7 million sq. ft.). Table 24 details the top 10 investments in the Real Estate portfolio in Québec.

Table 25 presents the real estate assets in Québec, which amounted to $5.0 billion as at December 31, 2022.

REAL ESTATE DEBT

Otéra Capital, a world-class investor established in Québec, develops innovative solutions in commercial real estate financing.

Table 26 details real estate debt assets in Québec, which represented $4.6 billion as at December 31, 2022. These activities, linked to our fixed income activities, included:

- 178 commercial properties in 10 regions
- 12 new loans

TABLE 24

TOP TEN PROPERTIES IN QUÉBEC – REAL ESTATE PORTFOLIO
(as at December 31, 2022)

- Appartements La Suite Ste-Foy, Québec City
- Édifice Jacques-Parizeau, Montréal
- Fairmont Le Château Frontenac, Québec City
- Fairmont The Queen Elizabeth, Montréal
- Galeries d'Anjou, Montréal
- Le 1500, Montréal
- Montreal Eaton Centre, Montréal
- Place Montréal Trust, Montréal
- Place Ste-Foy, Québec City
- Place Ville Marie (PVM), Montréal

TABLE 25

ASSETS IN QUÉBEC – REAL ESTATE
(as at December 31 – in millions of dollars)

	2022	2021
Offices	**1,774**	1,889
Retail	**1,098**	1,425
Logistics	**667**	522
Residential	**153**	98
Funds, equities and financing	**704**	226
Hotels and other	**558**	456
Total	**4,954**	4,616

TABLE 26

ASSETS IN QUÉBEC – REAL ESTATE DEBT
(as at December 31 – in millions of dollars)

	2022	2021
Offices	**1,380**	1,800
Retail	**697**	857
Logistics and industrial	**597**	699
Multiresidential	**1,119**	710
Other	**792**	795
Total	**4,585**	4,861

FINANCING AND FIXED INCOME

Since its inception, CDPQ has played an essential role in financing in Québec, in both the private and public sectors.

As at December 31, 2022, assets in Québec private and public-sector fixed income securities totalled $32.5 billion (see Table 27).

Private sector

A significant share of financing activities is conducted in the private sector, reaching $16.3 billion in 2022. This investment in private companies, which are major growth drivers, allows us to generate returns for our depositors and contribute to the vitality of the Québec economy.

CDPQ has supported many private and publicly traded Québec companies. The Fixed Income and Private Equity teams work closely together to develop financing packages tailored to the projects and needs of companies. This teamwork resulted in a financing component being included in certain share capital investments.

Public sector

Historically, CDPQ has been and remains a major holder of Québec public sector bonds. This includes securities issued by various entities:

- Government of Québec
- Government corporations
- Municipalities
- Para-governmental corporations

In 2022, CDPQ's assets in the public sector totalled $16.2 billion.

TABLE 27

ASSETS IN QUÉBEC – FINANCING AND FIXED INCOME
(as at December 31 – in billions of dollars)

	2022	2021
Private sector: corporate securities	**16.3**	14.7
Québec public sector		
Government of Québec	**10.7**	11.8
Hydro-Québec	**4.8**	5.2
Other government corporations	**0.6**	0.7
Municipalities and para-governmental corporations	**0.1**	0.1
Subtotal	**16.2**	17.8
Total	**32.5**	32.5

Governance

Governance

SOLID GOVERNANCE

At CDPQ, we firmly believe that our actions must be guided by sound governance. As a global investment group rooted in Québec, our goal is to apply best practices across all our activities, wherever we do business, in keeping with our core principles of integrity and responsibility. We are always mindful of the fact that we work on behalf of our clients, the depositors, and that they represent millions of Quebecers.

Our governance commitment is also evident in the requirements governing our portfolio companies, as the adoption of best practices is a regular topic of discussion with them.

In addition, we have a robust legal framework in place, forming the basis of our independence and our solid governance structures. We rely on this framework to optimize our performance and risk management.

SEPARATE DECISION-MAKING BODIES

CDPQ is governed by three decision-making bodies: the Board of Directors, the Executive Committee and the management teams of our subsidiaries. These bodies are made up of experienced, international-calibre managers. We expect them all to act with professionalism, accountability and rigour to implement strategies and action plans so we can carry out our mission, namely, to generate optimal returns for our depositors, in accordance with their investment policies, while contributing to Québec's economic development.

Composition of the Board of Directors

The Board must comprise 9 to 15 members. At least two thirds of them, including the Chairman, must qualify as independent members under the Act respecting CDPQ. The Chairman is appointed for a mandate not to exceed five years, while Board members are appointed for terms of no more than four years. These mandates may be renewed twice. Board members continue to serve until they are replaced or reappointed.

As at December 31, 2022, 10 of the 13, or nearly 77%, of the Board members were independent.

Jean St-Gelais
Chairman
CDPQ
Independent member

Committees: Governance and Ethics, Human Resources
Chairman of the Board since October 25, 2021
Current mandate expires on: October 24, 2026
Other Boards of Directors: Beneva Group and its insurance subsidiaries, La Capitale Foundation

Jean-François Blais
Corporate Director
Independent member

Committees: Audit, Investment and Risk Management (Chair)
Member since May 20, 2020
Current mandate expires on: May 19, 2024
Other Boards of Directors: Desjardins Financial Security, Loto-Québec

Ivana Bonnet-Zivcevic
Corporate Director
Independent member

Committee: Human Resources (Chair)
Member since December 6, 2017
Current mandate expires on: January 25, 2026

Alain Côté
Corporate Director
Independent member

Committees: Audit (Chair), Investment and Risk Management (Guest)
Member since August 28, 2019
Current mandate expires on: August 27, 2023
Other Boards of Directors: Aéroports de Montréal, Chamber of Commerce of Metropolitan Montreal Foundation, Fondation de l'Université Laval, Goodfellow

Composition of the Board of Directors (continued)

René Dufresne

President and
Chief Executive Officer
Retraite Québec

Member since June 13, 2022

Current mandate expires on: June 12, 2026

Other Board of Directors: Retraite Québec

Charles Emond

President and
Chief Executive Officer
CDPQ

Member since February 1, 2020

Current mandate expires on: January 31, 2025

Other Boards of Directors: CDPQ Infra,
Orchestre symphonique de Montréal

Olga Farman

Managing Partner,
Québec Office
Norton Rose Fulbright Canada

Independent member

Committee: Human Resources

Member since June 13, 2022

Current mandate expires on: June 12, 2026

Other Boards of Directors: Beneva Group
and its insurance subsidiaries, Festival d'été de Québec,
Fondation du Musée de la civilisation, Québec Port Authority

Nelson Gentiletti

Corporate Director

Independent member

Committee: Investment and Risk Management

Member since June 13, 2022

Current mandate expires on: June 12, 2026

Other Boards of Directors: Cascades, Groupe Grandio,
Transcontinental, Valuence Merger Corp.

Gilles Godbout

Corporate Director

Independent member

Committees: Audit, Governance and Ethics

Member since January 16, 2013

Current mandate expires on: January 15, 2023

Lynn Jeanniot

Corporate Director

Independent member

Committee: Human Resources

Member since December 17, 2019

Current mandate expires on: December 16, 2023

Maria S. Jelescu Dreyfus

Chief Executive Officer
Ardinall Investment Management

Independent member

Committee: Investment and Risk Management

Member since November 13, 2019

Current mandate expires on: November 12, 2023

Other Boards of Directors:
Girls Inc. of New York City, Global CCS Foundation, Nabors Energy Transition Corp., New America Alliance, Pioneer Natural Resources Company, XiO

Diane Lemieux

President and
Chief Executive Officer
Commission de la construction du Québec

Member since December 17, 2014

Current mandate expires on: December 16, 2024

Other Boards of Directors: Cité des arts du cirque, Commission de la construction du Québec

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Wendy Murdock

Corporate Director

Independent member

Committees: Audit, Governance and Ethics (Chair)

Member since March 27, 2016

Current mandate expires on: March 31, 2023

Other Boards of Directors: AvidXchange, Iron Mountain, USAA Federal Savings Bank, USAA Savings Bank

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The biographies of the Board members can be found on CDPQ's website at www.cdpq.com.

Organizational structure

CDPQ's Board of Directors consists of the Chairman, the President and Chief Executive Officer, senior executives of CDPQ's depositor organizations, and independent members. The Act respecting CDPQ stipulates that at least two thirds of Board members, including the Chairman, must be independent.

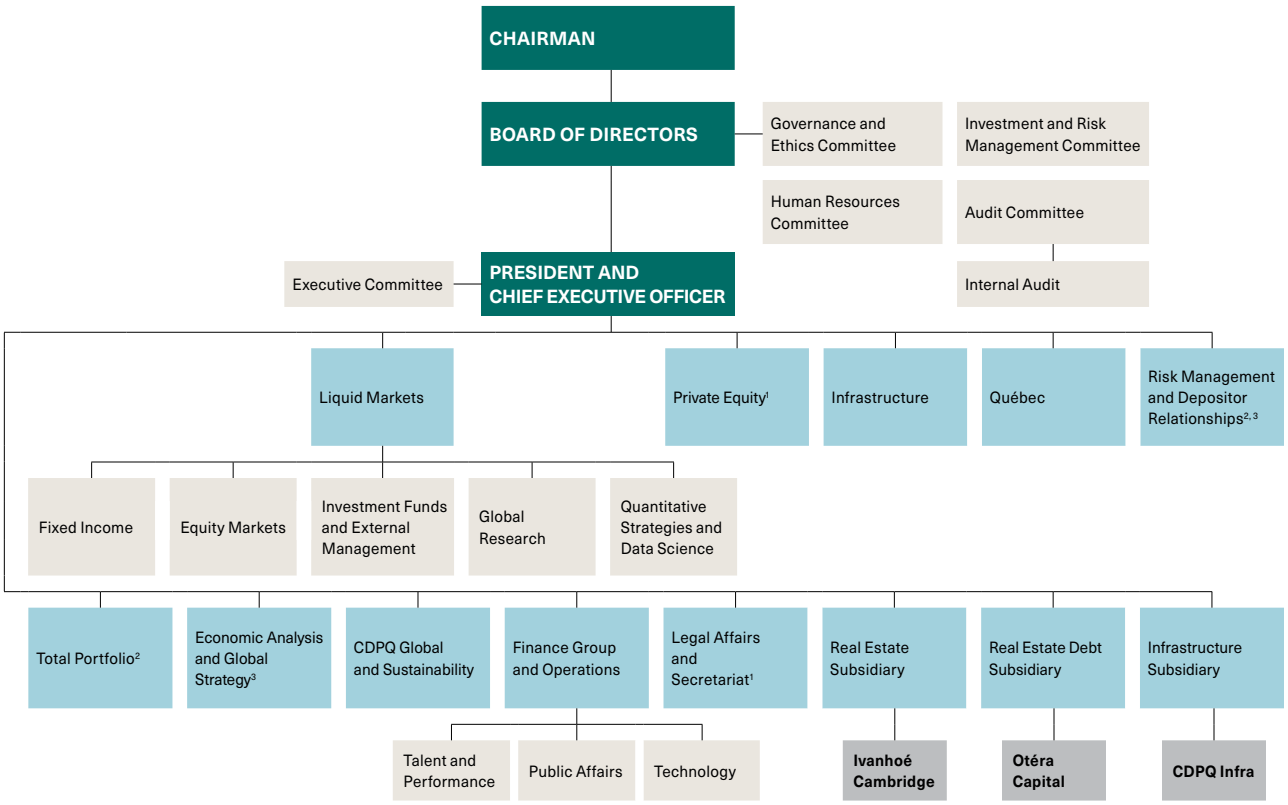
The Executive Committee consists of the President and Chief Executive Officer, together with senior officers from CDPQ's business units (see Figure 28). As at December 31, 2022, CDPQ employed 1,573 people, of whom 1,396 worked in Québec.

To support its constructive capital approach and seize promising business opportunities worldwide, CDPQ has offices in various countries. As at December 31, 2022, 177 employees worked in CDPQ's international offices.

CDPQ also has a real estate subsidiary, Ivanhoé Cambridge, which had over 600 employees at the end of 2022, as well as a real estate debt subsidiary, Otéra Capital, which employed 169 people at the same date. CDPQ also has an infrastructure subsidiary, CDPQ Infra, which had 112 employees at year-end. These subsidiaries are overseen by their own Boards of Directors (see Figures 29 and 30, page 103).

FIGURE 28

ORGANIZATIONAL STRUCTURE
(as at December 31, 2022)



1. Since March 2023, these two business units are named International Private Equity and Legal Affairs, Compliance and Secretariat.
2. Since January 2023, these two business units are named Risk Management and Depositors and Total Portfolio.
3. Since January 2023, Economic Analysis, Global Strategy and Depositor Advisory Services are combined under Depositors and Total Portfolio.

REAL ESTATE AND REAL ESTATE DEBT SUBSIDIARIES

CDPQ's real estate operations are divided into real estate and real estate debt. Real estate investments, which take the form of equities and debt, primarily involve the logistics, residential and office building sectors, as well as shopping centres, in key cities worldwide. The Real Estate portfolio consists of the assets of Ivanhoé Cambridge, a global real estate industry leader. Real Estate Debt, which is linked with fixed income activities, is comprised of the activities of Otéra Capital, a major international institutional player in commercial real estate debt and a leader in Canada.

Figure 29 presents the organizational structure of the real estate and real estate debt subsidiaries. More information on these subsidiaries can be found at www.ivanhoecambridge.com and www.oteracapital.com.

INFRASTRUCTURE SUBSIDIARY

Created in 2015, CDPQ Infra is CDPQ's infrastructure subsidiary and serves as the principal contractor for major public works projects.

Figure 30 shows CDPQ Infra's organizational structure. More information on CDPQ Infra's operations can be found at www.cdpqinfra.com.

FIGURE 29

ORGANIZATIONAL STRUCTURE – REAL ESTATE AND REAL ESTATE DEBT SUBSIDIARIES
(as at December 31, 2022)

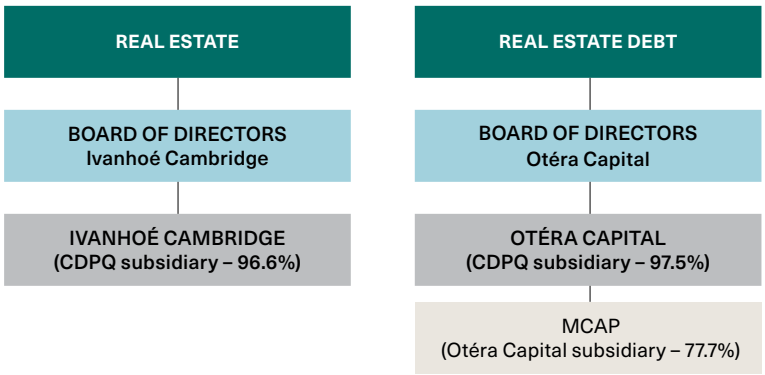
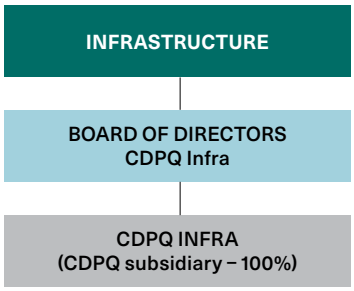


FIGURE 30

ORGANIZATIONAL STRUCTURE – INFRASTRUCTURE SUBSIDIARY
(as at December 31, 2022)



Executive Committee[1]

Maxime Aucoin
Executive Vice-President
Depositors and Total Portfolio[2]

Pierre Beaulieu
Executive Vice-President
Digital Technology

Claude Bergeron
Executive Vice-President
and Chief Risk Officer[2]

Marc-André Blanchard
Executive Vice-President
and Head of CDPQ Global
and Global Head of Sustainability

Ani Castonguay
Executive Vice-President
Public Affairs

Marc Cormier
Executive Vice-President
and Head of Fixed Income

Vincent Delisle
Executive Vice-President
and Head of Liquid Markets

Charles Emond
President and
Chief Executive Officer

Rana Ghorayeb
President and
Chief Executive Officer
Otéra Capital

Ève Giard

Executive Vice-President
Talent and Performance

Emmanuel Jaclot

Executive Vice-President
and Head of Infrastructure

Michel Lalande

Executive Vice-President
Legal Affairs, Compliance
and Secretariat[3]

Martin Longchamps

Executive Vice-President
and Head of Private Equity[3]

Nathalie Palladitcheff

President and
Chief Executive Officer
Ivanhoé Cambridge

Maarika Paul

Executive Vice-President
and Chief Financial
and Operations Officer

Kim Thomassin

Executive Vice-President
and Head of Québec

The biographies of the Executive Committee members can be found on CDPQ's website at www.cdpq.com.

1. Composition in April 2023. Note that Helen Beck stepped down from her role in January 2023, while Martin Coiteux and Alexandre Synnett stepped down from their roles in February 2023.
2. The titles of Maxime Aucoin and Claude Bergeron changed in January 2023.
3. The names of these Executive Vice-Presidents' groups changed in March 2023.

Report of the Board of Directors and Board Committees

MANDATE OF THE BOARD

The mandate of the Board includes ensuring that CDPQ takes the necessary measures to attain the objectives stated in its mission, and that the organization is managed in compliance with the provisions of its incorporating act and regulations. Supported by the Governance and Ethics Committee, the Board carries out its duties diligently, ensuring that CDPQ meets the highest standards of corporate governance.

For a complete description of the Board's mandate, consult the Governance section at www.cdpq.com.

GOVERNANCE

The Board fulfills its governance role through various measures, including:

- Operating rules concerning governance of the Board and its committees
- Competency and experience profiles for Board appointments
- Compliance with the requirements under the Act respecting CDPQ, including those on independence and diversity
- Orientation and continuing education program for Board members
- Process for evaluating the functioning of the Board and its committees
- Committee activity reports presented at each Board meeting
- Oversight of the management practices of certain CDPQ subsidiaries
- Private meetings of members of the Board, and with the President and Chief Executive Officer and some members of management

RULES ON ETHICS

The Board carries out its duties with integrity, objectivity and transparency, in the interests of CDPQ and its clients.

Like CDPQ's personnel, the members of the Board are subject to a Code of Ethics and Professional Conduct that addresses issues such as maintaining confidentiality, competencies, prudence, diligence, efficiency, management of conflicts of interest and personal transactions.

For a complete description of the ethics rules that apply to Board members, consult the Governance section at www.cdpq.com.

MAIN RESPONSIBILITIES

The Board's responsibilities, in collaboration with its committees, include the following:

- Approve the teams' strategic orientations, annual budgets and execution priorities and review management's reports on the oversight and evolution of these priorities
- Approve the consolidated financial statements and the Annual Report
- Review the returns of the investment business units and approve news releases on financial results
- Approve risk management framework policies and monitor their application
- Approve investment proposals in accordance with the oversight policies, taking into account, among other things, the impact of each one on the level and concentration of risk in the specialized portfolio in question and in the total portfolio
- Recommend to the Government of Québec, in collaboration with the Governance and Ethics Committee, the appointment of members and the renewal of their mandates
- Designate, in collaboration with the Governance and Ethics Committee, members to the Boards of certain subsidiaries
- Review the composition of the committees for which it is responsible
- Approve competency and experience profiles for Board appointments
- Approve the rules on ethics and professional conduct applicable to the management and employees of CDPQ and some of its subsidiaries

- Approve human resources policies
- Approve the total compensation conditions of the President and Chief Executive Officer
- Approve, on the recommendation of the President and Chief Executive Officer, the appointments and compensation of members of management under his direct authority and the compensation of the President and Chief Executive Officer of CDPQ Infra
- Approve the compensation standards and scales as well as other employment conditions of CDPQ managers and employees
- Approve other policies recommended to it by the committees, including on governance and ethics, internal control, risk management and human resources management

COMMITTEES OF THE BOARD

The Board carries out its duties directly or through the following committees: Audit, Investment and Risk Management, Governance and Ethics, and Human Resources. For a complete description of the mandates of the Board's committees, consult the Governance section at www.cdpq.com.

For more information on the responsibilities that the committees have discharged, consult their activity reports on pages 111 to 114.

MEASURES TO ASSESS EFFECTIVENESS AND PERFORMANCE

In accordance with the new provisions of the Act respecting CDPQ, which went into effect in June 2022, the Board of Directors must adopt measures to assess the organization's effectiveness and performance. These measurements will be carried out every three years by an independent firm that will conduct a benchmark against similar organizations. The results of this exercise will then be presented in the Annual Report.

At the beginning of 2023, an external firm was given a mandate to support the Board of Directors as it selects similar enterprises and the key indicators to be measured.

APPOINTMENTS

In 2022, the Government of Québec, after having consulted the Board, appointed René Dufresne, President and Chief Executive Officer of Retraite Québec, as a member of the Board and appointed Olga Farman, Managing Partner, Québec Office at Norton Rose Fulbright Canada, and Nelson Gentiletti, Corporate Director, as independent members of the Board.

DIVERSITY

The Board believes that the diversity of outlooks generated by different genders, experiences, generations and ethno-cultural origins improves the quality of decisions and fosters a capacity for innovation, creativity, commitment and performance. In that regard, the Board ensures that its composition, both in terms of diversity of profiles and the complementarity of expertise and experience among its members, enables it to effectively perform its role. The Board also annually reviews the list of the various types of expertise required of members and of the Board as a whole.

Diversity is an important aspect of sound governance. This is why Board and Executive Committee members keep a close eye on the advancement of women within the organization, as well as on their representation in our portfolio companies and investment partners.

The number of women on the Board must represent at least 40% of the total number of members. As at December 31, 2022, 46% of the members of the Board were women.

Table 31 summarizes the various profiles of Board members. In particular, it presents the main areas of expertise and experience of its members as well as their age range, number of years on the Board and place of residence.

OFFICIAL LANGUAGE

All the members of the Board are fluent in French. Meetings of the Board and its committees are conducted in French, which is also the official language of documents, meeting minutes and presentations tabled at these meetings.

TABLE 31

DIVERSITY ON THE BOARD OF DIRECTORS

	Age			Mandate	Place of residence			Diversity		Top 5 specialties or expertise									
Members[1]	≤ 45[2]	46 to 65	≥ 66	Years on the Board as at December 31, 2022	Québec	United States	Europe	Male/female	Other[3]	Investment	Depositors	Strategic planning	Risk management	Economic and political issues	Finance/ accounting/audit	Talent management and compensation	Governance	Sustainable investing/ESG	Technology
Jean-François Blais		•		2	•			M		•	•	•	•						•
Ivana Bonnet-Zivcevic		•		5			•	F	•			•	•		•	•		•	
Alain Côté		•		3	•			M		•			•		•	•	•		
René Dufresne		•		<1	•			M		•	•	•		•	•				
Olga Farman	•			<1	•			F	•			•	•	•		•	•		
Nelson Gentiletti		•		<1	•			M	•			•	•		•	•			•
Gilles Godbout			•	9	•			M		•				•	•		•	•	
Lynn Jeanniot		•		3	•			F				•	•	•		•	•		
Maria S. Jelescu Dreyfus	•			3		•		F	•	•			•	•				•	•
Diane Lemieux		•		8	•			F			•	•	•		•		•		
Wendy Murdock			•	6		•		F	•	•			•		•		•	•	
Jean St-Gelais		•		1	•			M				•		•		•	•	•	

1. Charles Emond, as President and Chief Executive Officer, is a Board member by virtue of his office. He has held this position for over two years and lives in Québec.
2. Steps are being taken to appoint a member aged 35 or under. The seat has been vacant since October 1, 2022.
3. These directors voluntarily reported to belonging to one of the diversity groups representing the various components of Québec society.

ORIENTATION AND CONTINUING EDUCATION PROGRAM

The Board recognizes the importance of providing its members with the necessary training and support to carry out their roles in accordance with the provisions of the Act respecting CDPQ, the mandates of the Board and its committees, and in line with best practices. CDPQ deploys an orientation process as soon as a new member is appointed to facilitate the director's integration and to allow them to become familiar with the role, the requirements of the related duties and the strategic orientations of the organization. This process includes:

- Electronic access to the manual of the Board of Directors containing information on the laws and regulations applicable to CDPQ, the mandates of the Board and its committees, the operating rules, the Code of Ethics and Professional Conduct for Directors, their expertise and experience profiles, the meeting schedule and the evaluation process
- Meetings with the Chairman of the Board, the committee chairs and members of senior management
- Training on risk management, depositors, financial aspects and human resources

At Board and committee meetings and training sessions, members attend presentations given by various CDPQ teams and, from time to time, by outside persons on topics relevant to their activities and strategic orientations. CDPQ also encourages participation in training sessions offered by various external organizations and distributes the recommended publications to its members.

In 2022, members received training on various subjects, including:

- Cybersecurity
- Diversity
- The economy
- Risk management
- Governance and ethics
- Sustainable investing
- Technology and artificial intelligence

TABLE 32

COMPENSATION PAID TO INDEPENDENT MEMBERS UNDER ORDER-IN-COUNCIL[1]
(in dollars)

Members	Annual compensation	Compensation as Committee Chair	Attendance fees	Total compensation
Jean-François Blais	19,947	3,426	26,152	49,525
Ivana Bonnet-Zivcevic	19,947	6,235	12,142	38,324
Alain Côté[2, 3, 4]	19,947	6,235	33,157	59,339
Olga Farman[5]	10,960	–	6,538	17,498
Nelson Gentiletti[5]	10,960	–	9,340	20,300
Gilles Godbout[4]	19,947	–	22,416	42,363
Lynn Jeanniot	19,947	–	15,411	35,358
Maria S. Jelescu Dreyfus	19,947	–	21,015	40,962
Jean La Couture[6]	8,987	2,809	13,543	25,339
Wendy Murdock	19,947	6,235	20,081	46,263
Ravy Por[4, 6]	14,960	–	13,543	28,503
Total	185,496	24,940	193,338	**403,774**

1. In accordance with the terms of the Order-in-Council, the attendance fee for each special Board or Committee meeting of short duration, held by video conference, is half of the attendance fee allowed for a regular meeting.
2. This member received attendance fees for attending Audit Committee meetings of Ivanhoé Cambridge and Otéra Capital, and Audit and Risk Management Committee meetings of CDPQ Infra.
3. This member received a taxable benefit of $3,061 for a parking space.
4. These members received attendance fees for attending a committee meeting as an observer or guest.
5. These members were appointed to the Board during the year.
6. These members stepped down from the Board during the year.

DIRECTOR COMPENSATION

The compensation of members is determined by an order-in-council of the Government of Québec. Their compensation for 2022 is provided in Table 32 on page 109. Members are also entitled to be reimbursed for their travelling expenses.

COMPENSATION OF THE CHAIRMAN OF THE BOARD

The annual compensation of the Chairman of the Board is set at $195,000 by an order-in-council of the Government of Québec. The Chairman of the Board is also entitled to be reimbursed for representation expenses related to the duties of his position, to a maximum of $15,000 per year.

MEMBER ATTENDANCE AT MEETINGS

In accordance with the Act respecting CDPQ, the Board held six regular meetings in 2022. All the committees also held six regular meetings, except for the Audit Committee, which held seven.

The Board and its committees also held special meetings to discuss specific issues or proceed with approvals.

Members justify their absences from meetings of a Committee or the Board to the Secretariat. During 2022, members were not able to attend certain meetings, due to health reasons or because of family or work commitments.

Table 33 presents the number of meetings attended by each of the members in 2022 compared to the number of meetings of the committee(s) of which that person is a member.

TABLE 33

MEMBER ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2022

	Board of Directors		Audit Committee	Investment and Risk Management Committee		Governance and Ethics Committee		Human Resources Committee
Members	6 reg.	5 spec.	7 reg.	6 reg.	6 spec.	6 reg.	1 spec.	6 reg.
Jean-François Blais	6	4	6	6	6	–	–	–
Ivana Bonnet-Zivcevic	5	3	–	–	–	–	–	5
Alain Côté[1]	6	5	7	–	–	–	–	–
Michel Després[2]	3/3	3/4	–	–	–	–	–	–
René Dufresne[3]	2/3	1/1	–	–	–	–	–	–
Charles Emond	6	5	–	–	–	–	–	–
Olga Farman[3]	3/3	1/1	–	–	–	–	–	3/3
Nelson Gentiletti[3]	3/3	1/1	–	3/3	3/3	–	–	–
Gilles Godbout	5	4	6	–	–	5	1	–
Lynn Jeanniot	6	5	–	–	–	–	–	6
Maria S. Jelescu Dreyfus	6	5	–	6	6	–	–	–
Jean La Couture[2]	3/3	4/4	–	3/3	3/3	–	–	–
Diane Lemieux	6	3	–	–	–	–	–	–
Wendy Murdock	5	4	7	–	–	5	1	–
Ravy Por[2]	4/4	5	–	–	–	4/4	1	–
Jean St-Gelais[4]	6	5	–	–	–	6	1	6

1. Alain Côté, as Chair of the Audit Committee, is invited to attend Investment and Risk Management Committee meetings.
2. These members stepped down from the Board during the year.
3. These members were appointed to the Board during the year.
4. Jean St-Gelais, as Chairman of the Board, can attend any Board Committee meetings.

AUDIT COMMITTEE

Mandate

The Committee sees that the financial statements accurately reflect CDPQ's financial position. It plays an essential role in the sound governance of CDPQ, particularly in oversight, communication and disclosure of internal controls, financial reporting, internal audit and the co-auditors.

Number of meetings

- 7 meetings

Composition (as at December 31, 2022)

- Chair: Alain Côté
- Members: Jean-François Blais, Gilles Godbout and Wendy Murdock

This Committee consists of professionals with accounting, finance or audit expertise as well as the experience and knowledge required to read and understand financial statements and to fulfill their roles.

The Chairman of the Board attends the Committee meetings.

Main activities during the year

- Reviewed the consolidated financial statements with the Finance group and the co-auditors
- Reviewed the process used to prepare the financial statements and to value investments as well as treasury items, including liquidity, leverage and financing
- Reviewed reports on the financial certification process
- Held discussions with the co-auditors concerning their reports following the interim review as at June 30 and the audit as at December 31
- Reviewed the news releases announcing financial results
- Reviewed preparatory work on the Annual Report
- Reviewed the quarterly results, operating expenses and budget monitoring
- Discussed, with the co-auditors, their plan for auditing the financial statements and their internal quality control procedures
- Reviewed and monitored application of the Policy – Independence of External Auditors and approved their fees
- Reviewed banking authorization delegations
- Approved the 2022 internal audit plan and reviewed the internal audit plans of the subsidiaries operating in Québec
- Reviewed Internal Audit's progress reports prepared under the Internal Audit Plan to address such matters as internal control mechanisms, risk management processes and the optimal use of resources
- Reviewed the results of the audit conducted by the Auditor General of Québec on the compliance of investment activities and other financial operations, and monitored implementation of the action plan
- Reviewed the plan to ensure optimal use of resources, and monitored and analyzed the effects of all the activities implemented under the plan
- Reviewed reports on compliance with the Act respecting CDPQ, depositors' investment policies and the specialized portfolios' investment policies
- Reviewed reports on legal proceedings involving CDPQ or its subsidiaries
- Reviewed cost disclosure practices
- Monitored the implementation of a governance, risk and compliance tool
- Reviewed the cybersecurity program
- Reviewed the business continuity plan
- Reviewed the insurance coverage
- Reviewed international tax management activities and the tax policy
- Reviewed the financing programs
- Reviewed the Financial Security Policy
- Reviewed the Investment Valuation Policy
- Reviewed the Policy – Information and Technology Asset Security
- Evaluated the Vice-President, Internal Audit
- Held private meetings with the Executive Vice-President and Chief Financial and Operations Officer, the co-auditors and the Vice-President, Internal Audit, without the presence of members of management
- Reviewed the activities of the audit committees of subsidiaries operating in Québec, with attendance by the Chairman of the Committee at meetings of the Audit Committees of these subsidiaries

Use of external experts

The Committee did not use the services of external experts in 2022.

INVESTMENT AND RISK MANAGEMENT COMMITTEE

Mandate

The Committee ensures compliance with CDPQ's risk identification and management process. In this role, it reviews risk management orientations and policies and studies investment proposals, in accordance with the oversight policies.

Composition (as at December 31, 2022)

- Chair: Jean-François Blais
- Members: Maria S. Jelescu Dreyfus and Nelson Gentiletti

Guest member: Alain Côté, Chair of the Audit Committee

The Chairman of the Board attends the Committee meetings.

Number of meetings

- 12 meetings

Main activities during the year

- Reviewed the market risk limits for specialized portfolios and the total portfolio, as well as the proposed changes to the benchmark indexes and the performance objectives for the specialized portfolios and major mandates
- Reviewed the investment policy and strategic orientations of some specialized portfolios
- Reviewed the minimum liquidity amount
- Reviewed the report on the use of derivative financial instruments
- Reviewed, at each Committee meeting, the overall risk profile
- Studied and monitored the investment proposals under the authority of the Committee, taking into account:
  - The analysis presented by the team responsible for the transaction
  - The analysis of the project risks and, more specifically, its impact on the degree and concentration of risk in the relevant specialized portfolio and the total portfolio
  - Compliance of the investment with risk management policies and guidelines
- Studied the specialized portfolio reviews, including investment strategies, portfolio characteristics and key issues, as well as post-trade analyses
- Reviewed the certificates of compliance with the depositors' investment policies and the specialized portfolios' investment policies
- Reviewed the risk map and the report on activities to mitigate operational risks
- Reviewed the succession plan for the Executive Vice-President and Chief Risk Officer and Head of Depositor Relationships

Use of external experts

The Committee did not use the services of external experts in 2022.

GOVERNANCE AND ETHICS COMMITTEE

Mandate

The Committee ensures that CDPQ maintains the highest standards of governance and ethics. It is also responsible for the effectiveness of the Board and its committees.

Composition (as at December 31, 2022)

- Chair: Wendy Murdock
- Members: Gilles Godbout and Jean St-Gelais

Number of meetings

- 7 meetings

Main activities during the year

- Made recommendations on appointments to the Boards of CDPQ and some of its subsidiaries
- Reviewed the composition of the Board and its committees to ensure that the requirements of the Act respecting CDPQ are met and that these bodies can fully assume their responsibilities
- Reviewed the operating rules of the Boards of CDPQ and some of its subsidiaries as well as those of their committees
- Reviewed the mandates of the Board, its committees and its Chair
- Evaluated the functioning of the Board and its committees
- Reviewed the competency and experience profiles for Board appointments
- Reviewed the reporting on training activities attended by Board members and developed the 2022 training plan
- Reviewed the rules on ethics and professional conduct applicable to the management and employees of CDPQ and some of its subsidiaries, and reviewed reports on the application of the rules
- Reviewed the governance rules regarding CDPQ and some of its subsidiaries
- Studied the report on designating members to the Boards of companies in which CDPQ invests
- Reviewed the report on philanthropic and institutional sponsorship activities
- Reviewed the orientation and continuing education program for Board members
- Reviewed the sustainable investing policy and activity reports
- Reviewed the Policy – Francization of Digital Technologies
- Reviewed the directive on reimbursement of the expenses of Board members and the Chair
- Reviewed amendments to the Act respecting CDPQ
- Implemented and maintained structures and procedures to allow the Board to act independently of management, including ensuring that discussions are held, at each regular meeting, without the presence of members of management

Use of external experts

The Committee did not use the services of external experts in 2022.

HUMAN RESOURCES COMMITTEE

Mandate

The Committee reviews the orientations and strategies used by CDPQ to manage its human resources, including performance evaluation, succession planning and executive compensation, as well as its general integrated talent management practices.

Composition (as at December 31, 2022)

- Chair: Ivana Bonnet-Zivcevic
- Members: Lynn Jeanniot, Olga Farman and Jean St-Gelais

Number of meetings

- 6 meetings

Main activities during the year

- Reviewed the objectives, performance evaluation and total compensation conditions for the President and Chief Executive Officer and recommended them to the Board of Directors for approval
- Reviewed the performance evaluation and total compensation conditions for the members of CDPQ's senior management and the President and Chief Executive Officer of CDPQ Infra and recommended them to the Board of Directors for approval
- Recommended to the Board the appointment of Martin Longchamps as Executive Vice-President and Head of Private Equity
- Reviewed the succession and development plan for senior management
- Reviewed the results of the talent review and the active succession management approach
- Reviewed the compensation and performance management programs
- Reviewed the results of the engagement survey to obtain a measure of employee engagement and gather feedback, and reviewed initiatives to follow up on the survey results
- Reviewed the report on 2021 and followed up on priority talent management targets by reviewing key indicators, including hires, internal mobility and voluntary turnover rates, and diversity
- Reviewed the competencies and experience mandate and profile for the position of President and Chief Executive Officer
- Reviewed the Workplace Equity, Diversity and Inclusion Policy
- Studied the conditions of the Régime additionnel de retraite

Use of external experts

In implementing the variable compensation program, the Board and the Committee used the services of Hugessen Consulting, an independent consulting firm recognized for its expertise in the compensation of pension fund personnel.

The Committee took Hugessen Consulting's recommendations into account but made its own decisions, which may be based on information other than the firm's recommendations.

Report of the human resources committee on total compensation

COMMITTEE'S WORK ON COMPENSATION

During 2022, the Committee, with advice from Hugessen Consulting, ensured that the Compensation Policy met its strategic objectives of paying for long-term performance, offering competitive compensation and linking the interests of members of management and depositors. The Committee reviewed how CDPQ's Compensation Policy was applied. It analyzed the proposed variable compensation and ensured that the proposals were aligned with the Compensation Policy and market practices.

Accordingly, the Committee notably analyzed the amount to be awarded under the variable compensation program and recommended it to the Board for approval.

Moreover, the Committee received an update on market trends with regard to salary reviews. It discussed the salary conditions of CDPQ's employees for 2023 and recommended them to the Board for approval.

FRAMEWORK

CDPQ's Compensation Policy was adopted in accordance with Schedule A of the regulation governing the internal management of CDPQ (the Internal Bylaw). This schedule:

- Defines the maximum levels of total employee compensation and the reference markets.
- States that the data reflecting the reference-market profile shall be compiled by a recognized independent firm through an annual survey that must be administered and analyzed according to a methodology and rules that are generally accepted in the field.
- Stipulates that CDPQ's payroll must not exceed 100% of the salary-scale midpoint.

Reference markets and compensation levels[1]

For the position of President and Chief Executive Officer, the reference market consists of a sample of the seven largest Canadian pension funds, as listed in Table 37 on page 123. For this position, total compensation must be between the median and third quartile (75th percentile) of the reference market, depending on whether CDPQ's performance has been average or superior.

For investment-related positions, the Canadian institutional investment market serves as the reference. A representative sample must include institutions, insurance companies, trust companies, pension funds, investment advisors, brokerage firms and fund managers or their counterparts in similar industries. The current sample comprises the 39 organizations listed in Table 39 on page 124. For these positions, total compensation must fall below the upper decile (90th percentile) of the reference market. For the executive vice-presidents in investment roles, a reduced sample of that described above is used. It groups together 18 firms whose assets under management are greater than $30 billion. The list is provided in Table 38 on page 123.

For non-investment positions, the Québec market serves as the reference, and must notably include public-sector jobs. It therefore includes a representative sample of large public- and private-sector Québec firms and financial-sector companies. The current sample comprises the 59 organizations listed in Table 40 on page 124. For these positions, total compensation must be within the third quartile (75th percentile) of the reference market.

1. For compensation purposes, the first quartile ranges from the 1st to the 25th percentile, the second quartile from the 26th to the 50th percentile, the third quartile from the 51st to the 75th percentile and the fourth quartile from the 76th to the 100th percentile.

The reference markets for positions located outside Canada were established according to principles similar to those listed previously.

In 2022, CDPQ retained the services of Willis Towers Watson for benchmarking its reference markets and engaged McLagan's services for positions outside Canada.

The results of this exercise showed that, for the majority of cases, compensation, salary scales and potential variable compensation were aligned with the market, regardless of location.

STRATEGIC OBJECTIVES OF THE COMPENSATION POLICY

CDPQ must rely on highly skilled employees to fulfill its mission, which is to receive moneys on deposit as provided by the Act respecting CDPQ and manage them with a view to achieving an optimal return on capital within the framework of depositors' investment policies, while at the same time contributing to Québec's economic development.

The Compensation Policy therefore has the following three objectives:

1. **Pay for performance:** variable compensation aligned with the returns delivered to depositors. This goal is structured around the three following themes:
   - Long-term focus, to reward consistent, optimal performance over several years.
   - Risk-return balance, to encourage measured risk-taking conducive to sustainable, long-term returns for depositors, while taking into account their risk tolerance.
   - Overall evaluation, to strike a balance between employees' individual and collective contributions to the organization's success and achievement of its mission, with respect to:
     - Financial results related to the performance of specialized portfolios and CDPQ's total portfolio measured over five years.
     - Attainment of CDPQ's business objectives, including by contributing to Québec's economic development, climate change and diversity.
2. **Offer competitive compensation:** to attract, motivate and retain employees with experience and expertise who will enable CDPQ to achieve its strategic objectives, within the guidelines in the Internal Bylaw, as described above.
3. **Link the interests of members of management and depositors:** to orient their individual and team efforts toward CDPQ's long-term success.

CDPQ's Compensation Policy complies with the Principles for Sound Compensation Practices issued by the Financial Stability Board and endorsed by the G20 nations: effective compensation governance; alignment of compensation with long-term, measured risk-taking; and regular review of compensation practices.

Components of total compensation

CDPQ's employees receive total compensation based on four components:

1. Base salary
2. Variable compensation
3. Pension plan
4. Benefits

1. Base salary

Under the Internal Bylaw, the average base salary must not exceed the salary-scale midpoint. Within these parameters, annual base salaries are set according to the salary conditions prevailing in the reference markets.

Each year, the Human Resources Committee submits the payroll budget increase to the Board for approval.

For 2022, the Board of Directors approved the following recommendations made by CDPQ's senior management:

- Maintain 2022 salary scales close to the median of the reference markets, as measured by recognized external firms.
- Grant a budget for salary increases that is near the median of the market increase forecasts.

2. Variable compensation

In the financial sector, and particularly in the investment industry, variable compensation is an essential component of total compensation because it aligns financial incentives with depositors' performance objectives.

At CDPQ, variable compensation serves to recognize the sustained, long-term performance achieved by reaching individual and collective goals, and contributing to the fulfillment of strategic orientations. It is an important part of employee total compensation and has a direct influence on the positioning of total compensation in comparison with the reference market.

The amount of variable compensation is never guaranteed: it always depends on the results of a global evaluation of the three components shown in Figure 34.

This result considers individual performance, team performance, financial results associated with the performance of the asset class portfolios and CDPQ's performance over a five-year horizon. This period allows placing greater focus on seeking sustained performance aligned with the long-term investment strategy.

For all portfolios, the objective is to outperform their benchmark index. The three less-liquid portfolios, namely Real Estate, Infrastructure and Private Equity, as well as the Equity Markets portfolio, each also have an absolute-return target.

In addition to the quantitative indicators, qualitative indicators were introduced as metrics for team performance in delivering the business plan and contributing to the organization's strategic and cross-functional strategies, such as executing strategies associated with Québec's economic development and climate change.

Deferred variable compensation

In the context of deferred variable compensation, the purpose of co-investment is to better align the interests of those employees with the most influence on CDPQ's financial and organizational performance with the interests of depositors over the long term.

It requires said employees to defer a portion of the variable compensation and place it in a co-investment account for a period of three years.

The value of the deferred and co-invested variable compensation varies—upward or downward—along with CDPQ's average absolute overall return during the three-year period.

At the end of each three-year period, as required by the Income Tax Act, the deferred amount, plus or minus the average return credited for the period, will be paid to each participant as a deferred variable compensation payment with restrictions. Figure 35 on page 118 illustrates this mechanism.

Senior executives have three years to contribute at least the equivalent of their base salary to the co-investment account.

FIGURE 34

VARIABLE COMPENSATION COMPONENTS

BASED ON ACHIEVEMENT OF INDIVIDUAL OBJECTIVES	→	Individual contribution
BASED ON ACHIEVEMENT OF BUSINESS OBJECTIVES AND/OR RETURNS ON THE SPECIALIZED PORTFOLIOS OF EACH UNIT	→	Portfolio return and/or business plan achievement
BASED ON ACHIEVEMENT OF CDPQ'S RETURN AND BUSINESS OBJECTIVES	→	CDPQ overall return and business plan execution

For the President and Chief Executive Officer, as well as senior executives, the minimum threshold of the total variable compensation that must be deferred in a co-investment account is 55%. For all vice-presidents as well as for intermediate and senior investment personnel, the minimum threshold is 35%. Lastly, for managers and high-level professionals, the minimum threshold is 25%.

CDPQ offers these employees the option of deferring and co-investing an additional portion of their variable compensation into the co-investment account. Since 2020, this offer has been extended to personnel outside Canada, where permitted by law.

For International Private Equity employees in international offices who hold eligible positions, a portion of their variable compensation is made up of long-term performance units. To be equitable and take into account the performance units that are granted, the potential variable compensation for eligible employees is therefore lower than that of other investment teams.

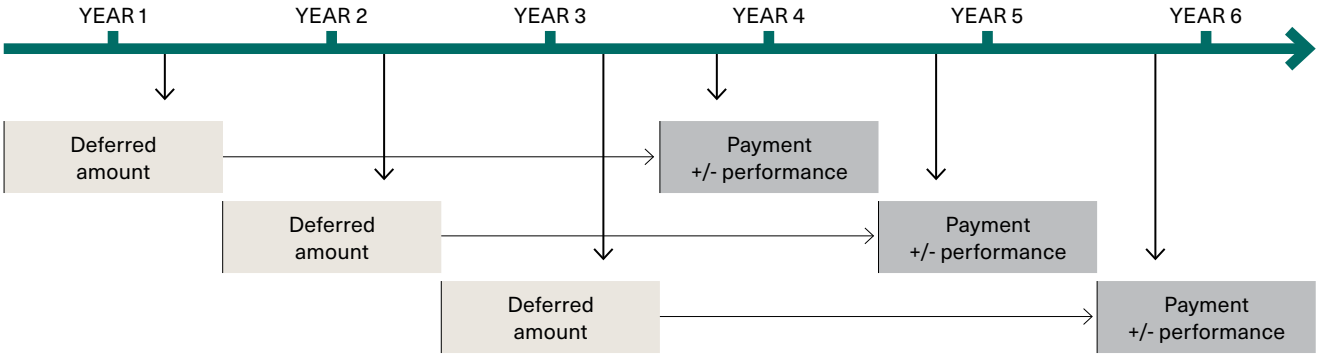
The purpose of the performance units is to support the International Private Equity business unit's direct investment strategy over a long-term horizon. This component is aligned with the sector's current compensation practices in the countries in which CDPQ operates. It reflects CDPQ's strategy to have direct investments represent a significant share of its Private Equity portfolio. This allows placing increased emphasis on the quality of the transactions completed by internal private equity teams, year after year, and recognize it when establishing variable compensation. It also provides CDPQ with the opportunity to internalize expertise developed in direct investment rather than pay higher fees to external fund managers.

The value of the performance units awarded will rise and fall according to the absolute return of the designated portfolio during a five-year performance period.

At the end of this period, the units acquired will be settled based on the achievement of performance objectives established at the time they were granted and converted into performance factors that have a threshold and a maximum. When the performance over five years is less than the threshold, no amounts are payable.

FIGURE 35

DEFERRED AND CO-INVESTED VARIABLE COMPENSATION



Results since 2018

In recent years, CDPQ has invested its constructive capital in many companies and projects, in Québec and around the world. The Human Resources Committee presents highlights from the teams' achievements to provide context on the basis for variable compensation awarded:

- Over five years, CDPQ has generated investment results of $91.8 billion through an annualized return of 5.8%. This outpaced the benchmark portfolio's performance of 4.9%, allowing CDPQ to generate $17.9 billion in value added.
- In 2022, in an environment characterized by numerous challenges, including the worst simultaneous correction in stock and bond markets in 50 years, CDPQ recorded a return of -5.6%, outpacing its benchmark portfolio's -8.3% return.
- This performance represents value added of $10.4 billion, the same amount as the year before. For a second straight year, but in strongly contrasting markets, CDPQ outperformed its benchmark portfolio. All main asset classes outperformed their benchmark indexes.
- Net assets stood at $401.9 billion as at December 31, 2022, an increase of $103.4 billion over five years, but down $17.9 billion for one year given the atypical environment. The decrease is largely due to the decline in the value of the Fixed Income class, which fell sharply due to the increase in rates, and to the negative return in the Equities class, which was, however, still more resilient in a volatile year characterized by sharp corrections in global stock markets. The two Real Asset portfolios performed very well in an inflationary context.
- In Québec, CDPQ had an active year in a slowing global market, in addition to announcing its ambition of holding $100 billion in Québec assets by 2026. Highlights included:
  - An increase in total Québec assets to $78.4 billion.
  - New investments and commitments of $4.0 billion, expanding the global reach of local businesses, accelerating their technological change, and fostering sustainable growth for them and the overall economy.
  - The implementation of structuring projects, in areas such as real estate and infrastructure, as shown by the progress on the REM.
  - Support for initiatives to contribute to the development of entrepreneurship and the next generation, and to foster access to capital for innovative Québec businesses through Espace CDPQ.
- Since 2018, diversification of CDPQ's global portfolio—a key part of its strategy—has increased due to a high volume of transactions across asset classes, favouring its five-year performance:
  - In Private Equity, the portfolio generated $13.6 billion in value added thanks to advantageous sector positioning and the quality of operational asset management.
  - In Fixed Income, credit activities have continued to make a difference year after year, and are primarily responsible for the $5.9 billion in value added.
  - In Infrastructure, sectors of the future have been essential to performance, with a substantial contribution from renewable energies, for $5.1 billion in value added.
  - In Real Estate, repositioning the portfolio in 2020 in favour of promising sectors such as logistics has paid off, with two excellent years in 2021 and 2022.
  - Better balanced following the strategic changes initiated in 2021, the Equity Markets portfolio has been in line with its index for the last two years under extreme market conditions.
- The Total Portfolio has also become considerably more diversified geographically over the period, with international markets now representing three quarters of total exposure. In addition to the United States, CDPQ investments have increased in Europe, Asia Pacific and Latin America, providing a good contribution to performance.
- During the year, CDPQ continued its sustainable investing efforts, particularly in terms of the climate. CDPQ now holds $47 billion in low-carbon assets, and is aiming for $54 billion by 2025. It has also reduced the carbon intensity of its portfolio by 53% since 2017 and plans for a 60% reduction by 2030. Lastly, CDPQ carried out three transactions in the $10-billion transition envelope to decarbonize the highest-emitting industries, in addition to having essentially completed its exit from oil.

- CDPQ's sustainable approach has also received international recognition, as has its teams' expertise. The organization was named 2022 Fund of the Year by Global SWF, a global reference that analyzes the activities of around 400 sovereign wealth and pension funds. A sign of its leadership in sustainable investing, among the other honours received, CDPQ ranked first among the 59 leading pension funds in the World Benchmarking Alliance's Financial System Benchmark.

Variable compensation as at December 31, 2022

Variable compensation for CDPQ's employees in Québec and the international offices totalled $192.8 million as at December 31, 2022. This amount reflects an average decrease of nearly 6% per person, compared to 2021, due to the variation in returns over five years and the number of persons eligible.

The opinion presented by Hugessen Consulting to CDPQ's Board of Directors stated:

"We reviewed CDPQ's returns and benchmark indexes for 2022, as well as the factors that contributed to its return, and we are satisfied with them. We can confirm that the value-added calculations, the 2022 return multiples, the 2018–2022 average return multiples and the 2022 variable compensation multiples are consistent with CDPQ's variable compensation program. In our opinion, the total amount of variable compensation determined under the program in 2022 is reasonable in the prevailing market conditions and given CDPQ's performance in 2018, 2019, 2020, 2021 and 2022."

Taking into account the variable compensation both paid and deferred, the total compensation for CDPQ's employees in 2022 was below the median of the maximum provided for under the Regulation, for a performance of 5.8% over five years, which outpaces our benchmark portfolio at 4.9%, generating nearly $18 billion in value added.

More specifically, a study by Willis Towers Watson showed that employee total compensation ranked on average at the 49th percentile of the maximum of the reference markets (where the 100th percentile represents the highest compensation in the market), depending on the position, the specific performance of the portfolios and the compensation awarded for these positions.

3. Pension plan

Depending on their positions, all employees based in Canada are members and contribute to one of two defined benefit pension plans: the Government and Public Employees Retirement Plan (RREGOP) or the Pension Plan of Management Personnel (PPMP). In addition, managers and professionals in strategic positions participate in the Régime additionnel de retraite (RAR), and senior executives participate in the Supplemental Pension Plan for Designated Officers (SPPDO). Under these two plans, they are entitled, as of the normal age of retirement, to receive a total annual pension equal to 2% of their eligible earnings for each year or fractional year of plan membership, taking into account the annual tax limits imposed by the Canada Revenue Agency for each year they were not RAR or SPPDO members.

Some senior executives will have additional years of service recognized under the SPPDO, depending on the circumstances of their promotion or hiring.

4. Benefits

Employees enjoy a range of competitive benefits such as group insurance, including medical, dental and life insurance. Moreover, certain senior executives have specific benefits in the form of allowances and annual health assessments.

REVIEW OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER'S PERFORMANCE AND TOTAL COMPENSATION

Performance review

At the start of the year, the Committee made a recommendation to the Board of Directors on a series of objectives for the President and Chief Executive Officer. The President and Chief Executive Officer was responsible for the execution of key business priorities in the following areas:

1. Organization and culture: Elicit strong engagement from teams working in a hybrid model, and attract, retain and develop talent.
2. Stakeholders: Continue to work closely with depositors, and build and develop the organization's major strategic relationships around the world.

3. Performance: Position the portfolio to generate optimal performance for the risk expected by depositors.
4. Québec: Continue to foster the generation of opportunities and initiatives for Québec's economic development throughout the organization.
5. Major strategic projects: Deliver on ESG and technology ambitions, and promote the institution worldwide.

Review of total compensation

The compensation and other employment conditions of the President and Chief Executive Officer are based on parameters set by the government after consultation with the Board of Directors. Charles Emond's annual base salary was maintained at $550,000.

The President and Chief Executive Officer's annual variable compensation was determined on the basis of the same three components as in 2021, presented in Figure 36.

Like all other members of senior management covered by the variable compensation program, the President and Chief Executive Officer is required to defer a minimum of 55% of his variable compensation in a co-investment account.

This year, the component linked to CDPQ's overall return corresponds to the return over the five-year period from 2018 to 2022. The annualized return for this period is 5.8%, with nearly $18 billion of value added in relation to the benchmark portfolio.

As for the component based on the organization's objectives, under Mr. Emond's leadership, CDPQ has:

- Generated strong value added for a second year in a row in the worst market in 50 years, in which the equity and bond markets corrected simultaneously.
- Grown its presence in Québec with a sustained level of activity, despite the global slowdown in transaction volumes, engaged in extensive relationship-building activities involving Québec companies and CDPQ's global network and announced an enhanced ambition of $100 billion in Québec assets by 2026.
- Steered the REM project through the final phases before the network's first branch is commissioned, in the context of an unprecedented execution environment following the pandemic, a labour market under heavy pressure, and high inflation.
- Consolidated CDPQ's leadership in sustainable investing, with global outreach through leading international forums and earning prestigious recognition several times.

In conclusion, under Mr. Emond's leadership, CDPQ has generated the strongest two-year value added in its history, despite extreme and widely contrasting market conditions, demonstrating the results of the strategic changes made in recent years. In a new labour market characterized by hybrid work and scarce talent, he has succeeded in mobilizing his teams and maintaining strong engagement. He has demonstrated clear ambition in Québec and provided the organization with a strong global presence.

FIGURE 36

VARIABLE COMPENSATION COMPONENTS OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

CDPQ OVERALL RETURN	→	Based on the level of attainment of CDPQ's return and business objectives
ACHIEVEMENT OF THE ORGANIZATION'S OBJECTIVES	→	Based on the level of attainment of the organization's objectives
INDIVIDUAL CONTRIBUTION	→	Based on the level of attainment of individual objectives

In this context, the Committee and the Board believe that Mr. Emond has delivered excellent performance that has surpassed the objectives set for him.

The Board of Directors has awarded Mr. Emond variable compensation of $3,581,000 and, of this amount, he has elected to defer an amount of $1,969,550 into the co-investment account. In 2025, Mr. Emond will be eligible to receive a deferred amount related to this sum, increased or decreased by CDPQ's average absolute return over the three-year period from 2023 to 2025.

The other employment conditions to which Mr. Emond was entitled are aligned with CDPQ's policies and comply with the parameters set out in the Internal Bylaw. He received $40,000 in annual perquisites and was a member of CDPQ's Employee Group Insurance Plan.

Mr. Emond is a member of the basic pension plan under the Pension Plan of Management Personnel (PPMP). In 2022, contributions to the mandatory basic plan represented an annual cost to CDPQ of $21,016. Like the other members of senior management, he has participated in the Supplemental Pension Plan for Designated Officers (SPPDO) since being hired.

In the event that his employment contract is terminated without just and sufficient cause, Mr. Emond will be entitled to severance pay representing 18 months of base salary and target variable compensation, as well as a prorated amount of his variable compensation for the current year and for the previous year, if such variable compensation has not been paid.

No severance will be paid upon the expiration of the contract, if he resigns or if the contract is terminated with just and sufficient cause.

COMPENSATION OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER AND THE MOST HIGHLY COMPENSATED EXECUTIVES FOR 2022

CDPQ's Board of Directors recognizes the importance of quality leadership and firmly believes that the policies and programs it has endorsed make it possible to:

- Offer competitive compensation in a market where competition for talent is intense and where CDPQ must compete globally to generate the expected returns.
- Achieve the strategic objectives that enable CDPQ to fulfill its mission.

Below, CDPQ discloses the compensation of its President and CEO and the five most highly compensated individuals who hold or held senior management roles at CDPQ in 2022 (see Table 41, page 125).

CDPQ also discloses the compensation of the five most highly compensated executives, including the presidents and CEOs at all subsidiaries in which CDPQ has a stake of 90% or more, i.e. Ivanhoé Cambridge, Otéra Capital and CDPQ Infra (the designated subsidiaries) (see Table 46, page 130).

The designated subsidiaries' compensation policies are based on the same broad principles as CDPQ's, i.e. they recognize sustained long-term performance. All have the same strategic objectives.

Components of designated subsidiaries' total compensation

The total compensation of employees of the designated subsidiaries is based on the same four components:

1. Base salary
2. Variable compensation
3. Pension plan
4. Benefits

1. Base salary

Annual base salaries are set according to the salary conditions prevailing in the reference markets.

Each year, the subsidiary's Board of Directors approves the payroll budget increase.

2. Variable compensation

Variable compensation serves to recognize performance, attainment of objectives and contribution to the achievement of strategic orientations. It is an important part of the total compensation offered to employees, as is the case at CDPQ.

Variable compensation is never guaranteed. It is determined based on a global evaluation of performance over the long term. Depending on the designated subsidiary, it could be based on individual performance, team performance and the performance of the subsidiary and CDPQ.

This variable compensation program recognizes consistent performance and requires some of the variable compensation to be deferred over a three-year period, as is the case for CDPQ. This obligation applies to employees at Otéra Capital and CDPQ Infra. Ivanhoé Cambridge's deferred program is different from variable annual compensation; it calls for long-term variable compensation that can fluctuate with performance and is only payable if the person is still an employee at the end of the performance cycle.

This mechanism makes it possible to link the interests of members of management to those of depositors by having these amounts vary according to the absolute return generated for depositors.

3. Pension plan

All employees of the designated subsidiaries participate in a defined benefit or defined contribution pension plan, depending on the position held and subsidiary.

4. Benefits

Employees have a competitive benefit package, including group insurance. Ivanhoé Cambridge and Otéra Capital ask senior executives to have an annual health assessment.

TABLE 37

REFERENCE MARKET – PRESIDENT AND CHIEF EXECUTIVE OFFICER

- Alberta Investment Management Corporation (AIMCo)
- British Columbia Investment Management Corporation (BCI)
- CPP Investments
- Healthcare of Ontario Pension Plan (HOOPP)
- OMERS
- Ontario Teachers' Pension Plan (OTPP)
- Public Sector Pension Investment Board (PSP Investments)

TABLE 38

REFERENCE MARKET – INVESTMENT EXECUTIVE VICE-PRESIDENT POSITIONS

- Addenda Capital
- Alberta Investment Management Corporation (AIMCo)
- British Columbia Investment Management Corporation (BCI)
- Connor, Clark & Lunn Financial Group
- CPP Investments
- Desjardins Global Asset Management
- Fiera Capital Corporation
- Healthcare of Ontario Pension Plan (HOOPP)
- Hydro-Québec Pension Plan
- Intact Investment Management
- Investment Management Corporation of Ontario (IMCO)
- Mawer Investment Management
- OMERS
- Ontario Teachers' Pension Plan (OTPP)
- OP Trust (OPSEU)
- Public Sector Pension Investment Board (PSP Investments)
- Sun Life Financial
- WISE Trust

TABLE 39

REFERENCE MARKET – INVESTMENT POSITIONS

- Addenda Capital
- Air Canada
- Alberta Investment Management Corporation (AIMCo)
- ATB Financial
- Axium Infrastructure
- Bell Canada
- British Columbia Investment Management Corporation (BCI)
- Canadian Medical Association
- Canadian Western Bank
- CAAT Pension Plan
- Civil Service Superannuation Board (CSSB)
- CMA Impact
- CN Investment Division
- Connor, Clark & Lunn Financial Group
- CPP Investments
- CSS Pension Plan
- Desjardins Global Asset Management
- Dixon Mitchell Investment Counsel
- Economical Insurance
- Empire Life
- FÉRIQUE
- Fonds de solidarité FTQ
- Healthcare of Ontario Pension Plan (HOOPP)
- HRM Pension Plan
- Hydro-Québec Pension Plan
- Intact Investment Management
- Investment Management Corporation of Ontario (IMCO)
- Mawer Investment Management
- Nicola Wealth
- OMERS
- Ontario Teachers' Pension Plan (OTPP)
- OPTrust
- Public Sector Pension Investment Board (PSP Investments)
- Richardson Wealth
- Richter
- Sun Life Financial
- TELUS Pension Plan
- Vestcor
- WISE Trust

TABLE 40

REFERENCE MARKET – NON-INVESTMENT POSITIONS

- AbbVie Canada
- Addenda Capital
- Agropur Dairy Cooperative
- Airbus
- Air Canada
- Alimentation Couche-Tard
- Alstom
- Bell Canada
- Beneva
- Bombardier
- Boralex
- Broadridge Financial Solutions
- Brookfield Asset Management
- Business Development Bank of Canada
- Cadillac Fairview Corporation
- CAE
- CGI
- CN
- CN Investment Division
- Cogeco Communications
- Desjardins Group
- Énergir
- Fiera Capital Corporation
- Fonds de Solidarité FTQ
- GE Canada
- Gildan
- Holt Renfrew
- Hydro-Québec
- iA Financial Group
- IBM Canada
- Innergex
- Intact Financial Corporation
- Intact Investment Management
- Keurig Canada
- Kruger
- La Presse
- Laurentian Bank
- Loto-Québec
- Lowe's
- Manulife Financial
- Mastercard Canada
- Merck Canada
- Molson Coors
- National Bank of Canada
- Northbridge Financial Corporation
- Pfizer Canada
- Power Corporation of Canada
- Public Sector Pension Investment Board (PSP Investments)
- Québecor
- RGA Canada
- Rio Tinto
- Saputo
- Société des alcools du Québec
- TELUS
- TFI International
- TMX Group
- UAP
- Yellow Pages
- WSP

TABLE 41

SUMMARY OF THE COMPENSATION FOR 2020–2022 OF THE PRESIDENT AND CEO OF CDPQ AND THE FIVE MOST HIGHLY COMPENSATED INDIVIDUALS WHO HOLD OR HELD MANAGEMENT POSITIONS AT CDPQ

This table summarizes total compensation as awarded. Specifically, it sets out the variable compensation awarded for the year, divided between amounts paid and deferred. Total compensation awarded provides a better understanding of the alignment with CDPQ's performance.

Name and main position	Fiscal year	Base compensation paid[1] A	Variable compensation paid for the year B	Deferred variable compensation for the year[2] C	Variable compensation awarded for the year D=B+C	Pension plan contributions made by CDPQ E	Other benefits paid or granted[3] F	Total compensation awarded for the year G=A+D+E+F
Charles Emond	2022	$ 550,000	$1,611,450	$1,969,550	$3,581,000	$ 21,016	$ 53,138	$4,205,154
President and Chief Executive Officer	2021	$ 550,000	$1,710,000	$2,090,000	$3,800,000	$ 19,944	$ 50,000	$4,419,944
	2020	$ 546,000	$1,237,500	$1,512,500	$2,750,000	$ 19,002	$ 50,400	$3,365,402
Emmanuel Jaclot[4]	2022	€ 425,000	€ 149,000	€1,341,000	€1,490,000	€ 13,618	€ 7,940	€1,936,558
Executive Vice-President and Head of Infrastructure	2021	€ 425,000	€ 702,400	€ 858,600	€1,561,000	€ 12,924	€ 5,600	€2,004,524
	2020	€ 425,000	€ 431,100	€ 526,900	€ 958,000	€ 12,313	€ 6,800	€1,402,113
Martin Laguerre[5]	2022	US$ 479,038	US$ 904,192	N/A	US$ 904,192	US$ 14,000	US$ 1,647,640	US$ 3,044,870
Executive Vice-President and Head of Private Equity (New York)	2021	US$ 545,000	US$ 555,600	US$ 679,200	US$ 1,234,800	US$ 13,500	US$ 175,800	US$ 1,969,100
	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vincent Delisle	2022	$ 464,712	$ 675,000	$ 825,000	$1,500,000	$ 21,016	$ 40,788	$2,026,516
Executive Vice-President and Head of Liquid Markets	2021	$ 450,000	$ 742,500	$ 907,500	$1,650,000	$ 19,944	$ 41,100	$2,161,044
	2020	$ 188,000	$ 269,100	$ 328,900	$ 598,000	$ 7,791	$ 17,400	$ 811,191
Marc-André Blanchard[6]	2022	$ 500,000	$ 627,750	$ 767,250	$1,395,000	$ 21,016	$ 42,228	$1,958,244
Executive Vice-President and Head of CDPQ Global and Global Head of Sustainability	2021	$ 500,000	$ 672,700	$ 822,300	$1,495,000	$ 19,944	$ 39,700	$2,054,644
	2020	$ 158,000	$ 225,000	$ 275,000	$ 500,000	$ 5,891	$ 12,700	$ 676,591
Kim Thomassin	2022	$ 424,808	$ 250,000	$1,000,000	$1,250,000	$ 21,016	$ 38,635	$1,734,459
Executive Vice-President and Head of Québec	2021	$ 415,000	$ 326,200	$ 978,800	$1,305,000	$ 19,944	$ 37,300	$1,777,244
	2020	$ 400,000	$ 242,000	$ 726,000	$ 968,000	$ 19,002	$ 37,500	$1,424,502

1. Starting in 2022, base compensation paid corresponds to the base salary actually paid based on the number of pay periods in the year, which may vary from year to year.
2. As mentioned on page 118 of this Annual Report, under the variable compensation program, senior executives must defer a portion of their annual awarded variable compensation.
3. Amounts indicated include employer contributions to group insurance premiums, perquisites and the health care account.
4. For Mr. Jaclot, in addition to total compensation awarded, he receives a temporary annual allowance of €280,000 in instalments until May 2023.
5. For Mr. Laguerre, the "Other benefits paid or granted" category includes severance pay of US$1,440,000 and the value of performance units that were vested for 2021 (US$130,800) and 2022 (US$167,809). Mr. Laguerre left CDPQ on October 20, 2022.
6. For Mr. Blanchard, in addition to total compensation awarded, he received a compensatory amount of $400,000 related to his hiring as Executive Vice-President.

TABLE 42

SUMMARY OF THE DEFERRED VARIABLE COMPENSATION PAID IN 2022 FOR THE INDIVIDUALS LISTED IN TABLE 41

Name and main position	Previous fiscal year	Deferred variable compensation[1]	Cumulative return at the time of payment	Deferred previous variable compensation disbursed in 2022[2]
Charles Emond President and Chief Executive Officer	2019	$2,200,000	$ 276,817	$2,476,817
Emmanuel Jaclot Executive Vice-President and Head of Infrastructure	2019	€1,114,502	€ 140,233	€1,254,735
Martin Laguerre[3] Executive Vice-President and Head of Private Equity (New York)	2019	US$1,014,200	US$ (35,371)	US$ 978,829
Vincent Delisle[4] Executive Vice-President and Head of Liquid Markets	2019	N/A	N/A	N/A
Marc-André Blanchard[4] Executive Vice-President and Head of CDPQ Global and Global Head of Sustainability	2019	N/A	N/A	N/A
Kim Thomassin Executive Vice-President and Head of Québec	2019	$ 965,000	$ 121,422	$1,086,422

1. The amounts appearing in the table refer to the portion of variable compensation awarded in 2019 and deferred over a three-year period that was paid in 2022. As required by the Income Tax Act, these amounts must be disbursed after three years, at the latest.
2. Disbursed deferred variable compensation includes the return earned during the three-year period. The returns earned correspond to the weighted average return on CDPQ's depositors' funds expressed as a percentage, as published by CDPQ for each of its fiscal years and each of its six-month periods, compounded over a three-year period.
3. For Mr. Laguerre, pursuant to the provisions of the variable compensation program regarding employment termination, the amounts indicated correspond to the sum of deferred amounts and performance credited for the years 2019 and 2020 when he held a vice-president position, and for 2021 as an executive.
4. These executives began participating in the variable compensation program in 2020.

TABLE 43

2022 PENSION SUMMARY OF THE INDIVIDUALS LISTED IN TABLE 41[1]

This table summarizes details on the values recognized for financial statement purposes for the executives who participate in a defined benefit pension plan.[1]

		Annual benefits payable[3]		Supplemental plan			
Name and main position	Years of credited service[2]	At year-end ($)	At age 65 ($)	Accrued obligation at start of year[4] ($)	Change due to compensatory items[5] ($)	Change due to non-compensatory items[6] ($)	Accrued obligation at year-end[4] ($)
Charles Emond President and Chief Executive Officer	3.9	43,100	201,600	514,300	156,800	(236,900)	434,200
Emmanuel Jaclot Executive Vice-President and Head of Infrastructure	3.4	44,000	311,700	508,600	198,400	(301,100)	405,900
Martin Laguerre Executive Vice-President and Head of Private Equity (New York)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vincent Delisle Executive Vice-President and Head of Liquid Markets	2.4	22,400	134,000	182,900	136,200	(105,600)	213,500
Marc-André Blanchard Executive Vice-President and Head of CDPQ Global and Global Head of Sustainability	2.3	23,100	102,300	193,700	136,900	(91,300)	239,300
Kim Thomassin Executive Vice-President and Head of Québec	5.9	75,400	254,000	1,000,100	210,000	(419,900)	790,200

1. The table above presents the changes in value of the pension plan benefits in compliance with accounting rules. These values are presented for information purposes.
2. This is the number of years of credited service in the basic plan.
3. Annual benefits equal the amount of pension payable under the basic plan and the supplemental plan at year-end or at age 65.
4. The obligations do not include those of the basic plan because employer and employee contributions are remitted to Retraite Québec, which assumes the liability for the benefits. CDPQ's contribution was $21,016 per executive in 2022, as indicated in the compensation summary (Table 41, column E).
5. The change due to compensatory items includes the annual cost of pension benefits, base salary changes in relation to the salary increase assumption used, plan changes or the awarding of additional years of service.
6. The change due to non-compensatory items includes amounts attributable to the interest accrued on the obligation at the beginning of the year, actuarial gains and losses associated with non-compensatory items and changes in actuarial assumptions.

TABLE 44

SUMMARY OF SEVERANCE PAY IN THE EVENT OF NON-VOLUNTARY TERMINATION FOR THE INDIVIDUALS LISTED IN TABLE 41

Name and main position	Theoretical amount payable[1]
Charles Emond[2] President and Chief Executive Officer	$3,713,000
Emmanuel Jaclot Executive Vice-President and Head of Infrastructure	$1,550,000
Martin Laguerre[3] Executive Vice-President and Head of Private Equity (New York)	US$1,440,000
Vincent Delisle Executive Vice-President and Head of Liquid Markets	$1,349,000
Marc-André Blanchard Executive Vice-President and Head of CDPQ Global and Global Head of Sustainability	$1,467,000
Kim Thomassin Executive Vice-President and Head of Québec	$1,020,000

1. In the event of dismissal without just and sufficient cause, the severance paid to the executives is equal to one month of base salary and annual target variable compensation per year of completed service for a minimum of 12 months subject to a maximum of 16 months. For Mr. Blanchard, the number of months used to calculate severance is 16.
2. In the event of dismissal without just and sufficient cause, this executive's employment contract provides for severance pay equal to 18 months of his annual base salary and annual target variable compensation.
3. Mr. Laguerre left CDPQ on October 20, 2022.

TABLE 45

REFERENCE MARKETS AND CDPQ TOTAL COMPENSATION FOR 2022 FOR THE INDIVIDUALS LISTED IN TABLE 41[1]

Main position	Maximum total compensation based on reference market[2]	Total compensation awarded in 2022[3]
President and Chief Executive Officer	$6,303,720	$4,205,154
Executive Vice-President and Head of Infrastructure	€4,136,410	€1,936,558
Executive Vice-President and Head of Private Equity (New York)[4]	N/A	N/A
Executive Vice President and Head of Liquid Markets	$3,740,520	$2,026,516
Executive Vice-President and Head of CDPQ Global and Global Head of Sustainability[5]	N/A	$1,958,244
Executive Vice-President and Head of Québec	$3,802,116	$1,734,459

1. Willis Towers Watson, Compensation of the President and Chief Executive Officer Study and Global Market Compensation Study, CDPQ, 2022.
2. As stipulated in the Internal Bylaw, potential total compensation at the 75th percentile of the respective reference markets was used for the President and Chief Executive Officer and non-investment positions. The 90th percentile of the reference market was used for investment positions.
3. These amounts reflect the total compensation awarded in 2022 (Table 41, column G). This compensation was awarded for a 5.8% five-year annualized return (2018 to 2022) and value added of $17.9 billion.
4. Mr. Laguerre left CDPQ on October 20, 2022.
5. Due to the nature of this position, market data are not available.

TABLE 46

SUMMARY OF THE COMPENSATION OF THE FIVE MOST HIGHLY PAID EXECUTIVES, INCLUDING THE PRESIDENT AND CEOS, OF THE SUBSIDIARIES CDPQ HOLDS AT OVER 90% FOR 2022

This table summarizes total compensation as awarded. Specifically, it sets out the variable compensation awarded for the year, divided between amounts paid and deferred. Total compensation awarded provides a better understanding of the alignment with CDPQ's performance.

Name and main position	Base compensation paid A	Variable compensation paid for the year B	Deferred variable compensation for the year[1] C	Variable compensation awarded for the year D=B+C	Pension plan contributions made by the subsidiary E	Other benefits paid or granted[2] F	Total compensation awarded for the year G=A+D+E+F
Nathalie Palladitcheff[3] President and Chief Executive Officer, Ivanhoé Cambridge	$ 550,000	$1,250,000	$1,250,000	$2,500,000	$ 67,224	$ 38,377	$3,155,601
Rana Ghorayeb President and Chief Executive Officer, Otéra Capital	$ 399,519	$ 562,500	$ 687,500	$1,250,000	$ 21,016	$ 59,657	$1,730,192
Jean-Marc Arbaud President and Chief Executive Officer, CDPQ Infra	$ 449,038	$ 780,000	$ 420,000	$1,200,000	$ 15,400	$ 7,932	$1,672,370
Karim Habra[4] Head of Europe, Co-Head of Asia-Pacific, Ivanhoé Cambridge (Paris)	€ 440,351	€ 514,000	€ 514,000	€1,028,000	€ 50,975	€ 24,082	€1,543,408
George Agethen[5] Co-Head of Asia-Pacific, Ivanhoé Cambridge (Singapore)	S$ 810,000	S$ 746,000	S$ 746,000	S$1,492,000	N/A	S$ 40,859	S$2,342,859

1. As noted on page 123 of this report, under the variable compensation program of certain subsidiaries, senior executives are required to defer a portion of their annual variable compensation awarded or to take part in a long-term variable compensation program.
2. Amounts indicated include employer contributions to group insurance premiums, perquisites and the health care account.
3. For Ms. Palladitcheff, in addition to total compensation awarded, she receives an amount of $450,000 in 2022 and 2023 related to a temporary measure.
4. For Mr. Habra, in addition to total compensation awarded, he receives an amount of €140,000 in 2022 and €280,000 in 2023 related to a temporary measure.
5. For Mr. Agethen, in addition to total compensation awarded, he receives an amount of S$190,000 in 2022 and S$386,000 in 2023 related to a temporary measure.

TABLE 47

SUMMARY OF DEFERRED VARIABLE COMPENSATION PAID IN 2022, INCLUDING THE LONG-TERM VARIABLE COMPENSATION PROGRAM FOR THE INDIVIDUALS LISTED IN TABLE 46

Name and main position	Previous fiscal year	Deferred variable compensation[1]	Cumulative return at the time of payment	Previous deferred variable compensation disbursed in 2022[2]
Nathalie Palladitcheff President and Chief Executive Officer, Ivanhoé Cambridge	2019	$229,500	$ 3,672	$233,172
Rana Ghorayeb President and Chief Executive Officer, Otéra Capital	2019	$441,350	$ 55,533	$496,883
Jean-Marc Arbaud President and Chief Executive Officer, CDPQ Infra	2019	$297,500	$ 37,433	$334,933
Karim Habra[3] Head of Europe, Co-Head of Asia-Pacific, Ivanhoé Cambridge (Paris)	2019	N/A	N/A	N/A
George Agethen[3] Co-Head of Asia-Pacific, Ivanhoé Cambridge (Singapore)	2019	N/A	N/A	N/A

1. The amounts appearing in the table refer to the portion of variable compensation awarded in 2019 and deferred over a three-year period that was paid in 2022. As required by the Income Tax Act, these amounts must be disbursed after three years, at the latest.
2. Previous deferred variable compensation disbursed includes the return earned during the three-year period. Returns earned correspond to the weighted average of depositors' funds at CDPQ expressed as a percentage, as published by CDPQ, for Otéra Capital and CDPQ Infra, and corresponds to a combined average return of CDPQ and Ivanhoé Cambridge for Invahoé Cambridge executives.
3. These executives are not eligible for a deferred variable compensation payment in 2019.

Sustainable Development Report

2022 Sustainable Development Report

In 2022, CDPQ published its Sustainable Development Action Plan (SDAP), which is structured around three strategic orientations to guide our sustainable investing commitments and targets throughout the organization.

For more information on our activities, see our Sustainable Investing Report at www.cdpq.com.

CDPQ took many actions to generate positive and sustainable social and environmental impacts. This report presents a summary of these actions.

Orientation 1 – Align our investments to support the transition to a sustainable, low-carbon economy

2022 Target	Indicator
Hold $54 billion in low-carbon assets by 2025	Value ($B) of low-carbon assets in the global portfolio, according to the Climate Bonds Initiative (CBI) taxonomy

Over the years, CDPQ has become an international leader in sustainable investment. We have focused our efforts on three key sectors: low-carbon real estate, renewable energy, and sustainable transportation. We also target investment opportunities in innovative areas such as green hydrogen, electricity storage and energy efficiency.

As at December 31, 2022, the value of our low-carbon assets totalled $47 billion, up $29 billion over five years (see Figure 48). These investments contribute directly to decarbonizing the real economy.

2022 Target	Indicator
Achieve a 60% reduction in the carbon intensity of the portfolio by 2030 compared with 2017	Reduction percentage (%) in the portfolio's carbon intensity compared with 2017

Our portfolio's carbon emissions per dollar invested are measured each year in accordance with the methodology recognized by the UN-convened Net-Zero Asset Owner Alliance. This exercise allows us to compare the carbon impact of our assets, regardless of the sector, and to raise awareness among the highest-emitting companies in our portfolio on the importance of optimizing their processes to limit their repercussions on the environment and become more resilient.

In 2022, the carbon intensity of our portfolio has decreased by 53% compared to our 2017 starting point (see Figure 49). This reduction is mainly due to our low-carbon assets, the decarbonization efforts of our portfolio companies, and our exit from oil production and refining. Details on the carbon intensity calculation that covers the entire corporate portfolio but excludes the transition envelope can be found in our Sustainable Investing Report.

FIGURE 48

LOW-CARBON ASSETS
(in billions of dollars)

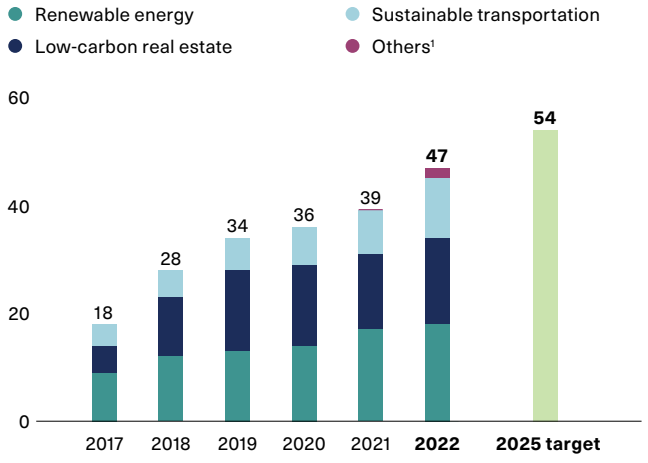
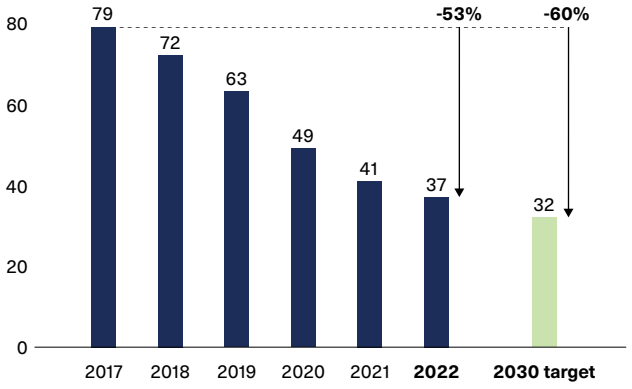


FIGURE 49

THE PORTFOLIO'S CARBON INTENSITY
(in tCO_2e/M)



1. Includes the new sectors from CBI's taxonomy.

2022 Target	Indicator
Develop an ESG coaching offer and deploy it to our portfolio companies in Québec	Number of companies supported in Québec

In 2022, we continued to provide post-investment support to companies. In Québec and around the world, we supported them as they integrated sustainability considerations into every aspect of their business.

We see this as our responsibility as a long-term investor. It is a commitment we reaffirmed when we signed Finance Montréal's Statement by the Quebec Financial Centre for a Sustainable Finance.

We also:

- Enhanced our support for portfolio companies in Québec on ESG issues
- Supported nine Québec companies interested in optimizing the integration of ESG considerations into their operations

Orientation 2 – Promote diversity, equity and inclusion in our activities and our work environment

2022 Target	Indicator
To reach a minimum of 25% of employees from an ethnocultural community or identifying as Indigenous among our teams in Québec	Rate of representation of employees from an ethnocultural community or identifying as Indigenous among our teams in Québec

We firmly believe that diversity improves the quality of our decisions and optimizes our risk management, as well as strengthening our teams' engagement and opening up new avenues for business opportunities.

With a view to continuous improvement and based on results from prior years, we have deployed new diversity, equity and inclusion (DEI) initiatives:

- Our Workplace Equity, Diversity and Inclusion Policy was enhanced with:
  - An expanded notion of pay equity moving beyond gender to encompass ethnocultural backgrounds
  - A commitment to continue conducting annual pay equity analyses to ensure fair total compensation for equivalent work at all levels of our organization
- Our EDGE+ Certification, which is globally recognized in terms of DEI in the workplace, has been renewed and now includes aspects pertaining to ethnocultural diversity
- Three affinity groups have been created to offer talent from diversity groups opportunities for networking, co-development and discussing shared realities:
  - Les Investies, for women in investment
  - Carrefour Diversité, for colleagues from ethnocultural minorities
  - Fierté CDPQ, for the organization's LGBTQ2S+ community members

Representation of employees on our Québec teams who are from ethnocultural communities or who identify as Indigenous reached 24% in 2022. Furthermore, we have set our target at 26% for 2025.

2022 Target	Indicator
Have women represent at least 30% of the Executive Committee	Share of women on our Executive Committee

Reflecting our DEI convictions, women represented 39% of our Executive Committee on December 31, 2022. Our target is now to have women make up 40% of our Executive Committee by 2025.

2022 Target	Indicator
Have women represent at least 30% of our nominee directors by 2023	Share of women among our nominee directors by 2023

Because diversity strengthens governance and decision quality at our companies, we work to appoint people with diverse profiles to the Boards on which we sit. Our objective: have women represent 30% of our nominee directors by 2023.

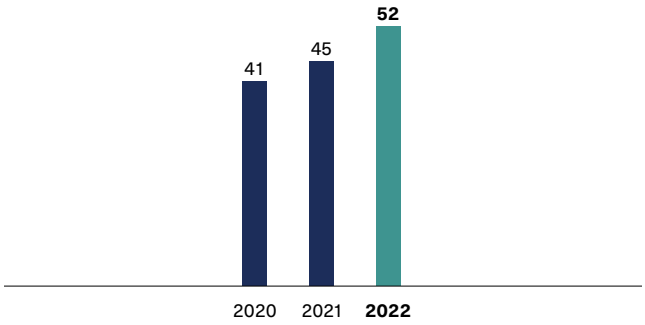
In 2022, we achieved 29% women in this group. CDPQ appointed 89 new nominee directors. Of these, 33 were women, representing 37% of the total appointments.

2022 Target	Indicator
Have women represent at least 30% of the Boards of Directors of our public portfolio companies by 2022	Share of women on the Boards of Directors of our public portfolio companies

In keeping with the requirements of our Policy Governing the Exercise of Voting Rights of Public Companies, we ask our public companies to ensure that their Boards of Directors include at least 30% women. In 2022, 52% of our actively managed public companies included at least 30% women on their Boards of Directors, an increase of nearly 27% over two years (see Figure 50).

FIGURE 50

ACTIVELY MANAGED PUBLIC COMPANIES WITH WOMEN REPRESENTING AT LEAST 30% OF THEIR BOARD OF DIRECTORS
(as a percentage)



Orientation 3 – Apply best practices in sustainable development throughout our operations

2022 Target	Indicator
Communicate at least 20 times a year on our various commitments and offer our staff resources related to these issues	Number of communications to our staff

Following the publication of the 2022 SDAP, our internal communications team developed a communication plan to inform our people about our different sustainable development commitments, and provide them with resources. Topics such as sustainable finance, DEI, training sessions available to employees, overall health, technological risks and corporate culture were addressed.

Thanks to this plan, more than 120 articles were published on the intranet.

2022 Target	Indicator
Achieve a 55% reduction in emissions at Édifice Jacques-Parizeau by 2030 compared with 2017	Reduction percentage (%) in the building's carbon footprint compared with 2017

The emissions from Édifice Jacques-Parizeau have decreased 18% since 2017, and the remaining emissions are offset each year to achieve carbon neutrality. In 2022, for the third consecutive year, the building, which is managed by our subsidiary, Ivanhoé Cambridge, earned the Zero Carbon Building – Performance Standard certification awarded by the Canada Green Building Council. This certification recognizes energy efficient buildings that produce or procure enough renewable, zero-carbon energy to offset the annual emissions associated with building operations.

2022 Target	Indicator
Achieve a waste reclamation rate of 60% in Édifice Jacques-Parizeau by 2025	Waste reclamation rate

In 2022, the waste reclamation rate was 71%.

2022 Target	Indicator
Redistribute or recycle 100% of outdated computer equipment	Recycling rate of outdated computer equipment

In 2022, all computer equipment at CDPQ was reused internally, enabling us to achieve a redistribution rate of 100%.

2022 Target	Indicator
Hold a competition to select three artists who will create works integrated into the architecture of the REM	Agreement with the artists and production of the works started

The artists who will create the first three artworks for REM stations were announced in August 2022.

An invitation to travel

Former HEC Montréal student Manuel Mathieu is well acquainted with the Édouard-Montpetit station. In composing his mosaic panels, he took inspiration from the fragments of memory passengers capture of the exterior world before plunging 70 metres below ground in Canada's deepest station.

For the Brossard station, David Armstrong VI explores the essence of train travel through two sculptures with plant, animal and human features that seem to be in permanent movement.

Chih-Chien Wang, a regular in the neighbourhood around the Panama station, wanted to pay tribute to this location where different cultures meet. His aerial photographs incorporate dust particles to evoke the transition from the infinitely small to the infinitely vast, and from the personal to the universal.

Unveiling of the first three REM artworks and their creators

Manuel Mathieu dreamt up the monumental mosaics for the Édouard-Montpetit station, David Armstrong VI designed a diptych of organic sculptures for the Brossard station, and Chih-Chien Wang poetically reworked aerial photographs of landscapes for the Panama station.

Financial Report

Change in Assets

NET ASSETS ATTRIBUTABLE TO DEPOSITORS

Net assets attributable to depositors grew from $298.5 billion as at December 31, 2017, to $401.9 billion as at December 31, 2022, an increase of $103.4 billion over five years. This growth was primarily due to investment results of $91.8 billion, in addition to depositors' net contributions of $11.6 billion (see Table 54, page 143).

During 2022, net assets attributable to depositors decreased by $17.9 billion to $401.9 billion, compared to $419.8 billion as at December 31, 2021. This decrease was due to -$24.6 billion of investment results and $6.7 billion in depositors' net contributions.

TOTAL ASSETS

As at December 31, 2022, total assets reached $473.8 billion, compared to $472.4 billion at the end of 2021 (see Table 51). The $1.4-billion increase was due to net acquisitions of investments and losses on financial instruments. The liabilities to total assets ratio rose to 15% as at December 31, 2022, compared to 11% in 2021. CDPQ's liabilities consist primarily of amounts payable on transactions being settled, securities sold under repurchase agreements, securities sold short and the financing programs issued by our subsidiary CDP Financial, which are used to finance investments.

ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

CDPQ and its subsidiaries administer and manage assets entrusted to them by clients and on their behalf. These assets are not included in CDPQ's Consolidated Financial Statements. CDPQ and its subsidiaries receive fees in return for such portfolio management services and administrative services, which include the administration of real estate properties and transferred mortgages.

As at December 31, 2022, CDPQ's assets under management and assets under administration totalled $170.4 billion, up $10.0 billion from one year earlier (see Table 52). This growth came primarily from the portfolio administered by MCAP, a subsidiary of Otéra Capital. This company administers $145.6 billion of Canadian residential, commercial and construction mortgages.

TABLE 51

FINANCIAL INFORMATION – FINANCIAL POSITION
(as at December 31 – in millions of dollars)

	2022	2021
ASSETS		
Investments	**466,957**	466,157
Other assets	**6,850**	6,209
Total assets	**473,807**	472,366
LIABILITIES		
Investment liabilities	**68,343**	47,287
Other liabilities	**3,577**	5,282
Total liabilities	**71,920**	52,569
Net assets	**401,887**	419,797

TABLE 52

FINANCIAL INFORMATION – TOTAL ASSETS UNDER MANAGEMENT
(as at December 31 – in millions of dollars)

	2022	2021
Total assets	**473,807**	472,366
Assets under management	**23,189**	19,413
Assets under administration	**147,253**	141,021
Assets under management and assets under administration	**170,442**	160,434
Total assets under management	**644,249**	632,800

INVESTMENT RESULTS

Over five years, investment results amounted to $91.8 billion. The Equities asset class contributed the most, generating results of $75.5 billion, including $28.9 billion from the Equity Markets portfolio and $46.6 billion from the Private Equity portfolio. The Fixed Income and Real Assets classes also contributed -$1.8 billion and $20.9 billion, respectively.

For 2022, the -$24.6 billion in investment results (see Table 53) were mainly attributable as follows: Fixed Income at -$20.1 billion and Equities at -$12.1 billion. The Real Assets class generated $10.5 billion in investment results.

NET CONTRIBUTIONS BY DEPOSITORS

As at December 31, 2022, depositors' net contributions totalled $6.7 billion, mainly due to net contributions of $5.3 billion by the Québec Pension Plan and $3.1 billion by the Government of Québec's Generations Fund, offset by net withdrawals of $1.1 billion by the Government and Public Employees Retirement Plan.

TABLE 53

FINANCIAL INFORMATION – INVESTMENT RESULTS
(for the period ended December 31 – in millions of dollars)

	2022	2021
Net investment income	**7,686**	12,292
Operating expenses	**(924)**	(718)
Net income	**6,762**	11,574
Net gains (losses) on financial instruments at fair value	**(31,374)**	37,155
Investment results	**(24,612)**	48,729

TABLE 54

FINANCIAL INFORMATION – SUMMARY OF CHANGES IN NET ASSETS
(for the period from 2018 to 2022 – in billions of dollars)

	2022	2021	2020	2019	2018	5 years
Net assets, beginning of year	**419.8**	365.5	340.1	309.5	298.5	**298.5**
Investment results	**(24.6)**	48.7	24.8	31.1	11.8	**91.8**
Net contributions (net withdrawals) by depositors	**6.7**	5.6	0.6	(0.5)	(0.8)	**11.6**
Net assets, end of year	**401.9**	419.8	365.5	340.1	309.5	**401.9**

Cost Management

To optimize its risk-return profile, CDPQ seeks to diversify its portfolio through exposure to a wide range of asset classes, geographic markets and strategies. The vast majority of its investments are managed internally, but for certain specific activities, forming a team is not an optimal strategy.

Sometimes CDPQ seeks cutting-edge expertise in a targeted sector or in-depth knowledge in a region where we have a limited presence. We may also want to take advantage of low-cost investment opportunities that would be difficult to obtain without partnerships or strategies that complement our own. It may therefore be to the organization's advantage to partner with external managers that meet our criteria and share our investment philosophy, as well as demonstrate strong management and execution capabilities.

The decision to carry out activities internally or use external managers is based on an in-depth analysis of various options to find the best way to achieve our business objectives while managing the related costs in an optimal manner.

COSTS BY EXPENSE TYPE

CDPQ seeks to optimize its costs in comparison to other institutional fund managers of similar size engaged in similar activities.

The costs generated by its activities can be broken down into the following categories:

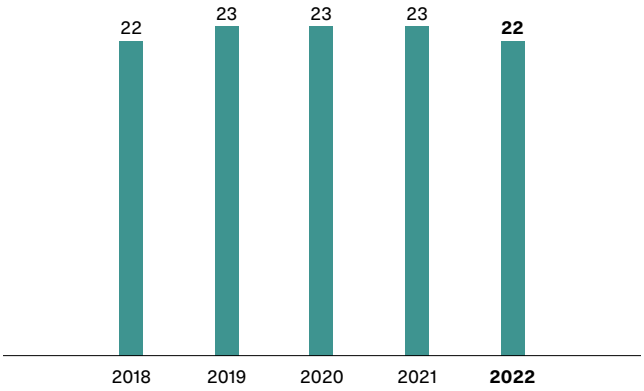
1. Operating expenses
2. External management fees – Equity Markets
3. External management fees – Private Markets and other funds
4. Transaction costs

The costs presented, which include all costs paid, are expressed in dollars and cents per $100 of average net assets (basis points). This allows for better comparisons with previous years due to changes in asset size. These costs are included in the financial results and presented in various parts of the financial statements, and have been shown together in this section since 2021.

In 2022, CDPQ's operating expenses and external management fees for Equity Markets—excluding the IT development costs capitalized in previous years—stood at $893 million. This amount represents 22 basis points (see Figure 55), down from the level recorded in the period from 2019 to 2021. This ratio compares favourably with that of the industry.

FIGURE 55

OPERATING EXPENSES AND EXTERNAL MANAGEMENT FEES – EQUITY MARKETS EXPRESSED PER $100 OF DEPOSITORS' AVERAGE NET ASSETS
(for periods ended December 31 – in cents)



1. OPERATING EXPENSES

Operating expenses represent portfolio management and administration costs and costs incurred for internally managed investments. For 2022, operating expenses—excluding IT development costs capitalized in previous years—stood at $775 million, or 19 basis points. As shown in Table 56, on page 146, they rose slightly from 2021, when they were 18 basis points. This was due to the specific context of 2022, which was characterized by high inflation combined with the post-pandemic recovery of CDPQ's activities.

IT development costs

Expenses for developing cloud computing consist of customization and configuration costs related to software-as-a-service agreements.

As explained in Note 9 to the financial statements, on page 184, and following a decision by the International Financial Reporting Interpretations Committee (IFRIC), CDPQ no longer capitalizes these costs.

As a result, the $149 million in IT development costs (4 basis points) paid before January 1, 2022 and capitalized according to the standards previously in force are included in the costs for the fiscal year ended December 31, 2022. They are not, however, included in the cost ratio for the year, since they were paid in previous years.

2. EXTERNAL MANAGEMENT FEES – EQUITY MARKETS

External management fees for Equity Markets totalled $118 million in 2022, or 3 basis points, down from 2021. This decline was the result of market variations and the correction in stock market indexes, which affected performance in 2022. In recent years, CDPQ has sought to complement our internal expertise in certain markets by entrusting the management of certain securities to external managers.

3. EXTERNAL MANAGEMENT FEES – PRIVATE MARKETS AND OTHER FUNDS

CDPQ invests in funds offered by experienced external managers, allowing for the geographical diversification of activities and expanding the investment pool into niche areas. The fees related to these funds are of two types:

- Management fees, which are calculated on the amount of assets held by the fund
- Performance fees, which are incentives payable when the returns generated exceed a target rate of return, thereby ensuring that the interests of the managers and CDPQ are aligned

These costs, consisting of the management fees and performance fees paid, are among the items deducted from the fair value of the fund and are included in CDPQ's investment results.

In 2022, the external management fees for Private Markets and other funds totalled $845 million, representing 20 basis points. The one-year decrease was mainly due to lower performance by the external managers in Private Markets and other funds, including in private equity, compared to 2021.

MAJOR CONTRIBUTION TO THE PERFORMANCE OF ASSETS IN PRIVATE MARKETS AND OTHER FUNDS

CDPQ uses external managers to achieve our strategic orientations, which require an agile deployment of capital to implement certain active management strategies. These activities are intended as a complement to the activities of our teams. External managers are selected through a rigorous process that includes performing a complete due diligence review and negotiating management and performance fees.

Manager performance is regularly assessed to ensure that performance objectives are achieved while minimizing the costs to the organization. Performance fees are payable only when managers perform better than a target return set by CDPQ. These fees are significant incentives for encouraging superior returns and producing value added.

4. TRANSACTION COSTS

Transaction costs are attributable to the acquisition, sale and issuance of financial instruments. They include:

- Financial, legal, tax and ESG due diligence costs
- Fees and commissions paid to consultants and external financial institutions
- Brokerage fees and amounts levied by regulatory agencies
- Transfer duties and taxes

These costs may vary from one year to the next based on the amount of capital deployed and the complexity of the transactions. In 2022, they totalled $242 million, or 6 basis points, compared to 8 basis points in 2021.

COST RATIO

For the year ended December 31, 2022, the internal and external management costs of the investments detailed above totalled $1.980 billion (see Table 56), representing 48 basis points. The one-year decrease was mainly due to lower performance fees paid on investments under external management. As mentioned above, the ratio of operating expenses and external management fees for Equity Markets declined compared to the three previous years.

OPERATIONAL EFFICIENCY

CDPQ periodically reviews its business processes and maintains tight control over costs. It seeks to manage them as efficiently as possible in order to generate optimal returns.

For many years, CDPQ has taken part in work to benchmark its costs by asset class. Annual benchmarking conducted with CEM Benchmarking, an independent provider of cost and performance benchmarking information for pension funds and other institutional asset managers around the world, has confirmed that CDPQ's cost management ranks favourably with that of its peers.

TABLE 56

EXPENSE RATIO
(as at December 31)

Expense category	2022		2021	
	$M	**BPS[1]**	$M	BPS[1]
Operating expenses[2]				
Management and administration of CDPQ portfolios	**775**	**19**	718	18
External management fees – Equity Markets				
Base and performance fees	**118**	**3**	174	5
Subtotal	**893**	**22**	892	23
External management fees – Private Markets and other funds				
Base and performance fees paid and deducted from the fair value of funds	**845**	**20**	999	26
Transaction fees				
Acquisition, sale and issuance of financial instruments	**242**	**6**	306	8
Total	**1,980**	**48**	2,197	57

1. Expenses presented in basis points represent costs paid expressed in cents per $100 of average net assets.
2. Excludes IT development expenses of $149 million.

CDP Financial

CDP Financial is a wholly owned subsidiary of CDPQ. Its transactions are designed to optimize the cost of financing the operations of both the organization and its subsidiaries, to diversify their sources of financing and to match financed assets in terms of their exposure to currencies and interest rates. To achieve its objectives, CDP Financial has various financing programs on the local and international institutional markets that it uses for short-, medium- and long-term borrowing.

SHORT-TERM BORROWING

As at December 31, 2022, short-term financing totalled $13.1 billion, denominated in the following currencies:

- Canadian dollar: $0.7 B
- U.S. dollar: $9.1 B
- Euro: €9.8 M

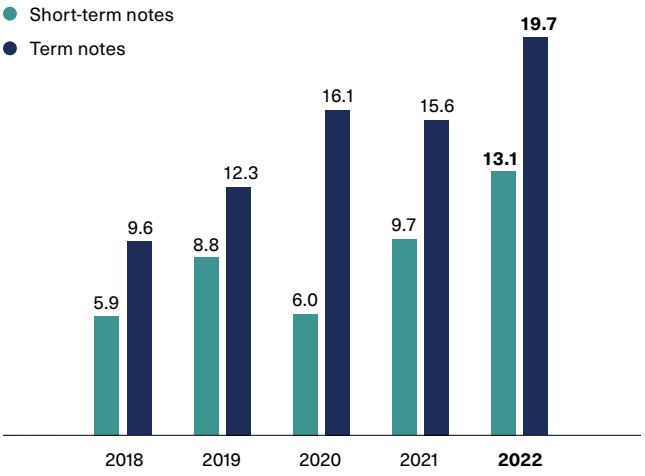
TERM BORROWING

As at December 31, 2022, the fair value of CDP Financial's outstanding term notes totalled $19.7 billion, compared to $15.6 billion at the end of 2021 (see Figure 57). This change was mainly due to the issuance of four new notes in the amounts of US$1.5 billion, €2.0 billion, CA$1.5 billion and CA$1.25 billion, in addition to the maturity of a US$2.0 billion note. The higher interest rates, partly offset by the foreign exchange effect, had a negative impact on the market value of term notes.

In November 2022, CDPQ issued green bonds on the Canadian market in an amount of $1.25 billion. In accordance with its climate change commitments, in 2021 CDPQ established a reference framework that follows best practices and the Green Bond Principles developed by the International Capital Market Association (ICMA). Proceeds from issuances of green bonds are allocated to a selection of sustainable investments in areas such as renewable energy, green transportation and energy efficiency.

FIGURE 57

BREAKDOWN OF BORROWINGS – CDP FINANCIAL
(fair market value as at December 31 – in billions of dollars)



CREDIT FACILITY

During the year ended December 31, 2022, CDP Financial renewed a credit facility with an authorized maximum amount of US$4 billion with a group of ten financial institutions. This credit facility is fully guaranteed, unconditionally and irrevocably, by CDPQ. No amount was drawn on this credit facility during the year.

BREAKDOWN BY CURRENCY

As at December 31, 2022, the financing can be broken down as follows: Debt instruments denominated in U.S. dollars represented 78%, while 14% were denominated in Canadian dollars and 8% were denominated in euros.

HIGHEST CREDIT RATINGS REAFFIRMED

DBRS Morningstar (DBRS), Fitch Ratings (Fitch), Moody's Investors Service (Moody's) and Standard & Poor's (S&P) reaffirmed their investment-grade credit ratings with a stable outlook in 2022 for both CDP Financial and CDPQ (see Table 58).

TABLE 58

CREDIT RATINGS

	Short-term	Long-term
DBRS	R-1 (high)	AAA
Fitch	F1+	AAA
Moody's	Prime-1	Aaa
S&P	A-1+ A-1 (high)	AAA

Significant Accounting Policies

CDPQ's consolidated financial statements include the accounts of the General Fund, of the individual funds, and of the specialized portfolios as well as the accounts of our subsidiaries that exclusively offer services related to financing, administrative and management activities. The net assets attributable to depositors presented in the Consolidated Statements of Financial Position reflect the combined net value of the accounts of each depositor. Note 2 to the Audited Consolidated Financial Statements as at December 31, 2022 and 2021 describes the significant accounting policies used by CDPQ.

FINANCIAL REPORTING

CDPQ's consolidated financial statements are prepared in accordance with the prevailing accounting standards, namely International Financial Reporting Standards (IFRS), as stipulated in the Act respecting CDPQ.

EXTERNAL AUDIT

In accordance with the Act respecting CDPQ, the co-auditors audited all of CDPQ's accounting records and issued an unqualified independent auditors' report for each of the 77 financial statements.

Significant IFRS accounting standards applicable to the Consolidated Financial Statements of CDPQ

Investment entities

Under IFRS 10 – *Consolidated Financial Statements*, the subsidiaries that constitute an investment for an investment entity must be presented and measured at fair value. CDPQ, which is qualified as an investment entity, does not consolidate its subsidiaries, particularly its real estate, real estate debt, private equity, infrastructure, fixed income, hedge fund and equity markets subsidiaries. Valuation of these investments is based on a corporate valuation technique in accordance with IFRS.

Fair value measurement

IFRS 13 – *Fair Value Measurement* provides a single source of guidelines for all fair value measurements. Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The main techniques for measuring investments, including measuring CDPQ's non-consolidated subsidiaries, are described in Note 6 to the Consolidated Financial Statements on page 172.

Impact of economic uncertainty on judgments, estimates and assumptions

The pandemic declared by the World Health Organization in 2020, as well as geopolitical tensions and rapidly rising inflation and interest rates, continue to disrupt global economic activity and create high levels of uncertainty and volatility in financial and stock markets. Although the techniques for measuring the fair value of financial instruments have remained the same, the main estimates and assumptions, as well as the analysis and management of risks, take into account the uncertainties and factors known to date. This allows us to provide our best estimate of the impact of the pandemic on the fair value of these financial instruments. CDPQ's best estimates are reflected in the results presented. CDPQ continues to monitor the evolution of economic uncertainties and their impacts.

Financial measures

As part of issuing certain information included in the Annual Report, CDPQ uses and presents both measures in accordance with IFRS and other non-IFRS financial measures. CDPQ is of the opinion that these measures provide relevant information, complementary to the analysis of its financial reporting (see General Notes 3 and 6, page 234).

Adoption of new IFRS

No issued or amended standard not yet effective as of the date of the consolidated financial statements is expected to have a material impact on them.

Fair Value Measurement

FAIR VALUE MEASUREMENT POLICY

Investment valuation is a process whereby a fair value is assigned to each of CDPQ's investments with a view to preparing the consolidated financial statements. Measurement of investments at fair value is performed periodically in accordance with CDPQ's Investment Valuation Policy, which is approved by the Board of Directors. This general policy is further supported by the valuation directive applicable to private investments and protocols that stipulate the valuation process and methodology for each type of investment. The policy and directive also establish governance for the valuation and reporting process. Application of the policy is the responsibility of the Valuation Committee, which reports to the Executive Committee and is supported by a valuation team. The Valuation Committee approves compliance with the policy and the fair value of CDPQ's investments semi-annually. Accordingly, the Valuation Committee recommends these fair values to the Audit Committee. The policy complies with the standards and practices of Canadian and international valuation bodies and demonstrates a rigorous governance framework for financial instrument valuation processes.

Under the policy, when fair value is determined by external valuators or third parties, the Valuation Committee, with the support of the Valuation team, verifies the qualifications, experience and independence of these parties. It also reviews the valuation techniques, the significant inputs used in calculating fair value, and the results and conclusions to ensure that they are in compliance with recognized valuation standards.

In addition, to ensure the reasonableness of the fair value determined, CDPQ conducts backtesting, and compares the established fair value with values of comparable transactions, including the values of comparable public companies, in addition to using the services of external valuators.

The co-auditors have access to all valuation files as part of the audit of the year-end consolidated financial statements.

CONCEPTUAL FRAMEWORK

IFRS define fair value and provide guidelines on measurement and disclosures related to fair value. Entities are required to maximize the use of relevant observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair value must be established by assuming that the investments are available for sale, that is, that the fair value of investments corresponds to an exit price at the date of the financial statements. The purpose of the accounting standards is to define a single conceptual framework that can be used in all situations requiring fair value measurement.

CDPQ considers that IFRS constitute a coherent framework for fair value measurement. Nevertheless, these standards do not take into account the fact that, in accordance with the very long-term investment horizon adopted by our main depositors, CDPQ has the means and intends to hold certain investments until their optimal value is attained.

As such, the fair value established as at December 31, 2022, for investments in liquid and less-liquid markets reflects the general volatility of the financial markets, and this may differ from the economic value of long-term investments.

Note 6 to the Consolidated Financial Statements, on page 172, describes the fair value measurement techniques.

Consolidated Financial Statements

Management's Responsibility for Consolidated Financial Reporting

The preparation and presentation of the consolidated financial statements of la Caisse de dépôt et placement du Québec ("CDPQ") are the responsibility of management. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and incorporated into the CPA Canada Handbook. We ensure that the financial information in the Annual Report is consistent with the information in the consolidated financial statements.

The consolidated financial statements include amounts that are based on management's best estimates and judgment, with due regard for their relative importance. Moreover, when preparing the financial information, management has made decisions regarding the information to be presented as well as estimates and assumptions that affect the information presented. Future results may differ considerably from our current estimates, as changes to financial markets or other events could have an impact on the fair value of the investments.

In our responsibility for the reliability of financial information, we rely on disclosure controls and procedures and internal controls over financial reporting. In particular, these controls include a clear definition of responsibilities, delegation of powers, allocation of duties, ethical standards, employee hiring and training criteria as well as policies, guidelines and procedures designed to ensure that transactions are duly authorized, assets are properly measured and safeguarded, and proper records are maintained.

Moreover, CDPQ's internal audit group audits the internal controls on a regular basis. These controls and audits are designed to provide reasonable assurance regarding the reliability of the accounting records used to prepare the consolidated financial statements and to ensure that assets are not used or disposed of in any unauthorized manner, that liabilities are recorded, and that we meet all the legal requirements to which CDPQ is subject, including the *Act respecting the Caisse de dépôt et placement du Québec*.

Each year, we certify the design and effectiveness of the internal control over financial information and the design and effectiveness of the disclosure controls and procedures. We report any significant irregularity to the Audit Committee of the Board of Directors of CDPQ, as necessary.

The Auditor General of Québec and Ernst & Young LLP (the "co-auditors") have audited the consolidated financial statements of CDPQ for the years ended December 31, 2022 and 2021 and their report covers the nature and scope of the audit and expresses their opinion. The co-auditors have unrestricted access to the Audit Committee to discuss any matter related to their audit.

The Board of Directors and its committees supervise the manner in which management fulfills its responsibility for the establishment and presentation of financial information, maintenance of appropriate internal controls, compliance with the requirements of laws and regulations, management of and control over the main risks, and evaluation of major transactions. Moreover, it approves the consolidated financial statements and the Annual Report.

The Board of Directors approved the consolidated financial statements for the years ended December 31, 2022 and 2021. It is assisted in its responsibilities by the Audit Committee, of which all members are independent directors. This Committee meets with management and the co-auditors, examines the consolidated financial statements, and recommends the approval thereof to the Board of Directors.

CHARLES EMOND, FCPA

President and Chief Executive Officer

Montréal, February 21, 2023

MAARIKA PAUL, FCPA, CBV, ICD.D

Executive Vice-President and
Chief Financial and Operations Officer

Independent Auditors' Report

To the National Assembly

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of la Caisse de dépôt et placement du Québec and its subsidiaries (the Group), which comprise the Consolidated Statements of Financial Position as at December 31, 2022 and 2021 and the Consolidated Statements of Comprehensive Income (loss), the Consolidated Statements of Changes in Net Assets Attributable to Depositors and the Consolidated Statements of Cash Flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the audit addressed the key audit matter
Fair value measurement of financial assets based on unobservable inputs	
The Group describes the estimates and assumptions and judgment used in measuring the fair value of financial instruments in Notes 2 and 6 of the consolidated financial statements. As disclosed in Note 6 to the consolidated financial statements, the Group has $222.5 billion in financial assets classified as Level 3 of the fair value hierarchy. The fair values of these financial instruments are calculated using valuation techniques for which the significant inputs are unobservable. The main unobservable inputs used to measure these financial assets are the earnings before interest, taxes, depreciation and amortization (EBITDA) multiples, credit spreads, discount rates, capitalization rates, discounts to net asset value, and future cash flows. Auditing the fair value of financial assets based on unobservable inputs is complex, requires the auditors to apply considerable judgment, and requires the participation of valuation specialists to assess the valuation techniques and unobservable inputs used by the Group. The use of different assumptions and valuation techniques could result in considerably different fair value estimates given that the unobservable inputs are associated with a higher degree of subjectivity and uncertainty and could be influenced by future market conditions and events.	We have obtained an understanding, evaluated the design, and tested the operating effectiveness of the controls used in the investment valuation process, which include management review controls on the assessment of valuation techniques, significant inputs, and assumptions used in estimating fair value. The audit procedures performed when measuring the fair value of financial assets based on unobservable inputs varied according to the nature of the chosen investment and consisted of the following procedures, among others: • We assessed, in collaboration with our specialists, the appropriateness of the valuation techniques used and tested the mathematical accuracy of the valuation models. • For a sample of investments, we assessed the appropriateness of the unobservable inputs and assumptions used in estimating fair value by comparing them to supporting documentation or available market data and by evaluating any significant adjustment made thereto. • More specifically, for the selected investments, we analyzed the significant adjustments applied to the EBITDA multiples and to future cash flows. We also assessed the determination of credit spreads, discount rates, capitalization rates, and discounts to net asset value using information specific to the investments as well as relevant market information. In addition, we assessed the appropriateness of management's choice of comparable public companies. • For a sample of investments sold during the fiscal year, we validated the accuracy of the previous estimates made by management. We also examined the assessment of subsequent events and transactions made by management and we assessed whether these events and transactions confirm or contradict the year-end estimates.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The 2022 Annual Report is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on the 2022 Annual Report, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's 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 the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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 the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
As required by the *Auditor General Act* (CQLR, chapter V-5.01), we report that, in our opinion, these accounting standards have been applied on a basis consistent with that of the preceding year.

The engagement partner from Ernst & Young LLP on the audit resulting in this independent auditors' report is Michel Bergeron.

Auditor General of Québec,

Guylaine Leclerc, FCPA auditor

Canada, Montréal, February 21, 2023

Ernst & Young LLP[1]

[1] FCPA auditor, public accountancy permit No. A114960

Canada, Montréal, February 21, 2023

Consolidated Statements of Financial Position

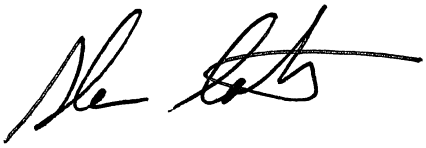
(in millions of Canadian dollars)	**December 31, 2022**	December 31, 2021
ASSETS		
Cash	**1,426**	1,073
Amounts receivable from transactions being settled	**2,376**	2,213
Advances to depositors	**727**	1,011
Investment income, accrued and receivable	**1,174**	949
Other assets	**1,147**	963
Investments *(Note 4)*	**466,957**	466,157
Total assets	**473,807**	472,366
LIABILITIES		
Amounts payable on transactions being settled	**1,943**	3,443
Other liabilities	**1,634**	1,839
Investment liabilities *(Note 4)*	**68,343**	47,287
Total liabilities excluding net assets attributable to depositors	**71,920**	52,569
Net assets attributable to depositors	**401,887**	419,797

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board of Directors,

CHARLES EMOND, FCPA

President and Chief Executive Officer



ALAIN CÔTÉ, FCPA, ICD.D

Chair of the Audit Committee

Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31

(in millions of Canadian dollars)	**2022**	2021
Investment income	**8,648**	12,797
Investment expense	**(962)**	(505)
Net investment income *(Note 8)*	**7,686**	12,292
Operating expenses *(Note 9)*	**(924)**	(718)
Net income	**6,762**	11,574
Net gains (losses) on financial instruments at fair value *(Note 8)*	**(31,374)**	37,155
Investment result before distributions to depositors *(Note 8)*	**(24,612)**	48,729
Distributions to depositors	**(8,134)**	(21,870)
Net income (loss) and comprehensive income (loss) attributable to depositors	**(32,746)**	26,859

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Net Assets Attributable to Depositors

For the years ended December 31

(in millions of Canadian dollars)	Demand deposits	Term deposits	Distributions payable to depositors	Participation deposits	Net assets attributable to depositors
Balance as at December 31, 2021	782	7	1,839	417,169	419,797
Attributions and distributions					
Net loss and comprehensive loss attributable to depositors	**–**	**–**	**–**	**(32,746)**	**(32,746)**
Distributions to depositors	**8,987**	**–**	**(853)**	**–**	**8,134**
Participation deposits					
Issuance of participation deposit units	**(19,708)**	**–**	**–**	**19,708**	**–**
Cancellation of participation deposit units	**4,643**	**–**	**–**	**(4,643)**	**–**
Net Deposits					
Net change in term deposits	**–**	**(1)**	**–**	**–**	**(1)**
Net contributions	**6,703**	**–**	**–**	**–**	**6,703**
BALANCE AS AT DECEMBER 31, 2022	**1,407**	**6**	**986**	**399,488**	**401,887**
Balance as at December 31, 2020	4,042	7	2,653	358,790	365,492
Attributions and distributions					
Net income and comprehensive income attributable to depositors	–	–	–	26,859	26,859
Distributions to depositors	22,684	–	(814)	–	21,870
Participation deposits					
Issuance of participation deposit units	(32,463)	–	–	32,463	–
Cancellation of participation deposit units	943	–	–	(943)	–
Net Deposits					
Net contributions	5,576	–	–	–	5,576
BALANCE AS AT DECEMBER 31, 2021	782	7	1,839	417,169	419,797

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31

(in millions of Canadian dollars)	**2022**	2021
Cash flows from operating activities		
Net income (loss) and comprehensive income (loss) attributable to depositors	**(32,746)**	26,859
Adjustments for:		
Unrealized net gains on short-term promissory notes, term notes and loans payable	**(1,683)**	(372)
Net foreign exchange losses on short-term promissory notes, term notes and loans payable	**1,164**	164
Distributions to depositors	**8,134**	21,870
Net changes in operating assets and liabilities		
Amounts receivable from transactions being settled	**(163)**	903
Advances to depositors	**284**	(730)
Investment income, accrued and receivable	**(225)**	160
Other assets	**(184)**	(375)
Investments	**(2,227)**	(60,066)
Amounts payable on transactions being settled	**(1,500)**	153
Other liabilities	**(205)**	634
Investment liabilities	**11,780**	2,686
	(17,571)	(8,114)
Cash flows from financing activities		
Net change in short-term promissory notes payable	**(2,369)**	2,988
Issuance of short-term promissory notes payable	**16,316**	10,359
Repayment of short-term promissory notes payable	**(10,793)**	(9,927)
Net change in loans payable	**1,789**	(740)
Issuance of term notes payable	**7,405**	2,452
Repayment of term notes payable	**(2,554)**	(2,429)
Net contributions	**6,703**	5,576
	16,497	8,279
Net increase (decrease) in cash and cash equivalents	**(1,074)**	165
Cash and cash equivalents at the beginning of the year	**2,575**	2,410
Cash and cash equivalents at the end of the year	**1,501**	2,575
Cash and cash equivalents comprise:		
Cash	**1,426**	1,073
Cash equivalents *(note 4)*	**75**	1,502
	1,501	2,575
Supplemental information on cash flows from operating activities		
Interest and dividends received	**7,691**	8,456
Interest paid	**(694)**	(396)

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

(Tabular amounts are shown in millions of Canadian dollars, unless otherwise indicated.)

01
CONSTITUTION AND NATURE OF OPERATIONS

La Caisse de dépôt et placement du Québec (CDPQ), a legal person established in the public interest within the meaning of the Civil Code of Québec, is governed by the *Act respecting the Caisse de dépôt et placement du Québec* (CQLR, chapter C-2) (the Act").

CDPQ is domiciled in Québec, Canada. Its head office is located at 65 Sainte-Anne St., Québec City, Canada and its main office is located at 1000 Place Jean-Paul-Riopelle, Montréal, Canada.

CDPQ's mission is to receive moneys on deposit as provided by the Act and to manage them with a view to achieving an optimal return on depositors' capital within the framework of the depositor investment policies while also contributing to Québec's economic development.

CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared for the purposes of presenting CDPQ's financial position, financial performance and cash flows. CDPQ's consolidated financial statements include the accounts of the General Fund, of the individual funds, and of the specialized portfolios as well as the accounts of its subsidiaries that exclusively offer services related to financing, administrative, and management activities. In preparing the consolidated financial statements, all intercompany transactions and balances have been eliminated.

The investing activities of the depositors in CDPQ's various specialized portfolios are concluded through the participation deposit units of individual funds.

GENERAL FUND

The General Fund comprises cash and cash equivalent activities for CDPQ's operational purposes and management of demand deposits, term deposits, and the financing activities.

INDIVIDUAL FUNDS

The individual funds consist mainly of diversified investments in specialized portfolios. Each individual fund is dedicated to a single depositor who invests in the participation deposits of the individual funds.

The individual funds of depositors are as follows:

Fund 300: Base Québec Pension Plan, administered by Retraite Québec

Fund 301: Government and Public Employees Retirement Plan, administered by Retraite Québec

Fund 302: Pension Plan of Management Personnel, administered by Retraite Québec

Fund 303: Pension Plan for Federal Employees Transferred to Employment with the Gouvernement du Québec, administered by Retraite Québec

Fund 305: Pension Plan of Elected Municipal Officers (PPEMO), administered by Retraite Québec

Fund 306: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Volet à prestations déterminées, administered by the Comité de retraite

Fund 307: Fonds d'assurance automobile du Québec, administered by the Société de l'assurance automobile du Québec

Fund 309: Fonds des opérations courantes de l'autorité, administered by the Autorité des marchés financiers

Fund 310: Régime de retraite des chauffeurs d'autobus de la Société de transport de Laval, administered by the Comité de retraite

Fund 311: Supplemental Pension Plan for Employees of the Québec Construction Industry – General Account, administered by the Commission de la construction du Québec

Fund 312: Supplemental Pension Plan for Employees of the Québec Construction Industry – Retirees Account, administered by the Commission de la construction du Québec

Fund 313: Supplemental Pension Plan for Employees of the Québec Construction Industry – Supplementary Account, administered by the Commission de la construction du Québec

Fund 314: Deposit Insurance Fund, administered by the Autorité des marchés financiers

Fund 315: Dedicated account, administered by La Financière agricole du Québec

INDIVIDUAL FUNDS (continued)

Fund 316: Retirement Plans Sinking Fund – RREGOP (RPSF-RREGOP), administered by the ministère des Finances, Government of Québec

Fund 317: Retirement Plans Sinking Fund – PPMP (RPSF-PPMP), administered by the ministère des Finances, Government of Québec

Fund 318: Retirement Plans Sinking Fund – Others (RPSF-Others), administered by the ministère des Finances, Government of Québec

Fund 319: Régimes de retraite de la Société des casinos du Québec, administered by the Société des casinos du Québec Inc.

Fund 321: Fiducie globale de la Ville de Longueuil, administered by the Comité de placement (created on January 1, 2022)

Fund 322: Régime de retraite HEC, administered by HEC Montréal

Fund 323: Régime des policiers de la Ville de Longueuil, administered by the Comité de retraite (created on January 1, 2022)

Fund 324: Fonds commun des cols bleus et pompiers de la Ville de Longueuil, administered by the Comité de retraite (created on January 1, 2022)

Fund 326: Crop Insurance Fund, administered by La Financière agricole du Québec

Fund 328: Survivor's Pension Plan, administered by the Secrétariat du Conseil du trésor

Fund 329: Fonds d'assurance-garantie, administered by la Régie des marchés agricoles et alimentaires du Québec

Fund 330: Fonds de la santé et de la sécurité du travail, administered by the Commission des normes, de l'équité, de la santé et de la sécurité du travail

Fund 331: Régime de retraite des employés du Réseau de transport de la Capitale, administered by the Comité de retraite

Fund 332: Fonds des cautionnements des agents de voyages – cautionnements individuels, administered by the Office de la protection du consommateur

Fund 333: Compensation Fund for Customers of Travel Agents, administered by the Office de la protection du consommateur

Fund 334: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Volet à coût partagé, administered by the Comité de retraite

Fund 335: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2020, administered by the Comité de retraite

Fund 336: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2030, administered by the Comité de retraite

Fund 337: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2040, administered by the Comité de retraite

Fund 338: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2050, administered by the Comité de retraite

Fund 339: Fonds d'indemnisation des services financiers, administered by the Autorité des marchés financiers

Fund 340: Régimes de retraite de la Ville de Terrebonne, administered by the Comité de retraite conjoint des Régimes de retraite de la Ville de Terrebonne

Fund 342: Régime de retraite de l'Université du Québec, administered by the Comité de retraite du Régime de retraite de l'Université du Québec

Fund 343: Parental Insurance Fund, administered by the Conseil de gestion de l'assurance parentale

Fund 344: Réserve, administered by La Financière agricole du Québec

Fund 345: Fiducie globale des régimes de retraite des employés de la Ville de Lévis, administered by the Comité de retraite (created on July 1, 2022)

Fund 347: Régime de retraite du personnel des CPE et des garderies privées conventionnées du Québec, administered by the Investment Committee

Fund 351: Generations Fund, administered by the ministère des Finances, Government of Québec

Fund 353: Superannuation Plan for the Members of the Sûreté du Québec – Participants' Fund (SPMSQ-part.), administered by Retraite Québec

Fund 354: Superannuation Plan for the Members of the Sûreté du Québec – Employers' Fund (SPMSQ-empl.), administered by the ministère des Finances, Government of Québec

CONSTITUTION AND NATURE OF OPERATIONS

INDIVIDUAL FUNDS (continued)

Fund 361: Pension Plan of the non-teaching Staff of the Commission des écoles catholiques de Montréal, administered by the Secrétariat du Conseil du trésor

Fund 362: Régime de retraite pour certains employés de la Commission scolaire de la Capitale, administered by the Secrétariat du Conseil du trésor

Fund 363: Régime de retraite des employés de la Ville de Laval, administered by the Comité de retraite

Fund 367: Territorial Information Fund, administered by the ministère des Finances, Government of Québec

Fund 368: Strategic Partnerships Fund, administered by the Autorité des marchés financiers

Fund 369: Accumulated Sick Leave Fund, administered by the ministère des Finances, Government of Québec

Fund 371: Accumulated Sick Leave Fund – ARQ, administered by the Agence du revenu du Québec

Fund 372: Fonds commun de placement des régimes de retraite de l'Université Laval, administered by the Comité de retraite (closed on March 1, 2022)

Fund 373: Retirement Plan for Active Members of the Centre hospitalier Côte-des-Neiges, administered by Retraite Québec

Fund 374: Fiducie globale Ville de Magog, administered by the Comité de retraite mixte

Fund 376: Régime de retraite des employées et employés de la Ville de Sherbrooke, administered by the Comité de retraite des employées et employés de la Ville de Sherbrooke

Fund 378: Pension Plan of Peace Officers in Correctional Services – Employees' Contribution Fund, administered by Retraite Québec

Fund 383: Régime complémentaire de retraite des employés réguliers de la Société de transport de Sherbrooke, administered by the Comité de retraite

Fund 384: Régime de retraite des cadres de la Ville de Québec, administered by the Bureau de la retraite

Fund 385: Régime de retraite des employés manuels de la Ville de Québec, administered by the Bureau de la retraite

Fund 386: Régime de retraite des fonctionnaires de la Ville de Québec, administered by the Bureau de la retraite

Fund 387: Régime de retraite du personnel professionnel de la Ville de Québec, administered by the Bureau de la retraite

Fund 388: Régime de retraite des policiers et policières de la Ville de Québec, administered by the Bureau de la retraite

Fund 389: Régime de retraite des pompiers de la Ville de Québec, administered by the Bureau de la retraite

Fund 392: Fonds - Plan de garantie des bâtiments résidentiels neufs, administered by the Régie du bâtiment du Québec (created on March 1, 2022)

Fund 393: Régime de retraite de la Corporation de l'École Polytechnique, administered by the Comité de retraite

Fund 395: Retirement Plan for the Mayors and Councillors of Municipalities, administered by Retraite Québec

Fund 399: Additional Québec Pension Plan, administered by Retraite Québec

SPECIALIZED PORTFOLIOS

The specialized portfolios consist of common funds in which the individual funds may invest in the form of participation deposits. CDPQ's specialized portfolios are as follows:

- Short Term Investments (740)
- Rates (765)
- Credit (766)
- Long Term Bonds (764)[1]
- Real Return Bonds (762)[1]
- Infrastructure (782)
- Real Estate (710)
- Equity Markets (737)
- Private Equity (780)
- Asset Allocation (771)

1. The Real Return Bonds (762) and Long Term Bonds (764) specialized portfolios ceased operations on November 1, 2021 and December 1, 2021, respectively, and were closed on December 31, 2021.

02
SIGNIFICANT ACCOUNTING PRINCIPLES

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The accounting policies described below have been applied consistently to all reporting periods presented.

PRESENTATION AND MEASUREMENT BASIS

CDPQ measures all of its financial instruments, including investments in unconsolidated subsidiaries, joint ventures, associates and structured entities, at fair value through profit or loss (FVTPL). Subsidiaries that solely provide services related to financing, administrative, and management activities are consolidated in accordance with the guidance set out in IFRS 10 – *Consolidated Financial Statements*.

The Consolidated Statements of Financial Position are presented based on liquidity.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved CDPQ's consolidated financial statements and the publication thereof on February 21, 2023.

FUNCTIONAL AND PRESENTATION CURRENCY

CDPQ's consolidated financial statements are presented in Canadian dollars, which is the functional currency.

FOREIGN CURRENCY TRANSLATION

Financial assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect at the reporting date. Foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the transaction date.

Translation differences on investments and investment liabilities at fair value and on other monetary assets and liabilities are presented under "Net gains (losses) on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income (loss).

USE OF JUDGMENTS AND ESTIMATES

In preparing CDPQ's consolidated financial statements in accordance with IFRS, management must make judgments, estimates and assumptions that affect the application of the significant accounting policies described below and the amounts reported in the Consolidated Statements of Financial Position and the Consolidated Statements of Comprehensive Income (loss).

USE OF JUDGMENTS AND ESTIMATES (continued)

JUDGMENT

Qualification as an investment entity
Judgment is required when qualifying CDPQ as an investment entity. CDPQ meets the three mandatory criteria of the IFRS 10 definition: 1) Obtain funds from one or more depositors; 2) Commit to its depositors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and 3) Measure and evaluate the performance of its investments on a fair value basis.

IFRS 10 also suggests four typical characteristics be considered in assessing whether an entity qualifies as an investment entity: 1) Have more than one investment; 2) Have more than one depositor; 3) Have investors that are not related parties; and 4) Have ownership interests in the form of equity or similar interests. CDPQ does not satisfy the third typical characteristic of an investment entity because CDPQ and the depositors are, for the most part, related. However, CDPQ nonetheless qualifies as an investment entity, as management believes that having depositors related to the investment entity does not compromise CDPQ's mission of investing for returns from capital appreciation, investment income, or both, for its depositors.

Fair value hierarchy of financial instruments
Management must use judgment in determining the significance of each input used when establishing the classification into the fair value hierarchy, as explained in Note 6.

Interests in entities
Management must use judgment in determining whether CDPQ has control, joint control or significant influence over certain entities, and over the holding of interests in structured entities, as described in Note 16. Judgment on the relationship between CDPQ and any entity in which CDPQ holds an interest is exercised upon initial investment and must be reassessed when facts and circumstances indicate that there are one or more changes to the elements of control.

CDPQ holds interests in a structured entity when voting or similar rights are not the dominant factor in deciding who controls the entity.

CDPQ controls a subsidiary, including a structured entity, only if the IFRS 10 criteria are met: 1) It has decision-making authority regarding the entity's relevant activities; 2) It has exposure or rights to variable returns from its involvement with the entity; and 3) It has the ability to use its power to affect the amount of the returns. When management determines decision-making authority, several factors are taken into account, including the existence and effect of actual and potential voting rights held by CDPQ that are exercisable, the holding of instruments that are convertible into voting shares, the existence of contractual agreements through which the relevant activities of the entity can be directed, as well as other circumstances that affect decision-making.

CDPQ has joint control over a joint venture when there is a contractual or implicit arrangement whereby decisions about relevant activities require the unanimous consent of the parties sharing control and when these parties have rights to the net assets of the arrangement.

CDPQ has significant influence over an associate when it has the power to participate in the financial and operating policy decisions of the entity. CDPQ is deemed to have significant influence when it holds 20% or more of the voting rights of an entity but does not have control or joint control.

ESTIMATES AND ASSUMPTIONS

The main estimates and assumptions, which are disclosed in Note 6, involve the fair value measurement of investments and investment liabilities classified in Level 3 of the fair value hierarchy. Actual values may differ from the estimated values.

IMPACT OF ECONOMIC UNCERTAINTY ON JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The pandemic declared by the World Health Organization in 2020, geopolitical tensions, and rising inflation and interest rates are continuing to disrupt global economic activity and create high levels of uncertainty and volatility on financial and stock markets.

The key estimates and assumptions as well as the analysis and management of risks take into account the uncertainties and factors known to date. The key estimates and assumptions include those related to the unobservable inputs used to measure the fair value of financial instruments that are not traded in active markets. The reported results reflect CDPQ's best estimates. CDPQ is continuing to monitor developments in the factors causing economic uncertainty and the impacts thereof. The fair value valuation techniques and unobservable inputs used are presented in Note 6e, while a sensitivity analysis is provided in Note 6f.

SIGNIFICANT ACCOUNTING PRINCIPLES

FINANCIAL INSTRUMENTS

CDPQ's financial instruments include cash, amounts receivable from transactions being settled, advances to depositors, accrued and receivable investment income, investments, amounts payable on transactions being settled, investment liabilities, and net assets attributable to depositors.

CLASSIFICATION AND MEASUREMENT

Financial instruments are categorized based on their nature and characteristics. Classification is determined upon initial recognition, which is the date on which CDPQ is subject to the contractual provisions of the instrument. CDPQ's financial assets and liabilities are managed and their performance is evaluated on a fair value basis. Consequently, all of CDPQ's financial assets must be classified at FVTPL while its financial liabilities are designated at FVTPL. Derivative financial instruments and securities sold short must be classified at FVTPL.

Commitments related to the acquisition of corporate debt are classified at FVTPL when one of the following criteria is met: 1) The commitments are designated as financial liabilities at FVTPL or CDPQ has a practice of selling the loans resulting from its commitments; or 2) The corporate debt commitments can be settled net in cash.

Financial instruments are initially and subsequently recognized at fair value. Changes in the fair value of financial instruments are presented under "Net gains (losses) on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income (loss). When the change in the fair value of financial liabilities designated at FVTPL is attributable to changes in CDPQ's own credit risk, it is presented separately in the Consolidated Statements of Comprehensive Income (loss) unless doing so creates or enlarges an accounting mismatch, when appropriate. Income and expenses are presented under "Net investment income" in the Consolidated Statements of Comprehensive Income (loss).

FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined for each financial instrument, which could be a stand-alone asset or liability (e.g., a share or bond) or a group of assets and liabilities (e.g., an ownership interest in an unconsolidated subsidiary or associate). Upon initial recognition, the best evidence of the fair value of a financial instrument is the transaction price, which is the fair value of the consideration received or given. Subsequently, the fair value of a financial instrument is classified using the fair value hierarchy described in Note 6.

CDPQ applies appropriate valuation techniques based on a financial instrument's characteristics, the availability of inputs, and the assumptions that would be used by market participants, focusing on maximizing the use of relevant observable inputs while minimizing the use of unobservable inputs. The valuation techniques are applied consistently. Fair value information is provided in Note 6.

Cash

Cash is the cash deposited with recognized financial institutions and bears interest at market rates.

Investments

Investments include cash equivalents, fixed-income securities, variable-income securities, interests in unconsolidated subsidiaries, and derivative financial instruments.

Cash equivalents include short-term investments and securities purchased under reverse repurchase agreements. These securities meet the definition of cash equivalents because they are used for cash management purposes, are readily convertible into a known amount of cash, have negligible risk of fair value changes and have initial maturities of three months or less. These financial instruments bear interest at market rates.

Fixed-income securities include short-term investments, securities purchased under reverse repurchase agreements, corporate debt and bonds, which include bond funds. Purchases and sales of fixed-income securities are recorded at the transaction date, except for purchases and sales of corporate debt, which are recorded at the settlement date.

Variable-income securities comprise listed and unlisted equities. In particular, such securities include hedge funds, exchange-traded funds, investment funds, private investment funds and infrastructure funds. Purchases and sales of equities, hedge funds and investment funds are recorded at the transaction date, whereas purchases and sales of private investment funds and infrastructure funds are recorded at the settlement date.

Interests in unconsolidated subsidiaries represent CDPQ's investment in controlled entities that are not consolidated under IFRS 10. CDPQ's investment in these entities may be in the form of equity instruments or debt instruments.

FINANCIAL INSTRUMENTS (continued)

Investment liabilities
Investment liabilities include securities sold under repurchase agreements, securities sold short, short-term promissory notes payable, loans payable, term notes payable and derivative financial instruments.

Securities sold short are commitments made by CDPQ to purchase securities from third parties to cover its positions. CDPQ may short-sell equities and bonds.

Derivative financial instruments
In managing its investments, CDPQ conducts transactions involving various derivative financial instruments for discretionary purposes or to manage the risks associated with exchange rate, interest rate and market fluctuations. Derivative financial instruments whose fair value is favourable are presented under "Investments" in the Consolidated Statements of Financial Position, while those whose fair value is unfavourable are presented under "Investment liabilities" in the Consolidated Statements of Financial Position.

Transactions being settled
Transactions with counterparties for the sale or purchase of securities that have not yet been settled at the reporting date are presented respectively under "Amounts receivable from transactions being settled" and "Amounts payable on transactions being settled" in the Consolidated Statements of Financial Position.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

CDPQ derecognizes financial assets when all of the contractual rights to the assets have expired or when the contractual rights to receive the cash flows from the financial assets have been transferred and when CDPQ has transferred substantially all of the risks and rewards of the financial asset such that it no longer retains control over the asset. If CDPQ considers that it retains substantially all of the risks and rewards of a transferred financial asset, that asset is not derecognized from the Consolidated Statements of Financial Position and, if appropriate, a corresponding financial liability is recorded. Financial assets that have been transferred but not derecognized are disclosed in Note 13. Financial liabilities are derecognized when the related obligation is discharged, cancelled or expired.

Securities purchased under reverse repurchase agreements and sold under repurchase agreements
CDPQ enters into transactions to purchase and sell securities, i.e., short-term investments and bonds, that it agrees to resell to or repurchase from the counterparty at a future date.

The purchased securities are not recognized in the Consolidated Statements of Financial Position because the counterparty retains the risks and rewards of the securities. The cash amounts disbursed are derecognized, and a corresponding asset is recorded in investments under "Securities purchased under reverse repurchase agreements".

The sold securities are not derecognized from the Consolidated Statements of Financial Position because CDPQ retains the risks and rewards of the securities. The cash amounts received are recognized, and a corresponding liability is recorded in investment liabilities under "Securities sold under repurchase agreements".

Lending and borrowing of securities
CDPQ conducts securities lending and borrowing transactions involving equities and bonds. These transactions are generally guaranteed by the securities received from the counterparties or pledged by CDPQ, respectively. Loaned securities are not derecognized from, and borrowed securities are not recognized in, the Consolidated Statements of Financial Position because CDPQ or the counterparty, respectively, retains the risks and rewards of the securities. Income and expenses resulting from securities lending and borrowing transactions are presented under "Investment income" and "Investment expense", respectively, in the Consolidated Statements of Comprehensive Income (loss).

FINANCIAL INSTRUMENTS (continued)

NET ASSETS ATTRIBUTABLE TO DEPOSITORS

Net assets attributable to depositors consist of demand deposits, term deposits, distributions payable to depositors and participation deposits.

Demand deposits and term deposits
Demand deposits bear interest at a variable rate and are repayable on demand. Term deposits bear interest at a fixed or variable rate and are repayable at maturity. Demand deposits and term deposits represent CDPQ's indebtedness towards the depositors in accordance with the *Regulation respecting the terms and conditions of deposits, funds and portfolios of the Caisse de dépôt et placement du Québec* (Regulation).

Distributions payable to depositors
Under the Regulation, distributions payable to depositors represent the net income or net loss arising from the specialized portfolios as well as the net realized gains or losses upon cancellation of the participation units of specialized portfolios held by the individual funds that are recorded at the end of the month and are paid into the demand deposit accounts of depositors at the beginning of the following month. Distributions may also be made through the issuance of participation deposit units of individual funds.

Participation deposits
Participation deposits are expressed in participation units for each individual fund. Each participation unit gives the holder an interest in the individual fund's net assets. The per-unit value of the net assets is determined by dividing the individual fund's net assets by the number of outstanding units. Depositors can purchase or cancel participation deposit units at that value at the beginning of each month. The difference between the proceeds of cancellation and the carrying value at issuance is recovered in the depositor's demand deposit account. In addition, holders of participation deposit units are entitled to receive distributions. Participation deposit units are financial instruments defined as depositor's equity in the Regulation and are subordinate to all other categories of financial liabilities.

NET INCOME AND COMPREHENSIVE INCOME (LOSS)

DIVIDEND AND INTEREST INCOME AND EXPENSE

Dividend income is recognized when CDPQ obtains the right to the dividend, generally on the ex-dividend date. Distributions from funds are recognized as income on the settlement date. Dividend expense from equities sold short is recorded when the shareholders obtain the right to the dividend. Dividend income and expense are presented under "Investment income" and "Investment expense", respectively, in the Consolidated Statements of Comprehensive Income (loss).

Interest income and expense are recognized as amounts are earned or incurred using the prescribed coupon rate method. Interest income and expense are presented under "Investment income" and "Investment expense", respectively, in the Consolidated Statements of Comprehensive Income (loss).

MANAGEMENT FEES

Investment management fees are costs incurred for external management purposes. These fees, which include both base fees and fees related to financial asset performance, consist of management fees for stock markets and management fees for private markets. Management fees for stock markets are amounts paid directly to institutional fund managers to manage shares owned by CDPQ. Private market management fees deducted from the fair value of investments are the fees for investment management carried out by external managers.

The base fees and performance-related management fees paid to external managers for stock markets are presented separately under "Investment expense" and "Net gains (losses) on financial investments at fair value", respectively, while management fees deducted from the fair value of investments are presented under "Net gains (losses) on financial investments at fair value" in the Consolidated Statements of Comprehensive Income (loss).

TRANSACTION COSTS

Transaction costs directly attributable to the acquisition, sale and issuance of a financial instrument are presented under "Net gains (losses) on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income (loss). Transaction costs include commissions, stock exchange fees as well as professional and legal fees related to investing and financing activities.

NET INCOME AND COMPREHENSIVE INCOME (LOSS) (continued)

OPERATING EXPENSES

Operating expenses consist of all the expenses incurred to manage and administer CDPQ's investments and are presented separately in the Consolidated Statements of Comprehensive Income (loss).

INCOME TAX

Under federal and provincial income tax legislation, CDPQ is exempt from income tax in Canada. In certain foreign jurisdictions, investment income and capital gains may be subject to tax. Withholding taxes and income tax expense are presented under "Net investment income" and "Net gains (losses) on financial instruments at fair value", respectively, in the Consolidated Statements of Comprehensive Income (loss).

NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE

Gains and losses realized on investments and investment liabilities represent the difference between settlement value and value at initial recognition. Gains and losses realized on derivative financial instruments represent payments and receipts. Unrealized gains and losses on financial instruments include net changes in fair value for the year as well as the reversal of prior-year unrealized gains and losses that were realized during the year. Realized and unrealized gains and losses are presented under "Net gains (losses) on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income (loss).

DISTRIBUTIONS TO DEPOSITORS

Under the Regulation, distributions to depositors consist of the annual net income or loss from the specialized portfolios as well as the net gains or losses realized on the cancellation of participation units of the specialized portfolios held by the individual funds. Distributions to depositors are recorded as finance costs and presented separately in the Consolidated Statements of Comprehensive Income (loss).

03
NEW IFRS STANDARDS

No issued or amended standard not yet effective as of the date of these consolidated financial statements is expected to have a material impact thereon.

04
INVESTMENTS AND INVESTMENT LIABILITIES

A) INVESTMENTS

The following table shows the fair values of the investments. The geographic allocation is determined according to the country of the issuer's principal place of business. The geographic allocation of interests in unconsolidated subsidiaries is determined according to the country of the underlying investments, while the allocation of derivative financial instruments is determined according to the currency in which the instrument will be settled:

	December 31, 2022			December 31, 2021		
	Canada	**Foreign**	**Fair value**	Canada	Foreign	Fair value
Investments						
Cash equivalents						
Short-term investments	**75**	**–**	**75**	–	–	–
Securities purchased under reverse repurchase agreements	**–**	**–**	**–**	1,502	–	1,502
Total cash equivalents	**75**	**–**	**75**	1,502	–	1,502
Fixed-income securities						
Short-term investments	**1,217**	**1,672**	**2,889**	412	193	605
Securities purchased under reverse repurchase agreements	**14,076**	**–**	**14,076**	14,255	3,446	17,701
Corporate debt	**940**	**1,126**	**2,066**	876	1,446	2,322
Bonds						
Governments	**33,239**	**27,821**	**61,060**	35,992	21,664	57,656
Government corporations and other public administrations	**5,424**	**497**	**5,921**	5,941	559	6,500
Corporate sector	**6,599**	**8,310**	**14,909**	10,767	8,019	18,786
Bond funds	**–**	**1,101**	**1,101**	–	2,911	2,911
Total fixed-income securities	**61,495**	**40,527**	**102,022**	68,243	38,238	106,481
Variable-income securities						
Equities						
Listed	**22,617**	**84,295**	**106,912**	25,468	102,689	128,157
Unlisted[1]	**3,568**	**19,805**	**23,373**	4,672	21,676	26,348
Hedge funds	**–**	**486**	**486**	–	491	491
Total variable-income securities	**26,185**	**104,586**	**130,771**	30,140	124,856	154,996
Interests in unconsolidated subsidiaries						
Investments in real estate holdings	**13,218**	**44,395**	**57,613**	13,217	39,412	52,629
Investments in real estate debt	**16,291**	**4,747**	**21,038**	16,863	3,673	20,536
Private equity investments[1]	**7,525**	**52,381**	**59,906**	6,973	47,443	54,416
Infrastructure investments	**7,587**	**40,913**	**48,500**	6,298	31,437	37,735
Investments in fixed-income securities[1]	**3,341**	**31,845**	**35,186**	3,629	25,088	28,717
Investments in hedge funds	**–**	**5,787**	**5,787**	–	4,196	4,196
Stock market investments	**3,784**	**365**	**4,149**	3,289	658	3,947
Total interests in unconsolidated subsidiaries	**51,746**	**180,433**	**232,179**	50,269	151,907	202,176
Derivative financial instruments *(Note 5)*	**4**	**1,906**	**1,910**	7	995	1,002
Total investments	**139,505**	**327,452**	**466,957**	150,161	315,996	466,157

1. Due to a refinement of the method used for the geographic allocation of the investments underlying of the funds, amounts of $476 million, $810 million, and $1,461 million were reclassified from the "Canada" column to the "Foreign" column with respect to unlisted equities as well as the private equity investments and fixed-income securities investments in unconsolidated subsidiaries, respectively, as at December 31, 2021.

B) INVESTMENT LIABILITIES

The following table shows the fair values of investment liabilities. The geographic allocation of non-derivative financial liabilities is determined using the country of the issuer's principal place of business, while the allocation of derivative financial instruments is determined according to the currency in which the instrument will be settled:

	December 31, 2022			December 31, 2021		
	Canada	**Foreign**	**Fair value**	Canada	Foreign	Fair value
Investment liabilities						
Non-derivative financial liabilities						
Securities sold under repurchase agreements	**25,783**	**3,768**	**29,551**	11,543	3,447	14,990
Securities sold short						
Equities	**167**	**1,965**	**2,132**	90	1,473	1,563
Bonds	**182**	**–**	**182**	141	3,828	3,969
Short-term promissory notes payable	**13,068**	**–**	**13,068**	9,729	–	9,729
Loans payable	**303**	**1,689**	**1,992**	4	199	203
Term notes payable	**19,749**	**–**	**19,749**	15,601	–	15,601
Total non-derivative financial liabilities	**59,252**	**7,422**	**66,674**	37,108	8,947	46,055
Derivative financial instruments *(Note 5)*	**6**	**1,663**	**1,669**	–	1,232	1,232
Total investment liabilities	**59,258**	**9,085**	**68,343**	37,108	10,179	47,287

05
DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts whose value fluctuates according to an underlying item, which require very little or no initial investment and are settled at a future date. The underlying item may be of a financial nature (interest rate, foreign currency or stock market security or index) or may be a commodity (precious metal, produce or other). Certain derivative financial instruments are settled through clearing houses. CDPQ uses, among others, the derivative financial instruments described below.

Forward contracts are commitments for the purchase or sale of an underlying item, the quantity and price of which are determined in the contract and according to the maturity stated therein. Forward contracts have customized terms and conditions negotiated directly between the parties on the over-the-counter market. Futures contracts have terms and conditions determined by an exchange market.

Options are contracts traded on over-the-counter or exchange markets and that give the purchaser the right, but not the obligation, to buy or sell a given amount of an underlying security, index or commodity at a strike price stipulated in advance, either at a determined future date or at any time before a specified maturity date.

Swaps are derivatives traded on over-the-counter markets whereby two parties agree to exchange a series of cash flows according to predetermined conditions that include a notional amount, payment dates and a term to maturity.

Warrants are contracts traded on over-the-counter or exchange markets that enable the purchase of an underlying item, the price of which is determined in the contract, which includes a predetermined maturity date.

The notional amount is the amount to which a rate or price is applied to determine the amounts of cash flows to be exchanged periodically.

DERIVATIVE FINANCIAL INSTRUMENTS

The following table shows the fair values and the notional amounts of the derivative financial instruments held by CDPQ:

	December 31, 2022			December 31, 2021		
	Fair value		**Notional amount**	Fair value		Notional amount
	Assets	**Liabilities**		Assets	Liabilities	
Exchange markets						
Interest rate derivatives						
Futures contracts	**–**	**–**	**122,623**	–	–	105,715
Equity derivatives						
Futures contracts	**–**	**–**	**13,701**	–	–	19,056
Options	**6**	**–**	**258**	–	–	–
Warrants	**–**	**–**	**2**	–	–	1
Commodity derivatives						
Futures contracts	**–**	**–**	**–**	–	–	215
Total exchange markets	**6**	**–**	**136,584**	–	–	124,987
Over-the-counter markets						
Interest rate derivatives						
Swaps	**–**	**48**	**1,019**	26	7	1,189
Swaps settled through a clearing house	**–**	**–**	**65,673**	–	–	48,162
Forward contracts	**4**	**6**	**999**	7	–	289
Options	**214**	**194**	**11,059**	142	125	30,703
Currency derivatives						
Swaps	**394**	**337**	**24,499**	109	95	8,441
Forward contracts	**1,074**	**920**	**144,033**	555	790	108,873
Options	**18**	**7**	**2,533**	–	–	–
Credit default derivatives						
Swaps settled through a clearing house	**–**	**–**	**14,826**	–	–	27,862
Options	**–**	**6**	**1,626**	–	–	–
Equity derivatives						
Swaps	**178**	**149**	**8,369**	152	210	10,313
Options	**10**	**–**	**1,890**	–	–	–
Warrants	**3**	**–**	**5**	1	–	1
Commodity derivatives						
Forward contracts	**9**	**2**	**468**	10	5	625
Total over-the-counter markets	**1,904**	**1,669**	**276,999**	1,002	1,232	236,458
Total derivative financial instruments	**1,910**	**1,669**	**413,583**	1,002	1,232	361,445

06
FAIR VALUE MEASUREMENT

A) POLICY, DIRECTIVE, PROTOCOLS AND PROCEDURES RELATED TO FAIR VALUE MEASUREMENT

CDPQ's valuation procedures are governed by its Investment Valuation Policy, which is approved by the Board of Directors. This general policy is further supported by the valuation directive applicable to private investments and the valuation protocols that stipulate the valuation process and methodology for each type of investment held by CDPQ. The general policy and the directive also establish the governance framework for the valuation and reporting process. Application of the policy is the responsibility of the Valuation Committee, which reports to the Executive Committee, supported by a valuation team. The Valuation Committee approves compliance with the policy and the fair values on a semi-annual basis. Subsequently, the Valuation Committee recommends the fair values to the Audit Committee. For valuations of private investments, consisting of private equity and infrastructure investments as well as specialized financing, the policy provides for an external review, over a period of three years, of substantially all the fair value of these investments. External reviews include valuations by independent valuators, observations of comparable transactions in the market, or valuations by a partner.

The policy also includes directives to be followed when using prices from external sources, such as broker quotes and net asset values provided by external administrators of the funds or general partners.

When fair value is determined by external valuators or third parties, the Valuation Committee, supported by the valuation team, verifies the qualifications, experience and independence of these parties. It also reviews the valuation techniques, the significant inputs used in calculating fair value, and the results and conclusions to ensure that they are in compliance with recognized valuation standards.

In addition, to ensure the reasonableness of the fair value determined, CDPQ conducts backtesting, compares the established fair value with values of comparable transactions, including the values of comparable public companies, and uses the services of external valuators.

B) FAIR VALUE VALUATION TECHNIQUES

The following paragraphs describe the main valuation techniques used to measure CDPQ's financial instruments.

SHORT-TERM INVESTMENTS, SECURITIES PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS, SECURITIES SOLD UNDER REPURCHASE AGREEMENTS, SHORT-TERM PROMISSORY NOTES PAYABLE, LOANS PAYABLE, AND TERM NOTES PAYABLE

The fair value of these financial assets and liabilities is determined using a discounted cash flow technique that primarily uses observable inputs such as interest rate curves and credit spreads that make up the discount rates.

CORPORATE DEBT

The fair value of the corporate debt is determined using a discounted cash flow technique that uses observable and unobservable inputs such as interest rate curves and credit spreads. CDPQ may also use prices published by brokers in active markets for identical or similar instruments.

BONDS

The fair value of bonds is determined using prices published in active markets for identical or similar instruments. The fair value of bonds that have no published prices is determined using either a discounted cash flow technique or broker quotes. Discounted cash flow valuations use observable and unobservable inputs such as the interest rate curves and credit spreads that make up the discount rates.

EQUITIES

Listed

The fair value of listed equities, including exchange-traded funds, is determined based on closing prices observed on major stock exchanges, which represent the active market.

The fair value of an ownership interest in a subsidiary or associate whose securities are listed is determined using a business valuation technique based on observable and unobservable inputs.

FAIR VALUE VALUATION TECHNIQUES (continued)

Unlisted

The fair value of private investment equities is primarily determined according to the market approach, which includes techniques based on comparable company multiples and comparable transaction multiples. CDPQ identifies comparable companies based on their industry, size, financial position and strategy and selects an appropriate multiple for each comparable company identified. This technique uses observable and unobservable inputs such as earnings before interest, taxes, depreciation and amortization (EBITDA) multiples and other multiples.

The fair value of infrastructure investment equities is primarily determined using a discounted cash flow technique and corroborated by the market approach. This technique uses observable and unobservable inputs such as discount rates that take into account the risk associated with the investment as well as future cash flows.

CDPQ also uses information about recent transactions carried out in the market for valuations of private equity and infrastructure investments.

FUNDS

The fair value of bond funds, hedge funds, investment funds and private investment and infrastructure funds is determined using the net assets provided by the administrator or by the general partner, unless there is an indication that the fair value differs from the net asset value provided. CDPQ ensures that the valuation techniques used by the fund's administrator or general partner to determine net asset values are in compliance with IFRS. Furthermore, the net asset value is adjusted to reflect certain factors such as purchases and sales of fund units between the date of the most recent financial statements provided by the fund and the valuation date, the quoted price of the underlyings when there are listed securities, or when there are other indications requiring judgment to be made.

INTERESTS IN UNCONSOLIDATED SUBSIDIARIES

The fair value of CDPQ's interests in various unconsolidated subsidiaries is determined using an enterprise valuation technique.

Investments in real estate holdings

The fair value of ownership interests in real estate subsidiaries reflects the fair value of the assets and liabilities held directly by these subsidiaries. In particular, these assets and liabilities include investment property and associated liabilities, real estate funds, and ownership interests held in companies.

The fair value of investment property, which is measured according to the highest and best use, is determined and certified semi-annually by external, recognized, and independent chartered real estate appraisers. Valuations are carried out in compliance with the valuation standards in effect in each market. CDPQ selects the fair value it deems most representative within the ranges provided by the external valuators. The valuation techniques used are based primarily on two recognized methodologies, namely, the discounted cash flow technique and the capitalization of revenue technique. These techniques use observable and unobservable inputs such as lease terms and conditions, operating expenses, residual value and rates of return, discount rates, and capitalization rates. Values observed for comparable transactions are used to determine the representative fair value range and support the fair value determined.

The fair value of real estate funds and ownership interests held in companies is determined based on characteristics specific to these assets, whose value is based on net assets which may be provided by an administrator or available in a published financial statement. The net asset value is adjusted to reflect external factors or when there are other indications requiring judgment to be exercised.

The fair value of financial liabilities associated with investment property is determined based on the discounted cash flow technique. This technique uses observable and unobservable inputs such as the interest rates and credit spreads that make up the discount rates.

Investments in real estate debt

The fair value of interests in real estate debt subsidiaries reflects the fair value of the assets held directly by these subsidiaries, which mainly include commercial mortgages and an interest in a mortgage lending subsidiary. The fair value of commercial mortgages is determined using the discounted cash flow technique that are divided into risk categories, according to the loan-to-value ratio, for which an appropriate discount rate is determined. Commercial mortgage valuations are reviewed annually by an independent external firm. The fair value of the interest in a mortgage lending subsidiary is determined using the discounted cash flow technique. This technique uses unobservable inputs such as discount rates that take into account the risk associated with the subsidiary as well as future cash flows.

FAIR VALUE VALUATION TECHNIQUES (continued)

Private equity, infrastructure, fixed-income securities, hedge funds, and stock markets
Enterprise value reflects the fair value of assets held directly by these subsidiaries, which include bonds, corporate debt, listed and unlisted equities as well as funds whose valuation techniques are described above.

CDPQ may also use information about recent transactions carried out in the market for valuations of these financial assets.

SECURITIES SOLD SHORT

The fair value of bonds and equities that are sold short is determined using the fair value of the security that is sold short. The techniques for valuing these securities have been described above.

DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative financial instruments is determined according to the type of instrument. The fair value of derivative financial instruments traded on exchange markets and on over-the-counter markets that are settled through a clearing house is determined, respectively, using the prices on the major stock exchanges representing the active market and clearing house prices. The fair value of the other derivative financial instruments traded on over-the-counter markets is determined using recognized and commonly used valuation techniques such as the discounted cash flow technique or other financial models. These techniques require the development and use of assumptions that take into account observable inputs such as the interest rate curves and credit spreads that make up the discount rates as well as foreign exchange rate curves, prices of the underlying items, and volatility.

NET ASSETS ATTRIBUTABLE TO DEPOSITORS

Demand deposits
The fair value of demand deposits is determined based on their nominal value, as they are repayable at any time at the option of the issuer without penalty.

Term deposits and distributions payable to depositors
The fair value of term deposits and distributions payable to depositors is determined using the discounted cash flow technique. This valuation technique mainly uses observable inputs such as the interest rate curves and credit spreads that make up the discount rates.

Participation deposits
The fair value of depositor participation deposits stems from a valuation of all the financial assets and liabilities held by CDPQ.

C) FAIR VALUE HIERARCHY

CDPQ's financial instruments at FVTPL are classified according to the below-described fair value hierarchy, based on the lowest level of significant input used in measuring fair value.

Level 1: The fair value calculation of the financial instrument is based on observable prices (unadjusted) in active markets that the entity can access at the measurement date for identical assets or liabilities.

Level 2: The fair value of the financial instrument is calculated using valuation techniques for which the significant inputs are observable, either directly or indirectly.

Level 3: The fair value of the financial instrument is calculated using valuation techniques for which the significant inputs are unobservable. This level includes financial instruments whose valuation is based on prices observed for similar financial instruments, substantially adjusted to reflect the characteristics specific to the financial instrument being measured, and available market data.

Classification into the fair value hierarchy levels is determined upon initial measurement of the financial instrument and is reviewed on each subsequent measurement date. Transfers between levels of the fair value hierarchy are measured at fair value at the beginning of each fiscal year.

The determination of the fair value hierarchy levels of financial instruments is influenced by prevailing market conditions on the valuation date. Consequently, the classifications by level can vary significantly from one year to the next.

FAIR VALUE VALUATION TECHNIQUES (continued)

The following tables show an allocation of the fair value of financial instruments into the three levels of the fair value hierarchy:

				December 31, 2022
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled	–	2,376	–	2,376
Advances to depositors	–	727	–	727
Investment income, accrued and receivable	–	1,174	–	1,174
Investments				
Cash equivalents	–	75	–	75
Short-term investments	–	2,889	–	2,889
Securities purchased under reverse repurchase agreements	–	14,076	–	14,076
Corporate debt	–	–	2,066	2,066
Bonds	56,855	25,389	747	82,991
Equities				
Listed	106,639	273	–	106,912
Unlisted	–	5,053	18,320	23,373
Hedge funds	–	486	–	486
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	–	9,856	47,757	57,613
Investments in real estate debt	–	16,466	4,572	21,038
Private equity investments	–	405	59,501	59,906
Infrastructure investments	–	–	48,500	48,500
Investments in fixed-income securities	–	–	35,186	35,186
Investments in hedge funds	–	–	5,787	5,787
Stock market investments	–	4,119	30	4,149
Derivative financial instruments	–	1,910	–	1,910
	163,494	85,274	222,466	471,234
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	–	1,943	–	1,943
Other liabilities	–	1,634	–	1,634
Investment liabilities				
Securities sold under repurchase agreements	–	29,551	–	29,551
Securities sold short	2,314	–	–	2,314
Short-term promissory notes payable	–	13,068	–	13,068
Loans payable	–	1,992	–	1,992
Term notes payable	–	19,749	–	19,749
Derivative financial instruments	–	1,669	–	1,669
	2,314	69,606	–	71,920
Net assets attributable to depositors				
Demand deposits	–	1,407	–	1,407
Term deposits	–	6	–	6
Distributions payable to depositors	–	986	–	986
Participation deposits	–	399,488	–	399,488
	–	401,887	–	401,887

FAIR VALUE VALUATION TECHNIQUES (continued)

				December 31, 2021
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Amounts receivable from transactions being settled	–	2,213	–	2,213
Advances to depositors	–	1,011	–	1,011
Investment income, accrued and receivable	–	949	–	949
Investments				
Cash equivalents	–	1,502	–	1,502
Short-term investments	–	605	–	605
Securities purchased under reverse repurchase agreements	–	17,701	–	17,701
Corporate debt	–	–	2,322	2,322
Bonds	62,384	22,770	699	85,853
Equities				
Listed	127,645	512	–	128,157
Unlisted	–	8,230	18,118	26,348
Hedge funds	–	434	57	491
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	–	10,503	42,126	52,629
Investments in real estate debt	–	16,148	4,388	20,536
Private equity investments	–	492	53,924	54,416
Infrastructure investments	–	–	37,735	37,735
Investments in fixed-income securities	–	5,254	23,463	28,717
Investments in hedge funds	–	4,196	–	4,196
Stock market investments	–	3,947	–	3,947
Derivative financial instruments	–	1,002	–	1,002
	190,029	97,469	182,832	470,330
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	–	3,443	–	3,443
Other liabilities	–	1,839	–	1,839
Investment liabilities				
Securities sold under repurchase agreements	–	14,990	–	14,990
Securities sold short	5,519	13	–	5,532
Short-term promissory notes payable	–	9,729	–	9,729
Loans payable	–	203	–	203
Term notes payable	–	15,601	–	15,601
Derivative financial instruments	–	1,232	–	1,232
	5,519	47,050	–	52,569
Net assets attributable to depositors				
Demand deposits	–	782	–	782
Term deposits	–	7	–	7
Distributions payable to depositors	–	1,839	–	1,839
Participation deposits	–	417,169	–	417,169
	–	419,797	–	419,797

FAIR VALUE VALUATION TECHNIQUES (continued)

TRANSFERS BETWEEN LEVELS OF THE FAIR VALUE HIERARCHY

As at December 31, 2022, due to changes in the availability of observable inputs given changing market conditions, financial instruments with a value of $9,015 million were transferred from Level 1 to Level 2 and financial instruments with a value of $148 million were transferred from Level 2 to Level 1. In addition, given an increase in underlying investments classified in Level 3 held by unconsolidated subsidiaries, financial instruments with a value of $9,451 million were transferred from Level 2 to Level 3.

As at December 31, 2021, due to changes in the characteristics of financial instruments and changes in the availability of observable inputs given changing market conditions, financial instruments with a value of $1,872 million were transferred from Level 1 to Level 2, $2,470 million from Level 2 to Level 1, $63 million from Level 2 to Level 3, and $2,129 million from Level 3 to Level 2.

D) LEVEL 3: RECONCILIATION BETWEEN OPENING AND CLOSING BALANCES

For financial instruments classified in Level 3 of the fair value hierarchy, reconciliations between the opening and closing balances as at December 31, 2022 and 2021 are as follows:

								2022
	Opening balance	**Gains (losses) recognized in comprehensive income (loss)[1]**	**Purchases**	**Sales**	**Settlements**	**Transfers**	**Closing balance**	**Unrealized gains (losses) on financial instruments held at year-end[1]**
Corporate debt	**2,322**	**(298)**	**170**	**(8)**	**(120)**	**–**	**2,066**	**(303)**
Bonds	**699**	**37**	**76**	**(26)**	**(39)**	**–**	**747**	**(50)**
Equities	**18,175**	**1,103**	**576**	**(1,534)**	**–**	**–**	**18,320**	**758**
Interests in unconsolidated subsidiaries	**161,636**	**15,056**	**25,646**	**(10,456)**	**–**	**9,451**	**201,333**	**13,365**

								2021
	Opening balance	Gains recognized in comprehensive income[1]	Purchases	Sales	Settlements	Transfers	Closing balance	Unrealized gains on financial instruments held at year-end[1]
Corporate debt	2,359	2	303	(54)	(288)	–	2,322	92
Bonds	225	112	311	(1)	(11)	63	699	106
Equities	16,750	1,691	1,612	(1,621)	–	(257)	18,175	2,139
Interests in unconsolidated subsidiaries	125,838	26,967	21,393	(10,690)	–	(1,872)	161,636	27,577

1. Presented under "Net gains (losses) on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income (loss).

E) LEVEL 3: FAIR VALUE MEASUREMENT BASED ON REASONABLY POSSIBLE ASSUMPTIONS

In certain cases, the assumptions used in the valuation techniques are based on unobservable inputs or observable inputs adjusted significantly to reflect the characteristics specific to the financial instrument being measured. While CDPQ considers its fair value measurements to be appropriate, the use of reasonably possible assumptions could result in different fair values. For a given measurement date, it is possible that other market participants could measure a same financial instrument at a different fair value, with the valuation techniques and inputs used by these market participants still meeting the definition of fair value. The fact that different fair value measurements exist reflects the judgment, estimates and assumptions applied as well as the uncertainty involved in determining the fair value of these financial instruments.

LEVEL 3: FAIR VALUE MEASUREMENT BASED ON REASONABLY POSSIBLE ASSUMPTIONS (continued)

The following tables show quantitative information on the primary valuation techniques and unobservable inputs for the main financial instruments classified in Level 3 of the fair value hierarchy that are subject to the sensitivity analysis in Note 6f as well as those that are excluded from the analysis:

				December 31, 2022
	Fair value	Valuation techniques	Unobservable inputs	Range (weighted average)
Included in the sensitivity analysis				
Corporate debt and bonds	**2,109**	**Discounted cash flows**	**Credit spreads**	**1.1% to 8.4% (3.7%)**
			Discount rates	**6.0% to 10.5% (7.7%)**
Equities				
Private equity investments	**5,152**	**Comparable company multiples**	**EBITDA multiples**	**8.1 to 13.0 (11.4)**
Infrastructure investments	**6,252**	**Discounted cash flows**	**Discount rates**	**8.8% to 13.3% (10.9%)**
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	**47,757**	**Discounted cash flows**	**Discount rates**	**4.8% to 13.8% (7.0%)**
			Credit spreads	**0.0% to 11.0% (2.0%)**
		Capitalization of revenue	**Capitalization rate**	**2.8% to 12.4% (5.4%)**
		Net real estate assets	**Discounts to net asset value**	**0.0% to 31.5% (5.6%)**
Investments in real estate debt	**1,688**	**Discounted cash flows**	**Discount rates**	**13.5% (n.a.)**
Private equity investments	**23,253**	**Comparable company multiples**	**EBITDA multiples**	**8.0 to 17.3 (12.6)**
Infrastructure investments	**34,730**	**Discounted cash flows**	**Discount rates**	**6.5% to 14.5% (9.1%)**
Investments in fixed-income securities	**22,591**	**Discounted cash flows**	**Discount rates**	**7.3% (n.a.)**
			Credit spreads	**0.1% to 15.8% (5.0%)**
	143,532			
Excluded from the sensitivity analysis				
Financial instruments[1]	**78,934**	**Recent transactions**[2]	**n.a.**	**n.a.**
		Broker quotes[3]	**n.a.**	**n.a.**
		Net assets[3]	**n.a.**	**n.a.**
Net financial instruments classified in Level 3	**222,466**			

n.a.: not applicable

1. The fair value of financial instruments presented in this item includes corporate debt, bonds, equities, and interests in unconsolidated subsidiaries.
2. When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, CDPQ did not conduct a sensitivity analysis.
3. When fair value is determined using broker quotes or net asset value, this value is the only reasonable indication of fair value. Consequently, CDPQ is unable to conduct a sensitivity analysis.

LEVEL 3: FAIR VALUE MEASUREMENT BASED ON REASONABLY POSSIBLE ASSUMPTIONS (continued)

				December 31, 2021
	Fair value	Valuation techniques	Unobservable inputs	Range (weighted average)
Included in the sensitivity analysis				
Corporate debt and bonds	2,023	Discounted cash flows	Credit spreads	0.7% to 3.5% (1.9%)
			Discount rates	6.0% to 11.0% (8.4%)
Equities				
Private equity investments	5,150	Comparable company multiples	EBITDA multiples	7.6 to 16.0 (12.6)
Infrastructure investments	5,190	Discounted cash flows	Discount rates	6.5% to 13.3% (9.9%)
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	42,126	Discounted cash flows	Discount rates	4.2% to 13.8% (6.4%)
			Credit spreads	0.0% to 8.6% (1.8%)
		Capitalization of revenue	Capitalization rate	2.7% to 11.1% (5.3%)
		Net real estate assets	Discounts to net asset value	0.0% to 22.3% (4.9%)
Investments in real estate debt	1,621	Discounted cash flows	Discount rates	14.0% (n.a.)
Private equity investments	18,969	Comparable company multiples	EBITDA multiples	7.0 to 15.5 (11.9)
Infrastructure investments	20,591	Discounted cash flows	Discount rates	6.0% to 14.0% (9.2%)
Investments in fixed-income securities	17,770	Discounted cash flows	Discount rates	7.3% (n.a.)
			Credit spreads	1.1% to 10.1% (4.5%)
	113,440			
Excluded from the sensitivity analysis				
Financial instruments[1]	69,392	Recent transactions[2]	n.a.	n.a.
		Broker quotes[3]	n.a.	n.a.
		Net assets[3]	n.a.	n.a.
Net financial instruments classified in Level	182,832			

n.a.: not applicable

1. The fair value of financial instruments presented in this item includes corporate debt, bonds, equities, and interests in unconsolidated subsidiaries.
2. When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, CDPQ did not conduct a sensitivity analysis.
3. When fair value is determined using broker quotes or net asset value, this value is the only reasonable indication of fair value. Consequently, CDPQ is unable to conduct a sensitivity analysis.

F) SENSITIVITY ANALYSIS OF FAIR VALUE

The following analysis shows the sensitivity of fair value measurements to reasonably possible assumptions for the significant unobservable inputs shown in the preceding tables in Note 6e. CDPQ identified reasonably possible assumptions using its judgment and knowledge of the markets. The following table shows the increases and decreases in fair value that would result from applying reasonably possible alternative assumptions for the main financial instruments classified in Level 3 of the fair value hierarchy that are subject to a sensitivity analysis:

	December 31, 2022		December 31, 2021	
	Increase	**Decrease**	Increase	Decrease
Sensitivity analysis of fair value	**8,769**	**(8,547)**	7,803	(7,033)

There is a correlation between unobservable inputs and the determination of fair value. Therefore, an increase (decrease) in discount rates, credit spreads, capitalization rates, and discounts to net asset value would result in a decrease (increase) in fair value. Furthermore, an increase (decrease) in EBITDA multiples would result in an increase (decrease) in fair value. There is no predictable correlation between unobservable inputs.

07

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

A financial asset and a financial liability must be offset in the Consolidated Statements of Financial Position when CDPQ has a legally enforceable right of set-off and intends either to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously with the counterparty. CDPQ has a legally enforceable right of set-off when this right is exercisable in the normal course of business and in the event of default, insolvency or bankruptcy.

Amounts receivable from and amounts payable on transactions being settled, securities purchased under reverse repurchase agreements, securities sold under repurchase agreements and derivative financial instruments traded on over-the-counter markets in accordance with agreements of the International Swaps and Derivatives Association (ISDA) are subject to master netting agreements that do not meet the criteria for offsetting in the Consolidated Statements of Financial Position as they give a right of set-off that is enforceable only in the event of default, insolvency or bankruptcy.

Securities purchased under reverse repurchase agreements and securities sold under repurchase agreements settled through a clearing house satisfy the offsetting criteria. Derivative financial instruments traded on exchange markets as well as those settled by clearing houses through brokers also satisfy offsetting criteria.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The following tables show information about financial assets and liabilities that are offset and not offset in the Consolidated Statements of Financial Position and that are subject to master netting agreements or similar arrangements:

						December 31, 2022
	Gross amounts recognized	**Amounts offset**	**Net amounts presented in the Consolidated Statements of Financial Position[1]**	**Amounts subject to master netting agreements**	**Collateral received/ pledged[2]**	**Net amounts**
Financial assets						
Amounts receivable from transactions being settled	**2,636**	**(260)**	**2,376**	**(1,182)**	**–**	**1,194**
Securities purchased under repurchase agreements[3]	**16,901**	**(2,814)**	**14,087**	**(7,058)**	**(7,029)**	**–**
Derivative financial instruments[3]	**1,930**	**–**	**1,930**	**(1,259)**	**(428)**	**243**
	21,467	**(3,074)**	**18,393**	**(9,499)**	**(7,457)**	**1,437**
Financial liabilities						
Amounts payable on transactions being settled	**2,203**	**(260)**	**1,943**	**(1,182)**	**–**	**761**
Securities sold under repurchase agreements[3]	**32,416**	**(2,814)**	**29,602**	**(7,058)**	**(22,485)**	**59**
Derivative financial instruments[3]	**1,731**	**–**	**1,731**	**(1,259)**	**(420)**	**52**
	36,350	**(3,074)**	**33,276**	**(9,499)**	**(22,905)**	**872**

						December 31, 2021
	Gross amounts recognized	Amounts offset	Net amounts presented in the Consolidated Statements of Financial Position[1]	Amounts subject to master netting agreements	Collateral received/ pledged[2]	Net amounts
Financial assets						
Amounts receivable from transactions being settled	2,213	–	2,213	(458)	–	1,755
Securities purchased under repurchase agreements[3]	21,920	(2,716)	19,204	(10,472)	(8,732)	–
Derivative financial instruments[3]	1,009	–	1,009	(809)	(22)	178
	25,142	(2,716)	22,426	(11,739)	(8,754)	1,933
Financial liabilities						
Amounts payable on transactions being settled	3,443	–	3,443	(458)	–	2,985
Securities sold under repurchase agreements[3]	17,708	(2,716)	14,992	(10,472)	(4,520)	–
Derivative financial instruments[3]	1,238	–	1,238	(809)	(345)	84
	22,389	(2,716)	19,673	(11,739)	(4,865)	3,069

1. Net amounts presented in the Consolidated Statements of Financial Position or in Notes 4a and 4b.
2. The financial collateral received or pledged cannot include a net amount per counterparty less than zero. The total amounts of financial collateral received or pledged are disclosed in Notes 13 and 14.
3. The amounts presented in this item include amounts receivable and payable presented, respectively, under “Investment income, accrued and receivable” and “Other liabilities”.

08
INVESTMENT RESULT BEFORE DISTRIBUTIONS TO DEPOSITORS

The following table shows the net investment income, net gains (losses) on financial instruments at FVTPL as well as operating expenses:

	2022			2021		
	Net investment income	**Net gains (losses)**	**Total**	Net investment income	Net gains (losses)	Total
Cash management activities	**16**	**2**	**18**	3	1	4
Investing activities						
Short-term investments	**6**	**51**	**57**	–	2	2
Securities purchased under reverse repurchase agreements	**344**	**8**	**352**	40	112	152
Corporate debt	**95**	**(298)**	**(203)**	92	3	95
Bonds	**2,618**	**(12,364)**	**(9,746)**	2,377	(5,381)	(3,004)
Equities	**3,259**	**(18,050)**	**(14,791)**	3,569	16,225	19,794
Interests in unconsolidated subsidiaries	**2,229**	**13,513**	**15,742**	6,697	26,764	33,461
Net derivative financial instruments	**–**	**(14,508)**	**(14,508)**	–	72	72
Other	**81**	**(63)**	**18**	19	(173)	(154)
	8,648	**(31,709)**	**(23,061)**	12,797	37,625	50,422
Investment liability activities						
Securities sold under repurchase agreements	**(396)**	**(380)**	**(776)**	(42)	(1)	(43)
Securities sold short	**(95)**	**1,237**	**1,142**	(42)	(604)	(646)
Financing activities						
Short-term promissory notes payable	**(29)**	**(883)**	**(912)**	–	(19)	(19)
Loans payable	**(7)**	**(65)**	**(72)**	(1)	1	–
Term notes payable	**(352)**	**703**	**351**	(322)	535	213
Other						
Management fees – stock markets	**(83)**	**(35)**	**(118)**	(98)	(76)	(174)
Transaction costs	**–**	**(242)**	**(242)**	–	(306)	(306)
	(962)	**335**	**(627)**	(505)	(470)	(975)
	7,686	**(31,374)**	**(23,688)**	12,292	37,155	49,447
Operating expenses *(Note 9)*			**(924)**			(718)
Investment result before distributions to depositors			**(24,612)**			48,729

External audit fees for audit services, audit-related services and tax services amount to $5 million for the year ended December 31, 2022 ($4 million for the year ended December 31, 2021).

09
OPERATING EXPENSES

The following table shows the operating expenses:

	2022	2021
Salaries and employee benefits	**498**	510
Information technology and professional services	**152**	83
Maintenance, equipment and amortization	**21**	33
Data services and subscriptions	**30**	30
Rent	**24**	20
Safekeeping of securities	**21**	21
Other expenses	**29**	21
	775	718
IT development costs[1]	**149**	–
	924	718

1. Following the International Financial Reporting Interpretations Committee's (IFRIC) publication of a final decision on accounting for the costs of configuring or customizing software service cloud computing arrangements, CDPQ no longer capitalizes cloud computing development costs. Accordingly, IT development costs capitalized prior to January 1, 2022 were recognized in operating expenses during the year ended December 31, 2022. This software continues to be used as part of the CDPQ's ongoing operations.

10
SEGMENT INFORMATION

CDPQ enables its depositors to allocate their funds to specialized portfolios that hold securities of the same type. These portfolios represent operating segments that have been grouped into three separate segments according to management approach, economic characteristics, and performance targets:

- Fixed Income: This segment's objective is to reduce the overall risk level of CDPQ's portfolio and match its depositors' assets and liabilities while providing a significant source of liquidity. This segment consists of the Rates, Credit, Long Term Bonds, Real Return Bonds, and Short Term Investments specialized portfolios.
- Real Assets: This segment's objective is to expose CDPQ to markets for which investment income is indexed to inflation and to partially hedge the inflation risk associated with the liabilities of several depositors. This segment consists of the Real Estate and Infrastructure specialized portfolios.
- Equities: This segment's objective is to increase the depositors' long-term target returns. This segment consists of the Equity Markets and Private Equity specialized portfolios.

The following table shows the allocation of net assets attributable to depositors according to each of CDPQ's segments:

	December 31, 2022	December 31, 2021
Fixed Income	**119,431**	129,433
Real Assets	**102,243**	87,406
Equities	**179,931**	201,195
Other[1]	**282**	1,763
Net assets attributable to depositors	**401,887**	419,797

The following table shows the allocation of the investment result before distributions to depositors for each of CDPQ's segments:

	2022	2021
Fixed Income	**(20,130)**	(521)
Real Assets	**10,492**	10,017
Equities	**(12,118)**	40,526
Other[1]	**(2,856)**	(1,293)
Investment result before distributions to depositors	**(24,612)**	48,729

1. The Other item includes the Asset Allocation specialized portfolio, cash activities, and the customized operations of individual funds, which consist of direct holdings of derivative financial instruments by the individual funds for the customized management of the desired exposure of each depositor.

11
RISK IDENTIFICATION AND MANAGEMENT

RISK MANAGEMENT POLICIES, DIRECTIVES AND PROCEDURES RELATED TO INVESTMENT ACTIVITIES

CDPQ is responsible for managing deposits in accordance with service agreements and depositor investment policies, the investment policies for specialized portfolios, and the integrated risk management policy. To do so, it has implemented various policies, directives and procedures to oversee the management of the risks relating to its operations.

The integrated risk management policy is adopted by CDPQ's Board of Directors. The purpose of this policy is to promote a rigorous risk management culture and practices that help CDPQ carry out its mission on behalf of its depositors. The integrated risk management policy defines market risk, concentration risk, credit risk, counterparty risk associated with derivative financial instruments, and financing-liquidity risk.

Specifically, this policy aims to:

- Establish the guiding principles that support CDPQ's integrated risk management framework and promote a sound risk management culture at all levels of the organization
- Set out the risk management model and governance structure
- Define the roles and responsibilities of stakeholders
- Establish oversight of the main risks to which CDPQ is exposed

CDPQ's governance and risk management are based on the following twelve guiding principles:

- A risk tolerance framework
- The roles of the Board of Directors and senior executives
- A client-centric approach that focuses on the needs of depositors
- A long-term investment strategy
- Liquidity and financing management
- In-depth knowledge of assets and markets
- Independent functions and stakeholder accountability
- Collaboration for comprehensive risk management
- Operational excellence
- Use of derivative financial instruments and counterparty risk management
- Oversight of new investment activities and new financial instruments
- A responsible investment framework

RISK MANAGEMENT POLICIES, DIRECTIVES AND PROCEDURES RELATED TO INVESTMENT ACTIVITIES (continued)

The levels of control and parties responsible for risk management governance are as follows:

1. Investment groups have the primary responsibility for managing the risks related to their operations.
2. Independent teams and internal committees are responsible for supporting investment group employees and setting appropriate control mechanisms.
3. The Board of Directors and its committees ensure a management framework is adopted, and the Internal Audit group ensures execution and compliance with the established risk management framework.

The integrated risk management policy sets out risk limits and authorization levels for CDPQ as a whole as well as limits applicable to cross-functional activities. In addition, CDPQ develops and periodically reviews the specialized portfolio investment policies that are designed to oversee the work of the specialized portfolio managers. A separate investment policy sets out investment strategy, management style, eligible investments, target returns, benchmark index, and concentration and risk limits.

Furthermore, each investment group must adopt an investment strategy. Global strategic planning (GSP) seeks to strengthen the decision-making process by achieving a better matching of return to risk when choosing investments. GSP sets future directions, strengthens the collaboration and information sharing processes required to make strategic investment decisions, and ensures a better alignment between the directions and strategies. The GSP process is conducted continuously and includes the following steps: 1) Diagnostic and strategic directions; 2) Strategic plans; 3) Review and approval; and 4) Execution and accountability. Investment plans are communicated to the Executive Committee and presented to the Investment-Risk Committee (IRC) and Board of Directors for approval.

CDPQ is exposed to various financial risks. Detailed information about these risks is disclosed in the following sections.

MARKET RISK

Market risk is the risk of financial loss arising from fluctuations in the fair value of financial instruments. Volatility in financial instrument prices stems from changes in market risk factors, in particular interest rates, credit spreads, exchange rates, share prices and commodity prices.

CDPQ manages market risk according to an integrated approach for all specialized portfolios. The main factors contributing to risk, such as industry sector, geographic region and issuer, are taken into account. CDPQ's market risk is managed and calculated according to factors that can influence the fair value of investments and investment liabilities.

CDPQ measures its market risk using Value-at-Risk (VaR), which is based on a statistical estimate of the volatility of the fair value of each position and of correlations between market risk factors. VaR is a statistical estimate of the potential financial loss that could be incurred by CDPQ's actual portfolio, based on a predetermined confidence level and a given exposure period. The market VaR is estimated with a 95% confidence level over an exposure period of one year. Moreover, due to the methodology, the effects on the portfolio of the unfavourable events seen over a one-month horizon are repeated several times during the year. To summarize, VaR indicates the level of loss that the actual portfolio of CDPQ could exceed in 5% of cases over the forthcoming year. CDPQ estimates VaR for each instrument held in its specialized portfolios and aggregates the information for CDPQ's actual portfolio.

The historical-simulation method is used to measure VaR. This method is based mainly on the assumption that the future will be similar to the past. It requires that historical data series on all the risk factors needed to estimate the returns on financial instruments be available. In the absence of historical data, alternative methods are used.

The calculation results obtained by applying this methodology do not make it possible to estimate the amount of loss, based on a specific event, that would be incurred by CDPQ's portfolio if this event re-occurred. For example, if future conditions and market risk factors were substantially different from past economic conditions, actual losses could differ substantially from estimated losses. Moreover, these estimates at a given date do not take into account all possible losses resulting from exceptional market events or losses that could arise over and above the 95% confidence level. Consequently, in light of these limitations, CDPQ's actual portfolio losses could exceed the estimates.

A risk factor observation history over a period from 2006 to the reporting date is being used to assess the volatility of returns and the correlation between the performance of financial instruments.

MARKET RISK (continued)

Two risk measures are calculated and analyzed:

- The absolute risk of the actual portfolio represents the total risk associated with the categories of financial instruments that make up CDPQ's actual portfolio.
- The absolute risk of the benchmark portfolio targeted by depositors represents the total risk of the benchmark indexes associated with the categories of financial instruments that make up CDPQ's benchmark portfolio.

The absolute risks of CDPQ's actual and benchmark portfolios are measured regularly and used to calculate the absolute risk ratio, which is subject to certain limitations. The absolute risk ratio is obtained by dividing the absolute risk of the actual portfolio by the absolute risk of the benchmark portfolio.

The absolute risk of CDPQ's actual and benchmark portfolio, including the risk associated with the underlying investments of unconsolidated subsidiaries whose risk is managed by CDPQ, as a percentage of net assets, according to a 95% confidence level and a history of observation over a period from 2006 to the reporting date, as well as the absolute risk ratio, are as follows:

	December 31, 2022			December 31, 2021		
	Absolute risk of the actual portfolio %	**Absolute risk of the benchmark portfolio %**	**Absolute risk ratio**	Absolute risk of the actual portfolio %	Absolute risk of the benchmark portfolio %	Absolute risk ratio
Value-at-risk	**16.8**	**16.1**	**1.04**	14.9	14.5	1.03

Moreover, when managing market risk, CDPQ uses stress tests that allow it to evaluate the consequences of specific circumstances on the returns of CDPQ's actual portfolio based on historical, hypothetical or risk factor sensitivity scenarios. Using various types of scenarios, stress tests measure the gains or losses in value of a financial instrument following a change in one or more often-related risk factors, such as share prices, interest rates, rate spreads, exchange rates, commodity prices and market volatility. The hypothetical scenarios are also continuously enriched to integrate new issues, such as the impact of rising inflation on the global economy.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk is integrated into the VaR measurement.

CDPQ uses a dynamic management approach for the main currencies of developed countries. Dynamic management is used to protect certain specialized portfolios when the Canadian dollar appears to be significantly undervalued or overvalued compared to its equilibrium value against one of the main currencies according to the valuation models. Dynamic hedging should therefore be less frequent, but the duration of the hedge, being unforeseeable, may vary widely and last for a few weeks to several months. Certain specialized portfolios may therefore be partially hedged against currency risk.

To strategically manage currency risk, CDPQ uses currency derivatives to manage its exposure to the main currencies of developed countries according to hedging targets. For other currencies, a discretionary hedge may be implemented to manage the foreign currency exposures of the specialized portfolios or of certain investments. Moreover, currency risk can be managed by way of natural hedging activities, including the financing of investments in the same currency.

CURRENCY RISK (continued)

The net exposure to foreign currencies takes into account the effects of currency derivatives, natural hedging and the underlying investments in currencies of unconsolidated subsidiaries whose currency risk is managed by CDPQ. CDPQ's net exposure to foreign currencies, as a percentage of net assets, including purchases and cancellations of participation units of the specialized portfolios completed at the beginning of each month, is as follows:

	December 31, 2022	December 31, 2021
	%	%
Canadian dollar	**50**	45
U.S. dollar	**25**	29
Euro	**7**	6
Australian dollar	**1**	1
Hong Kong dollar	**1**	1
Pound sterling	**4**	5
Mexican peso	**1**	1
Brazilian real	**2**	2
Indian rupee	**2**	1
Yen	**2**	2
Chinese yuan	**1**	2
Other	**4**	5
	100	100

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk is integrated into the VaR measurement.

Interest rate benchmark reform

Following the interest rate benchmark reform, CDPQ set up an organization-wide multidisciplinary committee to identify and manage the changes and risks arising from the interbank offered rates (IBOR) reform. The reform notably includes risks related to the review of IBOR-related contractual clauses and the updating of processes and systems. CDPQ's exposure to IBORs, which are mostly denominated in U.S. dollars, includes $6,677 million ($8,109 million as at December 31, 2021) of non-derivative financial instruments and $4,248 million ($13,190 million as at December 31, 2021) of the notional amounts of derivative financial instruments with a maturity after June 30, 2023.

PRICE RISK

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors that affect all similar financial instruments traded on the market. This risk is integrated into the VaR measurement.

CONCENTRATION RISK

CDPQ analyzes overall concentration risk for the entire group of specialized portfolios it manages. The integrated risk management policy sets out exposure limits according to category of financial instrument and according to issuer for growth markets and for certain countries. Moreover, the investment policies of the specialized portfolios set out specific limits for each issuer, industry sector, and geographic region.

The concentration limit by issuer is 3% of CDPQ's total assets, with the exception of securities issued by the Canadian or U.S. governments or by their agencies and that feature an explicit guarantee or those issued by a Canadian province or territory of Canada or a ministry or agency thereof or by sovereign issuers rated AAA, which are not included in the concentration limit. Concentration by issuer is monitored monthly or upon initiation of a transaction requiring approval of the IRC or the Board of Directors, as appropriate.

In 2022, CDPQ revised its concentration calculation methodology to better reflect its geographic and sectoral exposure. This change aims to exclude financial instruments used in strategic duration adjustment activities, notably interest rate derivatives. However, these activities are included in the calculation of Value-at-Risk (VaR), which measures market risk.

CONCENTRATION RISK (continued)

The following table shows the main geographic concentrations as a percentage of total net exposure, established according to the country of the issuers' principal place of business, after the effects of certain derivative financial instruments and including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by CDPQ. Figures as at December 31, 2021 have been recalculated to reflect the change in methodology.

	December 31, 2022 %	December 31, 2021 %
United States	**40**	36
Canada	**25**	29
Europe	**16**	16
Asia Pacific	**12**	13
Latin America	**4**	4
Other	**3**	2
	100	100

The following table shows the principal industry sector concentrations as a percentage of total net exposure, established according to the industry sector in which the issuers operate, after the effects of certain derivative financial instruments and including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by CDPQ. Figures as at December 31, 2021 have been recalculated to reflect the change in methodology.

	December 31, 2022 %	December 31, 2021 %
Industry sector		
Real estate	**16**	15
Industrials	**14**	12
Financials	**10**	10
Information technologies	**9**	11
Consumer discretionary	**5**	6
Utilities	**6**	6
Health care	**6**	6
Consumer staples	**3**	3
Real estate debt	**4**	4
Communication services	**5**	5
Energy	**2**	3
Materials	**2**	2
Other	**3**	2
Government sector		
Government of the United States	**6**	3
Government of Canada	**3**	5
Government of Québec	**2**	3
Government corporations and other public administrations in Québec	**1**	1
Other	**3**	3
	100	100

CREDIT RISK

Credit risk is the possibility of incurring a loss in value should a borrower, endorser, or guarantor experience a deterioration in financial position, fail to meet an obligation to repay a loan or fail to meet any other financial commitment.

Maximum credit risk exposure is measured based on the fair value of financial instruments without taking into account guarantees or other credit enhancements. For the other items, the maximum exposure to credit risk is the total amount guaranteed or committed.

The following table shows the maximum exposure to credit risk:

	December 31, 2022	December 31, 2021
Cash	**1,426**	1,073
Amounts receivable from transactions being settled	**2,376**	2,213
Advances to depositors	**727**	1,011
Investment income, accrued and receivable	**1,174**	949
Investments		
Cash equivalents	**75**	1,502
Fixed-income securities	**102,022**	106,481
Interests in unconsolidated subsidiaries in the form of debt instruments	**35,308**	32,767
Derivative financial instruments	**1,910**	1,002
	145,018	146,998
Other items		
Commitments and financial guarantees *(Note 18)*	**3,215**	2,918
	148,233	149,916

CDPQ enters into master netting agreements (Note 7), receives guarantees (Note 14), and may also use derivative financial instruments such as credit default swaps to reduce its total credit risk exposure.

In addition, to manage credit risk, CDPQ closely monitors changes in the credit cycle of issuers and uses a credit VaR to calculate the potential financial loss related to possible changes in the credit quality of issuers of fixed-income securities.

CONCENTRATION OF CREDIT RISK

A credit risk concentration analysis measures the fair value of all financial instruments related to a same issuer. The investment policy of the specialized portfolios sets out concentration limits according to credit rating. The credit risk analysis considers the probability of default and the recovery rate on debt securities held by CDPQ and monitors changes in the credit quality of issuers.

The following table shows the credit risk concentration according to the credit ratings of issuers of fixed-income securities and derivative financial instruments that carry credit risk, as a percentage of the total exposure to credit concentration risk:

	December 31, 2022	December 31, 2021
	%	%
Credit rating		
AAA - AA	**69**	64
A	**4**	4
BBB	**11**	11
BB or lower	**12**	16
No credit rating	**4**	5
	100	100

The credit ratings of securities issued or guaranteed by governments are obtained from recognized credit rating agencies. For corporate sector securities, credit ratings are determined using an internal rating process that monitors changes in the credit cycle annually when the necessary information is available. Otherwise, CDPQ uses recognized credit rating agencies.

CREDIT RISK (continued)

COUNTERPARTY RISK RELATED TO DERIVATIVE FINANCIAL INSTRUMENTS

Certain over-the-counter financial instruments give rise to counterparty risk because they are negotiated by contract without being traded or settled through a clearing house. Counterparty risk related to derivative financial instruments is the credit risk created by current or potential exposures arising from derivative financial instrument transactions where the counterparty becomes unable to honour the terms of the contracts.

To limit its exposure to the counterparty risk arising from transactions involving over-the-counter derivative financial instruments, CDPQ carries out transactions with financial institutions in accordance with management's criteria regarding the quality of the issuer. Moreover, CDPQ enters into legal agreements based on ISDA standards under which it benefits from the compensating effects between at-risk amounts and the collateral exchanged in order to limit its net exposure to this risk.

This risk is measured by counterparty, pursuant to the applicable legal agreement, from which it is possible to calculate the net exposure created by all of the over-the-counter derivative financial instruments and collateral exchanged. Actual exposure to counterparty risk is measured on a daily basis, whereas potential exposure to counterparty risk is measured on a monthly basis.

As at December 31, 2022 and 2021, the legal agreements and the collateral received helped reduce exposure to the counterparty risk of over-the-counter derivative financial instruments. The maximum exposure to this risk is $305 million as at December 31, 2022 ($421 million as at December 31, 2021).

LIQUIDITY RISK

Liquidity risk is the possibility of CDPQ not always being able to honour its financial liability commitments without having to obtain funds at abnormally high prices or having to sell assets through forced liquidation. It is also the risk of CDPQ not being able to quickly sell investments without having a significant unfavourable effect on the price of the investment in question.

Liquidity is managed across all of CDPQ's cash activities. On a daily basis, liquidity status is determined and compliance with the established rules is analyzed. Managers are responsible for evaluating the liquidity of the markets in which CDPQ obtains financing for its operations.

To ensure that sources of liquidity and potential liquidity requirements are properly aligned, CDPQ has a number of sources of liquidity in addition to its cash and cash equivalents, including receipt of investment income, the sale of bonds, sales under repurchase agreements, and liquid money market securities. In addition, CDPQ may issue short-term promissory notes and term notes as well as a committed credit facility totalling US$4 billion to meet its contractual commitments and financial obligations. As at December 31, 2022, CDPQ has close to $46 billion in liquidity in the form of government bonds and money market securities ($50 billion as at December 31, 2021).

Furthermore, to manage liquidity risk, CDPQ conducts simulations of scenarios over different horizons and examines events that could lead to a liquidity crisis. CDPQ rigorously and frequently monitors its potential liquidity needs and proactively ensures permanent access to stable and resilient sources of liquidity.

An analysis of undiscounted contractual cash flows of financial liabilities, shown in the table below, is a component of liquidity and financing management. However, this by-maturity allocation is not necessarily representative of the manner in which CDPQ manages its liquidity risk and financing requirements.

LIQUIDITY RISK (continued)

The following tables show the maturities of the undiscounted contractual cash flows of non-derivative financial liabilities, derivative financial instruments, and other items:

					December 31, 2022
	On demand	Less than 1 year	1 year to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	–	1,943	–	–	1,943
Other liabilities	–	977	158	545	1,680
Investment liabilities					
Securities sold under repurchase agreements	–	29,876	–	–	29,876
Securities sold short	–	2,314	–	–	2,314
Short-term promissory notes payable	–	13,304	–	–	13,304
Loans payable	–	1,992	–	–	1,992
Term notes payable	–	3,137	16,134	4,450	23,721
Net assets attributable to depositors					
Demand and term deposits	1,407	6	–	–	1,413
Distributions payable to depositors	–	986	–	–	986
	1,407	54,535	16,292	4,995	77,229
Derivative financial instruments					
Derivative financial instruments with net settlement	–	(8)	41	3	36
Derivative financial instruments with gross settlement					
Contractual cash flows receivable	–	(155,857)	(7,727)	(5,867)	(169,451)
Contractual cash flows payable	–	155,642	7,892	5,723	169,257
	–	(223)	206	(141)	(158)
Other items					
Commitments *(Note 18)*	60	23,049	86	421	23,616
Financial guarantees *(Note 18)*	–	1,972	940	303	3,215
	60	25,021	1,026	724	26,831
	1,467	79,333	17,524	5,578	103,902

LIQUIDITY RISK (continued)

					December 31, 2021
	On demand	Less than 1 year	1 year to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	–	3,443	–	–	3,443
Other liabilities	–	1,226	133	563	1,922
Investment liabilities					
Securities sold under repurchase agreements	–	14,998	–	–	14,998
Securities sold short	–	5,532	–	–	5,532
Short-term promissory notes payable	–	9,735	–	–	9,735
Loans payable	–	203	–	–	203
Term notes payable	–	2,814	11,575	2,722	17,111
Net assets attributable to depositors					
Demand and term deposits	782	7	–	–	789
Distributions payable to depositors	–	1,839	–	–	1,839
	782	39,797	11,708	3,285	55,572
Derivative financial instruments					
Derivative financial instruments with net settlement	–	(287)	5	(3)	(285)
Derivative financial instruments with gross settlement					
Contractual cash flows receivable	–	(101,832)	(7,717)	(3,373)	(112,922)
Contractual cash flows payable	–	102,036	7,729	3,453	113,218
	–	(83)	17	77	11
Other items					
Commitments *(Note 18)*	8	21,864	67	411	22,350
Financial guarantees *(Note 18)*	–	1,928	834	156	2,918
	8	23,792	901	567	25,268
	790	63,506	12,626	3,929	80,851

Moreover, concerning net assets attributable to depositors, the Regulation states that CDPQ may set monthly limits for cancelling participation units, i.e., a depositor is limited to a maximum reimbursement of all their participation units in all of CDPQ's specialized portfolios of $50 million. Any participation units that are not cancelled given the maximum amount permitted are carried forward to the first days of the subsequent months and are cancelled as soon as the limit permits. The purpose of the limits is to ensure optimal management of CDPQ's overall liquidity.

LIQUIDITY RISK (continued)

FINANCING-LIQUIDITY RISK

The following tables show the main terms and conditions and interest rates of the investment liabilities related to CDPQ's financing activities:

				December 31, 2022
	Currency	Nominal value[1]	Maturity	Interest rate %
Loans payable	USD	1,689	Less than one year	1.68
	CAD	303	Less than one year	1.89
		1,992		
Short-term promissory notes payable	EUR	14	Less than one year	1.03
	CAD	744	Less than one year	4.24
	USD	12,453	Less than one year	4.38
		13,211		
Term notes payable[2]	USD	2,710	April 2023	1.00
	USD	2,710	July 2024	3.15
	USD	3,387	June 2025	0.88
	USD	1,355	May 2026	1.00
	CAD	1,250	October 2026	1.50
	USD	2,032	February 2027	1.75
	EUR	2,892	April 2027	1.13
	CAD	1,250	June 2027	3.80
	CAD	1,500	September 2029	3.95
	USD	1,694	November 2039	5.60
		20,780		

1. The amounts shown are translated into Canadian dollars and are amounts to be repaid at maturity.
2. As at December 31, 2022, term notes include $2,605 million in green bonds that are to be allocated to a selection of investments that are compliant with the eligible project categories established under CDPQ's Green Bond Framework, which is aligned with the Green Bond Principles of the International Capital Market Association ($1,263 million as at December 31, 2021).

LIQUIDITY RISK (continued)

FINANCING-LIQUIDITY RISK (continued)

				December 31, 2021
	Currency	Nominal value[1]	Maturity	Interest rate %
Loans payable	USD	199	Less than one year	0.07
	CAD	4	Less than one year	0.17
		203		
Short-term promissory notes payable	CAD	662	Less than one year	0.23
	USD	9,070	Less than one year	0.17
		9,732		
Term notes payable[2]	USD	2,526	March 2022	2.75
	USD	2,526	April 2023	1.00
	USD	2,526	July 2024	3.15
	USD	3,158	June 2025	0.88
	USD	1,263	May 2026	1.00
	CAD	1,250	October 2026	1.50
	USD	1,579	November 2039	5.60
		14,828		

1. The amounts shown are translated into Canadian dollars and are amounts to be repaid at maturity.
2. As at December 31, 2022, term notes include $2,605 million in green bonds that are to be allocated to a selection of investments that are compliant with the eligible project categories established under CDPQ's Green Bond Framework, which is aligned with the Green Bond Principles of the International Capital Market Association ($1,263 million as at December 31, 2021).

Short-term promissory notes are issued at fixed or variable rates, with maturities not exceeding 12 months, and are guaranteed by CDPQ's assets. In accordance with the limit prescribed in the short-term promissory notes issuance information document, the nominal value of all such outstanding notes may never exceed US$12 billion (US$10 billion as at December 31, 2021) for the U.S. program, and the equivalent of CA$4 billion (CA$3 billion as at December 31, 2021) for short-term promissory notes issued in Canada and abroad, excluding the United States.

Term notes payable are issued at fixed rates, repayable at maturity, and secured by CDPQ's assets.

Furthermore, during the year ended December 31, 2022, CDPQ renewed the credit facility that it arranged with a banking syndicate for a total amount of approximately CA$5 billion, i.e., two US$2 billion tranches that are renewable annually for terms of two and three years, respectively. The credit facility bears interest at a variable rate and is entirely secured, unconditionally and irrevocably, by CDPQ. As at December 31, 2022 and 2021, no amount had been drawn on this credit facility.

12
CAPITAL MANAGEMENT

CDPQ defines its capital as net assets attributable to depositors. CDPQ's capital may fluctuate according to depositor demands for cancellations and issuances of participation deposit units and for deposits and withdrawals of demand and term deposits. CDPQ's capital management objective is to invest contributions and deposits in the best interests of the depositors in accordance with the Act in order to achieve an optimal return while respecting the depositor investment policies.

CDPQ is not subject to external capital requirements.

Furthermore, CDPQ's objective is to maintain its AAA credit rating to ensure access to capital markets at the best cost. Consequently, the Board of Directors has limited the amount of notes that CDPQ may issue on capital markets to 10% of its net assets attributable to depositors, to which is added the fair value of outstanding notes (adjusted net assets).

13
FINANCIAL ASSETS TRANSFERRED BUT NOT DERECOGNIZED

CDPQ enters into securities lending and borrowing transactions as well as securities repurchase agreements whereby it transfers financial assets to counterparties. The transferred securities do not meet derecognition criteria since CDPQ retains most of the risks such as credit risk, interest rate risk, currency risk, and price risk, as well as most of the related rewards such as cash flows.

The following table shows the fair values of the financial assets transferred but not derecognized from the Consolidated Statements of Financial Position as well as the fair values of the associated financial liabilities:

	December 31, 2022	December 31, 2021
Financial assets transferred but not derecognized[1]		
Bonds	**47,331**	31,607
Equities	**24,206**	9,719
	71,537	41,326
Associated financial liabilities		
Loans payable[2]	**1,992**	203
Securities sold under repurchase agreements[3]	**32,416**	17,708
	34,408	17,911

1. As part of CDPQ's securities lending and borrowing activities, CDPQ does not recognize financial assets borrowed from third parties in the Consolidated Statements of Financial Position. Accordingly, the amount includes CDPQ's financial assets as well as those borrowed from third parties.
2. The amount presented corresponds to cash received as collateral on securities lending transactions and derivative financial instrument transactions.
3. The net amount is disclosed in Notes 4 and 7.

14
GUARANTEES

FINANCIAL ASSETS PLEDGED AS COLLATERAL

In the normal course of business, CDPQ may pledge financial assets as collateral during transactions. The counterparties may be authorized, by way of legal contract or market practices, to either sell or repledge certain securities as collateral. Under certain conditions, CDPQ may have to pledge additional collateral if the pledged securities lose value.

The following table shows the fair value of collateral pledged by CDPQ according to transaction type:

	December 31, 2022	December 31, 2021
Securities borrowing	**11,735**	369
Securities sold under repurchase agreements	**32,493**	18,309
Exchange-traded derivative financial instruments	**3,565**	2,329
Over-the-counter derivative financial instruments	**2,083**	1,872
Investments pledged as collateral[1]	**5,312**	–
	55,188	22,879

1. The amount represents investments that CDPQ holds in certain companies to guarantee their external borrowings. This amount cannot exceed the fair value of these investments.

FINANCIAL ASSETS RECEIVED AS COLLATERAL

In the normal course of business, CDPQ may receive financial assets as collateral during transactions. If the fair value of the collateral received decreases, CDPQ may, in certain cases, request additional collateral. CDPQ is authorized to sell or repledge as collateral these securities in the absence of default by the counterparty.

The following table shows the fair value of collateral received by CDPQ according to transaction type:

	December 31, 2022	December 31, 2021
Securities lending	**26,697**	22,954
Securities purchased under reverse repurchase agreements	**16,414**	22,174
Over-the-counter derivative financial instruments	**794**	22
	43,905	45,150

15
RELATED PARTY DISCLOSURES

RELATED PARTY TRANSACTIONS

CDPQ's primary related parties include unconsolidated subsidiaries, joint ventures, associates, and CDPQ's key management personnel.

CDPQ enters into various transactions with related parties. These transactions are concluded under the same conditions as those prevailing in the market with unrelated parties and are measured at fair value. Given the very nature of CDPQ's activities as an investment entity, it may make investments in several investment categories, including investments in unconsolidated subsidiaries, joint ventures and associates.

RELATED PARTY DISCLOSURES

COMPENSATION OF KEY MANAGEMENT PERSONNEL

CDPQ's key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly. These persons are the members of the Board of Directors, the President and Chief Executive Officer, and key members of the Executive Committee.

The following table shows the compensation of CDPQ's key management personnel:

	2022	2021
Salaries and other short-term employee benefits	**12**	12
Post-employment benefits	**1**	1
Other long-term employee benefits	**6**	7
Termination benefits	**2**	–
	21	20

OTHER RELATED PARTIES

CDPQ is governed by the Act, and the Government of Québec appoints the Board of Director members, at least two-thirds of whom must be independent. The Government of Québec also approves the appointment of the President and Chief Executive Officer. Consequently, CDPQ has availed itself of the exemption set out in IAS 24 – Related Party Disclosures regarding the disclosure of transactions with a related government and with any entities related to the related government. The transactions carried out with the Government of Québec and its related entities are investment activities involving bonds issued by or guaranteed by the government and are carried out under normal market conditions through external brokers. These bonds are included in the "Governments" and "Government corporations and other public administrations" bond categories of Note 4a. In addition, CDPQ discloses information on the Government sector category in the "Government of Québec" and "Government corporations and other public administrations in Québec" items of Note 11. Furthermore, the Government of Québec and its related entities have entered into agreements related to a public infrastructure project in Québec being carried out through CDPQ Infra Inc., a subsidiary of CDPQ. These agreements were signed in the subsidiary's normal course of business.

16
INTERESTS IN OTHER ENTITIES

SUBSIDIARIES

CONSOLIDATED SUBSIDIARY

CDP Financial Inc. is a wholly owned subsidiary that issues debt securities in order to finance CDPQ's investments at an optimal financing cost.

UNCONSOLIDATED SUBSIDIARIES

The subsidiaries presented in this category are entities controlled either directly or indirectly by CDPQ through subsidiaries in accordance with IFRS 10 criteria.

INTERMEDIATE SUBSIDIARIES

As part of certain investment activities, CDPQ may use intermediate subsidiaries, whose sole purpose is to hold investments for CDPQ. They are therefore not included in the information shown in the following tables, while the main underlying ownership interests in subsidiaries, joint ventures, and associates are shown.

SUBSIDIARIES (continued)

The following table shows the ownership interests held in the main consolidated and unconsolidated subsidiaries as at December 31, 2022 as well as the comparative ownership interests as at December 31, 2021. Unless otherwise specified, the percentage of voting rights does not differ materially from the ownership interest. The principal place of business is defined as the region or country where the principal business activities such as operations and revenues take place.

		December 31, 2022	December 31, 2021
	Principal place of business	**Ownership interest %**	Ownership interest %
Consolidated subsidiary			
CDP Financial Inc	Canada	**100.0**	100.0
Unconsolidated subsidiaries			
Real estate debt			
Otéra Capital Inc[1]	Canada	**97.5**	97.5
Energy			
Azure Power Global Ltd	India[2]	**53.4**	50.2
Southern Star Acquisition Corporation	United States	**79.9**	79.9
Tenedora de Energía Renovable Sol y Viento S.A.P.I. de C.V.	Mexico	**67.1**	67.1
Transmissoras Unidas de Energia Brasil Holding S.A.	Brazil	**100.0**	–
Trencap LP (Énergir)	Canada	**80.9**	71.0
Velto Renewables S.L.	Spain	**100.0**	100.0
Financials			
KKR FSK Co-Invest (Unlev) LP and KKR FSK II Co-Invest (Unlev) LP	United States	**83.0**	83.0
NB Credit Opportunities Co-Invest I LP	United States	**100.0**	100.0
Hedge funds			
CTA QN5 Fund LP	United States	**100.0**	100.0
CTA WLH Fund LP	United States	**100.0**	100.0
GMAC ASO Fund Inc	Singapore[3]	**100.0**	100.0
Debt funds			
FICG-GM-I Fund LP	Growth markets[4]	**100.0**	–
FICG-PG-I Fund LP	Growth markets[4]	**100.0**	–
Franklin Emerging Market Debt Opportunities Fund III	Growth markets[5]	**100.0**	100.0
Global Credit Opportunities (Canada) LP	Canada	**100.0**	100.0
HC Direct Lending Fund LP	United States[5]	**100.0**	100.0
Private Debt SMA (C) SLP	United Kingdom[6]	**100.0**	100.0
West Street GCPD Partners LP	United States[5]	**100.0**	100.0
Private investment funds			
EC Partners LP	India[7]	**100.0**	100.0
Real estate			
Ivanhoe Cambridge Group Inc	Canada	**96.6**	96.0
Industrials			
CDPQ Infra Inc	Canada	**100.0**	100.0
Einn Volant Aircraft Leasing Holdings Ltd	Ireland[8]	**90.5**	90.5
Indian Highway Concessions Trust	India	**75.0**	75.0
Rail Capital Europe Holdings (Akiem Group SAS)	France	**100.0**	–
Spinner US AcquireCo Inc (Student Transportation of America)	United States	**79.9**	79.9
Utilities			
Plenary Americas Holdings Ltd. (Plenary Group Canada)	Canada	**100.0**	100.0
Information technology			
Wizeline Inc	United States	**57.2**	56.5

1. Otéra Capital Inc indirectly held 77.7% of MCAP Commercial LP as at December 31, 2022 (78.0% as at December 31, 2021).
2. Constituted in Mauritius.
3. Constituted in the Cayman Islands in accordance with the structure of the limited partner.
4. Constituted in the United States.
5. Constituted in Canada.
6. Constituted in Luxembourg.
7. Constituted in Singapore.
8. Constituted in Bermuda.

INTERESTS IN OTHER ENTITIES

JOINT VENTURES

The following table shows the ownership interests held in the main joint ventures as at December 31, 2022 as well as the comparative ownership interests as at December 31, 2021. Voting rights or other contractual clauses allow CDPQ to exercise joint control that requires unanimous shareholder agreement. The principal place of business is defined as the region or country where the principal business activities such as operations and revenues take place.

		December 31, 2022	December 31, 2021
	Principal place of business	**Ownership interest %**	Ownership interest %
Energy			
Apraava Energy Private Limited	India	**50.0**	40.0
Invenergy Renewables Holdings LLC	United States	**49.4**	59.4
Transportadora Associada de Gas SA	Brazil	**35.0**	35.0
Financials			
Constellation Insurance LP	United States	**49.5**	49.5
Greenstone Ltd	Australia	**34.0**	34.0
USI Advantage Corp	United States	**23.8**	25.0
Industrials			
Delachaux SA	France	**43.0**	43.0
DP World Australia B.V.	Australia[2]	**45.0**	45.0
DP World Canada Investment Inc	Canada	**45.0**	45.0
DP World Caucedo (Caucedo Investments Inc, Caucedo Services Inc)	Dominican Republic[3]	**45.0**	45.0
DP World Holding UK Limited (UK)	Chile[4]	**44.6**	44.6
Ermewa Holding	France	**48.8**	49.7
ICR Opco LLC	United States	**45.0**	45.0
STP Asset Trust, STP Project Trust (WestConnex)[1]	Australia	**10.1**	10.1
Health			
Medical Solutions LLC	United States	**36.9**	41.4
Information technology			
FNZ Group Limited (formerly Kiwi Holdco Cayco Ltd)	Europe[5]	**44.9**	69.1

1. Voting rights were not exercisable as at December 31, 2021.
2. Constituted in the Netherlands.
3. Constituted in the British Virgin Islands.
4. Constituted in the United Kingdom.
5. Constituted in New Zealand as at December 31, 2022.

ASSOCIATES

The following table shows the ownership interests held in the main associates as at December 31, 2022 as well as the comparative ownership interests as at December 31, 2021. Unless otherwise specified, the percentage of voting rights does not differ materially from the ownership interest. The principal place of business is defined as the region or country where the principal business activities such as operations and revenues take place.

ASSOCIATES (continued)

	Principal place of business	**December 31, 2022** **Ownership interest** **%**	December 31, 2021 Ownership interest %
Consumer staples			
Knowlton Development Corporation Inc[1]	Canada	**18.7**	24.7
Zevia PBC	United States	**32.0**	34.1
Consumer discretionary			
Clarios Power Solutions Holdings LP	United States[7]	**30.0**	30.0
Metro Supply Chain Group Inc	Canada	**35.0**	35.0
Energy			
Fluxys G NV/SA	Belgium	**20.0**	20.0
IPALCO Enterprises Inc	United States	**30.0**	30.0
London Array Ltd, London Array Unincorporated JV	United Kingdom	**25.0**	25.0
NSW Electricity Networks Assets Holding Trust, NSW Electricity Networks Operations Holding Trust (TransGrid)	Australia	**22.5**	22.5
Previan Holding Inc (formerly NDT Québec Inc)	Canada	**34.0**	34.0
Shizen Energy Inc[2]	Japan	**23.8**	–
Financials			
First Lion Holdings Inc	Canada	**31.5**	30.0
Hilco Trading LLC	United States	**27.3**	27.3
Howden Group Holding Limited	United Kingdom	**21.4**	22.3
Inigo Limited	United Kingdom	**23.9**	23.6
Real estate			
Avison Young (Canada) Inc.	United States[7]	**29.2**	33.3
Industrials			
Airport Holding Kft	Hungary	**21.2**	21.2
Alix Partners LLP[3]	United States	**15.7**	16.2
Allied Universal Holdco LLC	United States[7]	**27.7**	27.7
Alvest International Equity SAS[4]	France	**39.9**	39.9
Datamars SA	Switzerland	**30.0**	30.0
DP World Jebel Ali Terminals and Free Zone FZCO	United Arab Emirates	**21.9**	–
Eurostar Group[5]	Belgium	**19.3**	–
Groupe Keolis SAS	France	**30.0**	30.0
Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. (OPI), OPCEM, S.A.P.I. de C.V. (OPCEM)	Mexico	**45.5**	45.5
Qima Partners Limited	China[8]	**40.1**	–
QPH Hold Trust, QPH Hold Co PTY Limited (Port of Brisbane)	Australia	**26.7**	26.7
Suez Water Technologies and Solutions S.A.	United States[9]	**30.0**	30.0
Techem GmbH	Germany	**24.5**	24.5
Materials			
Canam Group Inc	Canada	**33.3**	33.3
Groupe Solmax Inc	Canada	**33.3**	33.3
Health			
ANZ Hospital Topco	Australia	**21.3**	21.3
Crossroads Holding LLC[4]	United States	**42.7**	42.7
Sanfer Farma S.A.P.I de C.V.	Mexico	**23.6**	22.7
Sphinx SAS (Sebia SA)[3]	France	**39.3**	39.3
Communication services			
ATC Europe C.V.	Germany[10]	**25.5**	28.6
Cogeco Communications USA Inc.	United States	**21.0**	21.0
Vertical Bridge Reit LLC	United States	**37.3**	37.3
Information technology			
Nuvei Corporation6	Canada	**12.5**	12.4
Plusgrade Holdco	Canada	**40.9**	39.9

1. The voting rights amounted to 16.7% as at December 31, 2022 (27.8% as at December 31, 2021). As at December 31, 2022, CDPQ therefore no longer had significant influence.
2. CDPQ holds convertible debentures that carry voting rights amounting to 20.0% and a 23.8% equity interest following the debenture conversion.
3. Voting rights amount to 25.0%.
4. Voting rights amount to 22.2%.
5. As at December 31, 2021, CDPQ had control of Patina Rail LLP. As at December 31, 2022, CDPQ held voting rights amounting to 23.3%, thereby giving it significant influence.
6. Voting rights amount to 20.0%.
7. Constituted in Canada.
8. Constituted in Hong Kong.
9. Constituted in France.
10. Constituted in the Netherlands.

NON-CONTROLLED STRUCTURED ENTITIES

CDPQ holds interests in non-controlled structured entities, the majority of which represent investment funds or investments in the form of equities held through limited partnerships. The interests held by CDPQ do not give it power over the relevant activities of these entities, as control is established by contractual agreement that is in favour of a general partner or administrator. These entities are held as investments and do not expose CDPQ to greater risks than the interests held in the non-structured entities. Information about structured entities is provided, if applicable, in the risk management section of Note 11 and in the commitments and financial guarantees section of Note 18.

17
RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following tables show changes in liabilities arising from financing activities, including non-cash changes:

			Non-cash changes		
	December 31, 2021	**Cash flows from financing activities**	**Changes in foreign exchange**	**Changes in fair value**	**December 31, 2022**
Short-term promissory notes payable	**9,729**	**3,155**	**86**	**98**	**13,068**
Loans payable	**203**	**1,789**	**–**	**–**	**1,992**
Term notes payable	**15,601**	**4,851**	**1,078**	**(1,781)**	**19,749**
	25,533	**9,795**	**1,164**	**(1,683)**	**34,809**

			Non-cash changes		
	December 31, 2020	Cash flows from financing activities	Changes in foreign exchange	Changes in fair value	December 31, 2021
Short-term promissory notes payable	5,983	3,420	329	(3)	9,729
Loans payable	942	(740)	1	–	203
Term notes payable	16,113	23	(166)	(369)	15,601
	23,038	2,703	164	(372)	25,533

18
COMMITMENTS AND FINANCIAL GUARANTEES

Given the nature of its activities, CDPQ enters into various investment purchase commitments that will be settled in the coming fiscal years in accordance with the terms and conditions in the related agreements.

For CDPQ, financial guarantees consist of providing guarantees, to financial institutions and corporations, on derivative financial instrument transactions, repayment of loans taken by companies in which it has an economic interest, and certain letters of credit of its subsidiaries. As part of certain investment transactions, CDPQ may also provide financial guarantees or issue letters of credit to third parties. The maturities of the commitments and financial guarantees are disclosed in Note 11.

Commitments and financial guarantees are detailed as follows:

	December 31, 2022	December 31, 2021
Investment purchase commitments	**23,089**	21,853
Commitments under leases	**527**	497
Financial guarantees	**3,215**	2,918
	26,831	25,268

LITIGATION

In the normal course of business, CDPQ may be subject to legal actions. Although CDPQ cannot predict the outcomes of any ongoing legal proceedings as at December 31, 2022, it has no reason to believe that the settlement of any one of these proceedings could have a material impact on its financial position.

19.
SUPPLEMENTARY INFORMATION

The following statements present the financial information of the specialized portfolios:

	SHORT TERM INVESTMENTS (740)		RATES (765)		CREDIT (766)		LONG TERM BONDS[1] (764)	
Statement of financial position	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Total assets	**1,614**	1,584	**50,361**	66,535	**108,210**	104,999	**–**	–
Total liabilities excluding net assets attributable to holders of participation units	**5**	–	**17,345**	22,567	**23,656**	21,353	**–**	–
Net assets attributable to holders of participation units	**1,609**	1,584	**33,016**	43,968	**84,554**	83,646	**–**	–
Statement of comprehensive income	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Net income	**31**	5	**879**	640	**1,852**	2,044	**–**	47
Net gains (losses) on financial instruments at fair value	**(1)**	–	**(6,931)**	(1,536)	**(15,960)**	(1,369)	**–**	(319)
Investment result before recoveries from (distributions to) holders of participation units	**30**	5	**(6,052)**	(896)	**(14,108)**	675	**–**	(272)
Recoveries (distributions)	**(31)**	(5)	**(879)**	(640)	**(1,852)**	(2,044)	**–**	(47)
Net income and comprehensive income attributable to holders of participation units	**(1)**	–	**(6,931)**	(1,536)	**(15,960)**	(1,369)	**–**	(319)
Statement of changes in net assets attributable to holders of participation units	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance at beginning of the year	**1,584**	1,579	**43,968**	30,279	**83,646**	73,754	**–**	3,344
Net change in participation units for the year	**26**	5	**(4,021)**	15,225	**16,868**	11,261	**–**	(3,025)
Net income and comprehensive income attributable to holders of participation units	**(1)**	–	**(6,931)**	(1,536)	**(15,960)**	(1,369)	**–**	(319)
Balance at end of the year	**1,609**	1,584	**33,016**	43,968	**84,554**	83,646	**–**	–

1. The Real Return Bonds (762) and Long Term Bonds (764) specialized portfolios ceased operations on November 1, 2021 and December 1, 2021, respectively, and were closed on December 31, 2021.

SUPPLEMENTARY INFORMATION

	REAL RETURN BONDS[1] (762)		INFRASTRUCTURE (782)		REAL ESTATE (710)		EQUITY MARKETS (737)	
Statement of financial position	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Total assets	**–**	–	**58,467**	46,792	**55,266**	50,197	**108,334**	127,060
Total liabilities excluding net assets attributable to holders of participation units	**–**	–	**4,040**	1,630	**7,659**	8,105	**9,322**	8,667
Net assets attributable to holders of participation units	**–**	–	**54,427**	45,162	**47,607**	42,092	**99,012**	118,393

Statement of comprehensive income	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Net income	**–**	6	**1,271**	756	**20**	59	**1,750**	2,145
Net gains (losses) on financial instruments at fair value	**–**	(39)	**3,993**	4,649	**5,208**	4,553	**(15,739)**	14,832
Investment result before recoveries from (distributions to) holders of participation units	**–**	(33)	**5,264**	5,405	**5,228**	4,612	**(13,989)**	16,977
Recoveries (distributions)	**–**	(6)	**(1,271)**	(756)	**(20)**	(59)	**(1,750)**	(2,145)
Net income and comprehensive income attributable to holders of participation units	**–**	(39)	**3,993**	4,649	**5,208**	4,553	**(15,739)**	14,832

Statement of changes in net assets attributable to holders of participation units	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance at beginning of the year	**–**	736	**45,162**	31,322	**42,092**	35,479	**118,393**	117,696
Net change in participation units for the year	**–**	(697)	**5,272**	9,191	**307**	2,060	**(3,642)**	(14,135)
Net income and comprehensive income attributable to holders of participation units	**–**	(39)	**3,993**	4,649	**5,208**	4,553	**(15,739)**	14,832
Balance at end of the year	**–**	–	**54,427**	45,162	**47,607**	42,092	**99,012**	118,393

1. The Real Return Bonds (762) and Long Term Bonds (764) specialized portfolios ceased operations on November 1, 2021 and December 1, 2021, respectively, and were closed on December 31, 2021.

	PRIVATE EQUITY (780)		ASSET ALLOCATION (771)	
Statement of financial position	**2022**	2021	**2022**	2021
Total assets	**81,227**	83,078	**9,574**	8,568
Total liabilities excluding net assets attributable to holders of participation units	**831**	1,257	**7,549**	6,637
Net assets attributable to holders of participation units	**80,396**	81,821	**2,025**	1,931

Statement of comprehensive income	**2022**	2021	**2022**	2021
Net income	**831**	5,834	**(76)**	(5)
Net gains (losses) on financial instruments at fair value	**1,040**	17,715	**1,389**	(190)
Investment result before recoveries from (distributions to) holders of participation units	**1,871**	23,549	**1,313**	(195)
Recoveries (distributions)	**(831)**	(5,834)	**76**	5
Net income and comprehensive income attributable to holders of participation units	**1,040**	17,715	**1,389**	(190)

Statement of changes in net assets attributable to holders of participation units	**2022**	2021	**2022**	2021
Balance at beginning of the year	**81,821**	64,084	**1,931**	1,612
Net change in participation units for the year	**(2,465)**	22	**(1,295)**	509
Net income and comprehensive income attributable to holders of participation units	**1,040**	17,715	**1,389**	(190)
Balance at end of the year	**80,396**	81,821	**2,025**	1,931

FINANCIAL CERTIFICATE OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

I, Charles Emond, President and Chief Executive Officer of Caisse de dépôt et placement du Québec (CDPQ), certify that:

1. **Review:** I have reviewed the consolidated financial statements, the tables of returns, the press release announcing the annual results and the Annual Report (hereafter referred to as the "Annual Filings") of CDPQ for the year ended December 31, 2022.

2. **No false or misleading information:** To the best of my knowledge, having exercised reasonable diligence, the Annual Filings do not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated or necessary to make a statement that is not misleading in light of the circumstances in which it was made, with respect to the period covered by the Annual Filings.

3. **Fair presentation:** To the best of my knowledge, having exercised reasonable diligence, the consolidated financial statements and the other financial information included in the Annual Filings present fairly, in all material respects, the financial position of CDPQ as at the closing dates of the periods presented in the Annual Filings, as well as its comprehensive income, changes in net assets attributable to depositors, and cash flows for those years.

4. **Responsibility:** I am responsible for the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR) for CDPQ.

5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, at fiscal year-end, I have:

   a) Designed, or caused to be designed under my supervision, DC&P to provide reasonable assurance that:

      i) Material information relating to CDPQ is made known to me by others, particularly during the period in which the Annual Filings are prepared; and that

      ii) Information required to be disclosed by CDPQ in its Annual Filings filed or submitted by it under the legislation is recorded, processed, summarized and reported within the time periods prescribed by the legislation.

   b) Designed, or caused to be designed under my supervision, ICFR to provide reasonable assurance that financial information is reliable and that the consolidated financial statements have been prepared, with a view to publication of financial information, in accordance with International Financial Reporting Standards (IFRS).

5.1. **Control framework:** The control framework that I have used to design the ICFR is that proposed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013).

5.2. **ICFR material weakness relating to design:** Not applicable.

5.3. **Limitation of scope and design:** Not applicable.

6. **Evaluation:** I have:

   a) Evaluated or caused to be evaluated under my supervision, the effectiveness of the DC&P of CDPQ at fiscal year-end and CDPQ disclosed in its Annual Report my conclusions based on this evaluation.

   b) Evaluated or caused to be evaluated under my supervision, the effectiveness of the ICFR of CDPQ at fiscal year-end and CDPQ disclosed in its Annual Report the following information:

      i) My conclusions about the effectiveness of the ICFR at fiscal year-end based on that evaluation; and

      ii) Description of any material weaknesses relating to current operation at fiscal year-end: Not applicable.

7. **Reporting changes to the ICFR:** CDPQ disclosed in its Annual Report any change made to the ICFR that occurred during the accounting period beginning on January 1, 2022 and ending on December 31, 2022 that has had, or is likely to have, a material impact on the ICFR.

8. **Reporting to co-auditors and the Board of Directors or Audit Committee of CDPQ:** I have disclosed, based on our most recent valuation of the ICFR, to the co-auditors and the Board of Directors of CDPQ or its Audit Committee, any fraud that involves management or other employees who have a significant role in the ICFR.

President and Chief Executive Officer

CHARLES EMOND, FCPA
April 12, 2023

FINANCIAL CERTIFICATE OF THE EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL AND OPERATIONS OFFICER

I, Maarika Paul, Executive Vice-President and Chief Financial and Operations Officer of Caisse de dépôt et placement du Québec (CDPQ), certify that:

1. **Review:** I have reviewed the consolidated financial statements, the tables of returns, the press release announcing the annual results and the Annual Report (hereafter referred to as the "Annual Filings") of CDPQ for the year ended December 31, 2022.

2. **No false or misleading information:** To the best of my knowledge, having exercised reasonable diligence, the Annual Filings do not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated or necessary to make a statement that is not misleading in light of the circumstances in which it was made, with respect to the period covered by the Annual Filings.

3. **Fair presentation:** To the best of my knowledge, having exercised reasonable diligence, the consolidated financial statements and the other financial information included in the Annual Filings present fairly, in all material respects, the financial position of CDPQ as at the closing dates of the periods presented in the Annual Filings, as well as its comprehensive income, changes in net assets attributable to depositors, and cash flows for those years.

4. **Responsibility:** I am responsible for the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR) for CDPQ.

5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, at fiscal year-end, I have:

   a) Designed, or caused to be designed under my supervision, DC&P to provide reasonable assurance that:

      i) Material information relating to CDPQ is made known to me by others, particularly during the period in which the Annual Filings are prepared; and that

      ii) Information required to be disclosed by CDPQ in its Annual Filings filed or submitted by it under the legislation is recorded, processed, summarized and reported within the time periods prescribed by the legislation.

   b) Designed, or caused to be designed under my supervision, ICFR to provide reasonable assurance that financial information is reliable and that the consolidated financial statements have been prepared, with a view to publication of financial information, in accordance with International Financial Reporting Standards (IFRS).

5.1. **Control framework:** The control framework that I have used to design the ICFR is that proposed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013).

5.2. **ICFR material weakness relating to design:** Not applicable.

5.3. **Limitation of scope and design:** Not applicable.

6. **Evaluation:** I have:

   a) Evaluated or caused to be evaluated under my supervision, the effectiveness of the DC&P of CDPQ at fiscal year-end and CDPQ disclosed in its Annual Report my conclusions based on this evaluation.

   b) Evaluated or caused to be evaluated under my supervision, the effectiveness of the ICFR of CDPQ at fiscal year-end and CDPQ disclosed in its Annual Report the following information:

      i) My conclusions about the effectiveness of the ICFR at fiscal year-end based on that evaluation; and

      ii) Description of any material weaknesses relating to current operation at fiscal year-end: Not applicable.

7. **Reporting changes to the ICFR:** CDPQ disclosed in its Annual Report any change made to the ICFR that occurred during the accounting period beginning on January 1, 2022 and ending on December 31, 2022 that has had, or is likely to have, a material impact on the ICFR.

8. **Reporting to co-auditors and the Board of Directors or Audit Committee of CDPQ:** I have disclosed, based on our most recent valuation of the ICFR, to the co-auditors and the Board of Directors of CDPQ or its Audit Committee, any fraud that involves management or other employees who have a significant role in the ICFR.

Executive Vice-President and Chief Financial and Operations Officer

MAARIKA PAUL, FCPA, CBV, ICD.D
April 12, 2023

CONCLUSIONS ABOUT THE DESIGN AND EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

In 2022, the Chief Financial and Operations Officer oversaw work to update existing documentation and to evaluate the design and effectiveness of internal control over financial reporting, and the Executive Committee approved the methodology for evaluating key controls. The purpose of this evaluation of internal control over the main financial processes was to ensure that CDPQ could meet its quality objectives related to financial reporting, in all material respects.

The evaluation of the design and effectiveness of internal control over financial reporting was carried out with the framework usually adopted by North American companies, namely that of the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013). This work enabled the Executive Committee to conclude that the design of control over financial reporting is adequate and effective, and that it provides reasonable assurance that the financial information presented in the Annual Filings, as defined by CDPQ's Financial Certification Policy, is reliable, and that CDPQ's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

CONCLUSIONS ABOUT THE DESIGN AND EFFECTIVENESS OF FINANCIAL REPORTING CONTROLS AND PROCEDURES

Under CDPQ's Financial Certification Policy, the design and effectiveness of disclosure controls and procedures pertaining to the Annual Filings, namely the consolidated financial statements, the tables of returns, the press release announcing the annual results and the Annual Report, must be evaluated.

As with the evaluation of internal control over financial reporting, the Chief Financial and Operations Officer also oversaw efforts to update existing documentation and to evaluate the design and effectiveness of disclosure controls and procedures, and the Executive Committee also approved the methodology for evaluating key controls.

As at December 31, 2022, the evaluation confirmed that the disclosure controls and procedures are adequate and effective, and provide reasonable assurance that all relevant information is gathered and submitted in a timely fashion to senior management, in particular to the President and Chief Executive Officer and to the Chief Financial and Operations Officer, so as to ensure that appropriate decisions concerning disclosure can be made.

The Board of Directors also approved the 2022 Annual Filings before their public disclosure.

Report on GIPS® compliance

PERFORMANCE SUMMARY

Auditor's Report on Compliance with the Global Investment Performance Standards on a firm-wide basis

To the Directors of la Caisse de dépôt et placement du Québec ("CDPQ")

We have audited CDPQ (the "Company") compliance with the composite construction requirements for the Global Investment Performance Standards ("GIPS") on a firm-wide basis for the year ended December 31, 2022, and the design of its processes and procedures to calculate and present performance results in compliance with the GIPS Standards as of December 31, 2022. Compliance with the GIPS Standards is the responsibility of the management of the Company. Our responsibility is to express an opinion based upon our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Company complied with the criteria established by the GIPS Standards. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with these criteria, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, the Company has complied with the GIPS Standards for the year ended December 31, 2022, including the composite construction requirements on a firm wide basis and the design of its processes and procedures to calculate and present performance results in compliance with the GIPS Standards as of December 31, 2022.

We have issued a separate audit report on certain individual composite presentations of the Company dated February 21, 2023 and accordingly, we express no opinion or any other form of assurance on any such performance results in this compliance report.

Deloitte LLP[1]

Deloitte LLP

[1] CPA auditor, CA, public accountancy permit No A116129
February 21, 2023

Independent Auditor's Report

To the Directors of la Caisse de dépôt et placement du Québec ("CDPQ")

Opinion
We have audited the performance calculation included in the accompanying composite Performance Summary (the "Schedules") of CDPQ (the "Company") for the year ended December 31, 2022. The Schedules have been prepared by management of CDPQ based on the Global Investment Performance Standards ("GIPS") of the CFA Institute as described in the Notes to the Schedules.

In our opinion, the Schedules present fairly, in all material respects, the composites and benchmarks returns of the Company for the year ended December 31, 2022, in accordance with the calculation methodology required by the GIPS Standards of the CFA Institute as described in the Notes to the Schedules.

Basis of Performance Calculation and Restrictions on Distribution and Use
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 Schedule" section of our report. We are independent of the CDPQ 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.

Without modifying our opinion, we draw attention to the Notes to the Schedules, which describe the basis of performance calculation. The Schedules are prepared to meet the requirements of the GIPS Standards. As a result, the Schedules may not be suitable for another purpose.

Responsibilities of Management and Those Charged with Governance for the Schedules
Management is responsible for the preparation of the Schedules in accordance with the GIPS Standards as described in the Notes to the Schedules, and for such internal control as management determines is necessary to enable the preparation of Schedules that are free from material misstatement, whether due to fraud or error. Management is also responsible for determining that the GIPS Standards is acceptable in the circumstances.

Auditor's Responsibilities for the Audit of the Schedules
Our objectives are to obtain reasonable assurance about whether the Schedules 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

Other matters
We have issued a separate audit report on the Company's compliance on a firm-wide basis with GIPS Standards dated February 21, 2023, and accordingly, we express no opinion or any other form of assurance on any such performance results in this report.

Deloitte LLP[1]

Deloitte LLP

[1] CPA auditor, CA, public accountancy permit No A116129
February 21, 2023

General Notes

01
PRESENTATION OF THE FIRM

CDPQ is a long term institutional investor that manages funds for pension plans, as well as public and parapublic insurance plans. As one of the largest pension fund in Canada, CDPQ invests globally in financial markets, private equity, infrastructure, real estate and private debt. The net assets attributable to depositors, excluding demand deposits and term deposits, totaled $400.5 billion as at December 31, 2022. This document presents the returns related to the funds managed by CDPQ for the depositors (see Note 7).

02
COMPLIANCE STATEMENT

CDPQ claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. CDPQ has been independently verified for the periods from January 1, 2013 through December 31, 2022. CDPQ claims compliance with the Global Investment Performance Standards (GIPS) and has been independently audited since January 1, 2002.

Verification assesses whether (1) CDPQ has complied with all the portfolio and composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The portfolios and composites have been examined for the periods from January 1, 2013 to December 31, 2022.

03
PERFORMANCE CALCULATIONS

Performance calculations are based on monthly calculations using the modified Dietz formula. All deposits or withdrawals take place on the first day of each month. As a result, cash flows have no effect on performance.

All management activities for which CDPQ records operating expenses are represented in the specialized portfolios. The portfolios are valued according to transaction date, and their returns are calculated monthly. The geometric linking method is then used to calculate quarterly and annual returns.

Total returns, including realized gains and losses on the sale of investments, unrealized gains and losses, and investment income and expenses, are used to calculate returns. These returns include any income generated on cash and cash equivalents. Interest income is accrued and is included in the market value used to calculate returns. Dividend income is generally accrued as of the ex-dividend date.

In accordance with the decision of the Accounting Standards Board of Canada (AcSB), CDPQ adopted International Financial Reporting Standards (IFRS) effective January 1, 2014. Under IFRS, CDPQ qualifies as an investment entity. Accordingly, all financial instruments are measured at fair value in accordance with IFRS 13, *Fair Value Measurement*.

IFRS requires a company qualifying as an investment entity to evaluate its subsidiaries at fair value as an investment rather than consolidate them. The fair value of these subsidiaries is established using an enterprise value method that reflects, among other things, the fair value of financial instruments held directly by these subsidiaries. Previously, under Canadian Generally Accepted Accounting Principles, the portfolios included consolidation of the subsidiaries' assets and liabilities.

All the portfolios adopted IFRS during the year ended December 31, 2014. Adoption of the new standards as at January 1, 2014 had no impact on the returns presented. However, the Real Estate portfolio had early adopted IFRS on January 1, 2012.

For more details on the valuation methods, policies, guidelines and procedures related to fair value measurement, refer to Note 6 to the Consolidated Financial Statements.

The fair value of fixed-income securities is determined from the closing prices of such securities published by brokers as well as those provided by recognized financial institutions, depending on their availability. When a value is not available, the fair value is determined by valuation techniques commonly used in capital markets, such as discounting of cash flows at the current interest rate.

The fair value of corporate debt is determined using a discounted cash flow technique that primarily uses observable and unobservable inputs such as the interest rate curves and credit spreads that make up the discount rates.

Valuations of unlisted shares are made according to commonly used valuation techniques that include the use of arm's length transactions. Valuations of shares and convertible securities that are not publicly traded are reviewed by CDPQ's Valuation Committee. CDPQ's Fair Value Measurement Policy provides for an external review of substantially all the fair values of these investments over a three-year period. The fair value of investment funds is determined based on the fair value of the net assets provided by the general partner or the administrator.

PERFORMANCE CALCULATIONS

The fair value of shares traded on a stock exchange is determined from closing prices on the major stock exchanges, unless CDPQ does not hold a position of significant influence or control over the shares. In such a case, these shares are valued using the same methods as unlisted shares.

The enterprise value method is used to determine the fair value of subsidiaries or investments in associates whose shares are traded on a stock exchange.

The proportion of the Private Equity, Infrastructure and Real Estate portfolios held by the depositors does not fluctuate between valuation periods.

Derivative financial instruments are recorded at their fair value. The fair value of derivative financial instruments is determined according to the type of derivative financial instrument. The fair value of derivative financial instruments traded on exchange markets and settled through a clearing house is determined, respectively, using the prices on the major stock exchanges representing the active market and clearing house prices. The fair value of derivative financial instruments traded on over-the- counter markets is obtained from dealer quotes from brokers provided by recognized financial institutions or determined using recognized and commonly used valuation techniques such as the discounted cash flow technique or other financial models. These techniques require the development and use of assumptions that take into account observable and unobservable inputs such as the interest rate curves and credit spreads that make up the discount rates as well as foreign exchange rate curves, prices of the underlying, and volatility.

CDPQ may, in certain countries, benefit from a tax exemption or a reduced rate of taxation with respect to income and interest, under domestic law or a tax treaty between Canada and the foreign country in question. portfolio returns are presented after non-resident taxes, if applicable. Except for Canada, benchmark returns are presented after non-resident taxes.

On January 1, 2017, CDPQ adopted a currency management policy, which was reviewed on January 1, 2022. CDPQ uses a dynamic management approach for the main currencies of developed countries. Dynamic management is intended to protect certain specialized portfolios when the Canadian dollar seems sharply undervalued or overvalued against its equilibrium value based on valuation models. Dynamic hedging should therefore be infrequent, but with an unpredictable duration, it could vary greatly and be in place from a few weeks to several months. Some specialized portfolios could therefore be partially hedged against currency risk. Dynamic adjustments are integrated into the portfolios' benchmarks.

CDPQ uses currency derivatives in strategically managing currency risk to manage its exposure to the main currencies of developed countries based on hedging targets. For the other currencies, a discretionary hedging strategy can be implemented to manage the currency exposure of portfolios or certain investments. In addition, currency risk management may be carried out through natural hedging activities, including financing investments in the same currency.

04

RISK MEASURE

For the Balanced Fund composite, dispersion is measured by the standard deviation of annual returns for each of the depositors' accounts that are present in the composite during the entire year.

For the other portfolios, this dispersion measure is not used because there are fewer than five portfolios in each of the portfolios. The dispersion of returns is measured by the annualized standard deviation of monthly returns, for the portfolio and its benchmark, over a rolling three-year period.

This information is not presented for the Private Equity, Infrastructure and Real Estate portfolios because they are entirely valued semi-annually.

05

OPERATING EXPENSES AND OTHER FEES

Given the nature of CDPQ, operating expenses and other fees that are charged to the portfolios are the actual expenses incurred to manage these funds. Total fees are allocated according to cost drivers specific to the different investment activities. All returns in this presentation are calculated before operating expenses and other fees, but net of transaction fees, external management fees related to investment funds, and unconsolidated real estate subsidiaries fees. The actual expenses incurred for each portfolio are presented in basis points (bps).

06
CURRENCY USED FOR REPORTING

All returns and assets are presented in Canadian dollars.

07
NET ASSETS UNDER MANAGEMENT

Net assets under management correspond to net assets attributable to depositors, presented in the Consolidated Financial Statements, adjusted to exclude assets that are not covered by the firm, as described in Note 1, namely depositors' demand deposits and term deposits.

08
ADDITIONAL INFORMATION

In 2022, the investment environment was marked by a combination of factors not seen in decades: sharply rising inflation leading to sustained interest rate hikes, a rare simultaneous correction in stock and bond markets as well as increased geopolitical tensions. In this context, CDPQ was disciplined in executing its strategy by pursuing the adjustments that were started at the beginning of the pandemic, particularly in Equity Markets and Real Estate. It continued to fully play its role in Québec and announced its ambition to increase its assets there to $100 billion by 2026. It also deployed several sustainable investing initiatives.

In addition, its leadership in ESG matters was recognized internationally, with the organization ranking first among 59 pension funds in the World Benchmarking Alliance's Financial System Index. CDPQ was also named 2022 Fund of the Year by Global SWF, a global reference that analyzes the activities of around 400 sovereign wealth and pension funds. CDPQ became the first Canadian pension fund to adopt the CFA Institute Asset Manager Code.

Among the main changes in senior management, note that Sustainable Investing, which was previously under the responsibility of Kim Thomassin, has been led by Marc-André Blanchard since January 2022. Martin Longchamps was appointed Executive Vice-President and Head of Private Equity following the departure of Martin Laguerre, a position he has held since November 2022. Lastly, Helen Beck left the organization in January 2023; the role of Executive Vice-President and Head of Equity Markets will not be replaced.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote the CDPQ, nor does it warrant the accuracy or quality of the content contained herein.

Rates Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2022	(13.38)	(13.13)	(0.25)	7.11	7.04	33,104,380	400,476,908
2021	(2.74)	(3.09)	0.35	4.00	4.48	44,027,938	419,016,478
2020	8.60	8.19	0.41	3.38	3.91	30,321,914	361,450,376
2019	4.81	5.22	(0.41)	3.26	3.88	31,241,275	339,702,991
2018	2.34	2.07	0.27	n/a	n/a	32,984,511	308,799,301
2017	1.77	1.37	0.40	n/a	n/a	40,064,741	298,424,595

ANNUALIZED RETURNS

December 31, 2022

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	(13.38)	(8.22)	(2.92)	(1.04)	(0.38)	(0.02)	–	–	–	–
Benchmark	(13.13)	(8.25)	(3.07)	(1.06)	(0.44)	(0.14)	–	–	–	–
Spread	(0.25)	0.03	0.14	0.01	0.06	0.12	–	–	–	–

NOTES TO THE RATES PORTFOLIO

1. PORTFOLIO DESCRIPTION

The Rates Portfolio is CDPQ's principal source of liquidity. The objective is to offer added value above the benchmark by investing primarily in sovereign bonds issued by Canada (including the provinces) and other developed countries. This Portfolio is divided into three mandates: Rate Management, Sovereign Debt, Strategic Group. For each of these mandates, a rigorous investment process, governed by an investment committee, oversees security selection and portfolio construction.

On July 1, 2021, following a global review of the portfolio's offering and with a view to providing an offering of products better suited to depositors' needs, a gradual increase in the target duration was put into place.

On January 1, 2017, as part of the overall revision of specialized portfolios offered to depositors, the Bonds Portfolio was closed and a portion of its assets and liabilities were acquired at fair value to create the Rates Portfolio. The remaining portion of assets and liabilities from the Bonds Portfolio are now included in the Credit Portfolio.

An immaterial portion of the Portfolio's assets may be allocated to external managers.

This Portfolio may use up to 10% leverage in the normal course of investment activities.

This Portfolio's foreign investments are fully hedged against currency risk.

The use of derivative financial instruments for currencies is allowed solely for currency hedging purposes.

Securities lending and borrowing activities as well as short selling, are authorized as part of the management of this Portfolio, based on approved limits.

2. PORTFOLIO CREATION DATE

This portfolio was created on January 1, 2017.

NOTES TO THE RATES PORTFOLIO (continued)

3. BENCHMARK

The benchmark for this Portfolio is a combination of 70% FTSE Canada Federal Non-Agency Bond and 30% FTSE Canada Provincial Quebec Bond.

Based on the plan to extend the duration, the index is adjusted gradually until it reaches its target.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2017, to December 31, 2022.

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2022, operating expenses and other fees for this portfolio are 8 bps. For the previous four years (January 1, 2018, to December 31, 2021), fees averaged 7 bps.

Credit Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2022	(15.73)	(18.18)	2.44	9.13	9.82	84,712,469	400,476,908
2021	0.87	0.05	0.81	5.57	6.13	83,820,558	419,016,478
2020	8.91	7.76	1.14	5.33	6.01	74,245,689	361,450,376
2019	10.92	9.27	1.65	2.52	2.72	66,412,466	339,702,991
2018	2.25	0.29	1.96	n/a	n/a	56,378,462	308,799,301
2017	5.14	4.01	1.13	n/a	n/a	50,644,553	298,424,595

ANNUALIZED RETURNS

December 31, 2022

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	(15.73)	(7.81)	(2.54)	0.66	0.98	1.66	–	–	–	–
Benchmark	(18.18)	(9.52)	(4.09)	(0.91)	(0.67)	0.09	–	–	–	–
Spread	2.44	1.71	1.55	1.58	1.65	1.57	–	–	–	–

NOTES TO THE CREDIT PORTFOLIO

1. PORTFOLIO DESCRIPTION

This Portfolio's objective is to outperform its benchmark. To achieve this objective, the Portfolio adopts a benchmark-agnostic management approach. The search for value added is conducted based on movement in risk premiums and seeking investment opportunities offering an adequate risk-return profile while limiting potential capital losses. This Portfolio is subdivided into six mandates: Corporate Credit, Real Estate Debt (Otéra Capital subsidiary), Sovereign Debt, Capital Solutions, Infrastructure Financing, Strategic. For each of these mandates, a rigorous investment process, governed by an investment committee, oversees security selection and portfolio construction.

On July 1, 2021, following a global review of the portfolio's offering and with a view to providing an offering of products better suited to depositors' needs, a gradual increase in the target duration was put into place.

On January 1, 2017, as part of the overall revision of specialized portfolios offered to depositors, the Bonds and Real Estate Debt Portfolios were closed. A portion of the assets and liabilities of the Bond Portfolio and the assets and liabilities of the Real Estate Debt Portfolio were acquired at fair value to create the Credit Portfolio.

A portion of the Portfolio's assets is allocated to external managers.

This Portfolio may use up to 5% leverage in the normal course of investment activities.

Except for investments denominated in growth market currencies, this Portfolio is hedged against currency risk. However, a hedge can be implemented for assets denominated in growth market currencies.

The use of derivative financial instruments for currencies is allowed solely for currency hedging purposes.

Securities lending and borrowing activities as well as short selling are authorized as part of the management of this Portfolio, based on approved limits.

2. PORTFOLIO CREATION DATE

This portfolio was created on January 1, 2017.

NOTES TO THE CREDIT PORTFOLIO (continued)

3. BENCHMARK

Since July 1, 2022, the benchmark for this composite is a combination of 10% FTSE Canada Provincial Quebec Bond Index, 25% FTSE Canada Corporate Bond Index, 30% Merrill Lynch Corporate Bond Hedged and 35% Merrill Lynch High Yield (Hedged).

Based on the plan to extend the duration, the index is adjusted gradually until it reaches its target.

On July 1, 2021, the benchmark for this composite was a combination of 10% FTSE Canada Provincial Quebec Bond Index, 55% FTSE Canada Corporate Bond Index, 5% Merrill Lynch Corporate Bond Hedged and 30% Merrill Lynch High Yield (Hedged). Thereafter, the Merrill Lynch Corporate Bond Hedged increased 5% at the beginning of each month, up to 30% as at December 31, 2021 in consideration for the FTSE Canada Corporate Bonds component.

From January 1, 2020 to June 30, 2021, the Credit benchmark was composed of 10% FTSE Canada Provincial Quebec Bond, 60% FTSE Canada Corporate Bond Index and 30% Merrill Lynch High Yield (Hedged).

From April 1, 2019 to December 31, 2019, the benchmark for this Portfolio is a combination of 10% FTSE Canada Provincial Quebec Bond, 65% FTSE Canada Corporate Bond Index and 25% Merrill Lynch High Yield (Hedged).

From July 1, 2018 to March 31, 2019, the benchmark for this Portfolio was a combination of 10% FTSE Canada Provincial Quebec Bond, 70% FTSE Canada Corporate Bond Index and 20% Merrill Lynch High Yield (Hedged).

From January 1, 2017, to June 30, 2018, the benchmark was a composed of 10% FTSE Canada Provincial Quebec Bond, 75% FTSE Canada Corporate Bond Index and 15% Merrill Lynch High Yield (Hedged).

The changes were made to better reflect the makeup of the Portfolio.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2017, to December 31, 2022.

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees, expenses related to unconsolidated subsidiaries and investment fund fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets.

For the 12 months ended December 31, 2022, operating expenses and other fees for this portfolio are 22 bps. For the previous four years (January 1, 2018, to December 31, 2021), fees averaged 15 bps.

6. INVESTMENT VALUATION

For more information on the valuation methodology used for real estate debt investments held by subsidiary, Otéra Capital, as well as specialty financing activities, please refer to Note 6 of the Consolidated Financial Statements.

Short Term Investments Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2022	1.96	1.82	0.14	0.37	0.39	1,614,538	400,476,908
2021	0.30	0.17	0.13	0.26	0.27	1,584,366	419,016,478
2020	0.97	0.86	0.10	0.23	0.23	1,579,847	361,450,376
2019	1.73	1.65	0.08	0.17	0.16	882,261	339,702,991
2018	1.51	1.38	0.14	0.16	0.14	867,381	308,799,301
2017	0.64	0.56	0.09	0.10	0.10	1,892,501	298,424,595
2016	0.52	0.51	0.01	0.10	0.09	6,157,183	270,018,068
2015	0.73	0.63	0.10	0.09	0.09	4,584,461	247,494,947
2014	1.01	0.91	0.10	0.04	0.05	6,830,301	225,433,142
2013	1.07	1.01	0.06	0.05	0.06	3,511,628	199,690,933

ANNUALIZED RETURNS

December 31, 2022

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	1.96	1.13	1.07	1.24	1.29	1.18	1.09	1.04	1.04	1.04
Benchmark	1.82	0.99	0.95	1.12	1.17	1.07	0.99	0.95	0.94	0.95
Spread	0.14	0.14	0.13	0.11	0.12	0.11	0.10	0.10	0.10	0.09

NOTES TO THE SHORT TERM INVESTMENTS PORTFOLIO

1. PORTFOLIO DESCRIPTION

The objective of the Portfolio is to preserve invested capital and to maintain a high degree of liquidity while obtaining a current yield comparable to that of the FTSE Canada 91 Day T-Bill Index.

This Portfolio uses derivative financial instruments in the normal course of its management. Derivatives are used in order to manage interest rate risk or debt duration.

This Portfolio only contains securities denominated in Canadian dollars.

2. PORTFOLIO CREATION DATE

This portfolio was created on September 1, 1998.

3. BENCHMARK

The benchmark for this Portfolio is the FTSE Canada 91 Day T-Bill Index.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2013, to December 31, 2022.

NOTES TO THE SHORT TERM INVESTMENTS PORTFOLIO (continued)

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2022, operating expenses and other fees for this portfolio are 5 bps. For the previous four years (January 1, 2018, to December 31, 2021), fees averaged 1 bp.

Real Estate Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2022	12.42	9.25	3.18	n/a	n/a	47,607,097	400,476,908
2021	12.45	6.07	6.38	n/a	n/a	42,093,734	419,016,478
2020	(15.55)	(1.66)	(13.89)	n/a	n/a	35,481,727	361,450,376
2019	(2.75)	1.45	(4.20)	n/a	n/a	39,701,817	339,702,991
2018	7.76	12.00	(4.24)	n/a	n/a	38,224,850	308,799,301
2017	8.05	8.17	(0.12)	n/a	n/a	34,260,142	298,424,595
2016	10.35	7.25	3.10	n/a	n/a	31,721,120	270,018,068
2015	13.05	15.40	(2.35)	n/a	n/a	26,955,199	247,494,947
2014	9.93	11.09	(1.16)	n/a	n/a	22,878,122	225,433,142
2013	15.06	15.56	(0.49)	n/a	n/a	22,570,193	199,690,933

ANNUALIZED RETURNS

December 31, 2022

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	12.42	12.44	2.20	0.94	2.27	3.21	4.20	5.27	5.78	6.67
Benchmark	9.25	7.64	4.45	3.69	5.30	5.77	5.98	7.12	7.55	8.33
Spread	3.18	4.79	(2.25)	(2.75)	(3.03)	(2.56)	(1.78)	(1.85)	(1.77)	(1.66)

OTHER RETURNS

December 31	Income Return %	Capital Appreciation (Depreciation) %	Total Return %
2022	1.78	10.48	12.42
2021	1.64	10.61	12.45
2020	1.26	(16.61)	(15.55)
2019	1.91	(4.58)	(2.75)
2018	1.91	5.75	7.76
2017	1.92	6.01	8.05
2016	2.21	7.98	10.35
2015	2.23	10.59	13.05
2014	2.33	7.42	9.93
2013	3.33	11.36	15.06

NOTES TO THE REAL ESTATE PORTFOLIO

1. PORTFOLIO DESCRIPTION

This Portfolio consists of investments held by the real estate subsidiary Ivanhoé Cambridge. Nearly 75% of the Portfolio's gross assets are comprised of direct holdings. The remaining investments held by the subsidiary include investment funds, mortgages, equities and convertible securities, which are primarily related to real estate assets.

This Portfolio, through the real estate subsidiary, may include derivative financial instruments in the normal course of its management. Derivatives are used mainly to hedge against currency risk, manage interest rate risk and manage the duration of debt.

For the real estate subsidiary's direct holdings, the maximum leverage is 55%. No leverage is authorized for indirect holdings. Securities lending and borrowing, as well as securities sold short are permitted in the Portfolio within authorized limits.

Since January 1, 2017, this Portfolio may include currency hedging activities, in compliance with the Currency Management Policy adopted by CDPQ. Refer to Note 3 of the General Notes for more details.

2. PORTFOLIO CREATION DATE

This portfolio was created on September 1, 1998.

3. BENCHMARK

Since January 1, 2020, the Real Estate index has been a combination of 65% leverage-adjusted MCSI Global Property Index and 35% MSCI Global Property Fund index less a management cost and tax fees. The leverage was at 40%, with the cost of a generic 5-year Canadian mortgage plus a basket of currencies related to the assets in the MSCI Global Property index. A hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy adopted by CDPQ. These changes are part of an objective to simplify the calculation of the benchmark.

From January 1, 2019 to December 31, 2019, the Real Estate index has been a combination of 75% leverage-adjusted MCSI Global Property Index and 25% MSCI Global Property Fund index less a management cost and tax fees. The leverage was at 40%, with the cost of a generic 5-year Canadian mortgage plus a basket of currencies related to the assets in the MSCI Global Property index. A hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy adopted by CDPQ.

From January 1, 2016 to December 31, 2018, the Real Estate Index was a combination of 85% of the Adjusted MSCI Global Property (Hedged) Index and 15% of the MSCI Global Property Funds Index (Hedged), less a leverage cost, a management cost and tax fees. The leverage cost consists of 50% of the hedged internal real cost of financing, 25% of the 4-6 year Giliberto-Levy hedged U.S. mortgage rate, and 25% of the Canadian 5-year bond rate plus a Canadian mortgage credit spread. As of January 1, 2017, the benchmark was gradually unhedged following the transition plan set out in the Currency Management Policy adopted by CDPQ. The changes were justified to better reflect the investment opportunities and overall geographic diversification of the Portfolio.

From January 1, 2010, to December 31, 2015, the benchmark was called the Aon Hewitt-Real Estate Index (Adjusted) and it consisted of 40% IPD Canada Index, 30% NCREIF Index (Hedged), 15% IPD UK Index (Hedged) and 15% IPD France Index (Hedged), less financing costs, management fees and taxes. Since July 1, 2012, a FTSE Canada 30 Day T-Bill component was added to the calculation of the benchmark. This component represents 3% of the benchmark. The financing costs consisted of 50% hedged internal real cost of financing, 25% 3-year hedged U.S. bond rate plus a 2-3 year Giliberto-Levy credit spread and 25% 3-year Canadian bond rate plus a Canadian mortgage credit spread.

These changes were justified to better reflect the makeup of the Portfolio.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2013, to December 31, 2022.

NOTES TO THE REAL ESTATE PORTFOLIO (continued)

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees and expenses related to the unconsolidated subsidiary. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2022, operating expenses and other fees for this portfolio are 3 bps. For the previous four years (January 1, 2018, to December 31, 2021), fees averaged 2 bps.

6. INVESTMENT VALUATION

As described in the General Notes, the Real Estate portfolio early adopted IFRS on January 1, 2012. CDPQ values its interest in Ivanhoé Cambridge, its unconsolidated subsidiary, at fair value as an investment. The fair value of the equity interest in the real estate subsidiary is established using a widely used enterprise valuation methodology: the publicly traded companies multiples method. This method relies on observable and unobservable inputs, such as the price-to-book value multiple. This enterprise value reflects, among other things, the fair value of assets and liabilities held directly by the subsidiary, mainly including investment properties, as well as the fair value resulting from the quality of the portfolio and integrated management of the subsidiary's platform. The valuation is established annually by an independent external firm.

The fair value of investment properties held directly by the subsidiary is determined and certified by external, recognized and independent chartered real estate appraisers. Since fundamental factors affecting fair value do not vary significantly over short periods, these properties have been appraised semi-annually since June 2007 and annually before that date. Appraisals are carried out in compliance with the appraisal standards in effect in each market. To establish the value as at June 30, the appraisers update the discount and capitalization rates and certify the new value. A complete reappraisal is performed as at December 31 of each year.

At each valuation date, investments held through external investment funds, unlisted shares and mortgage financing are valued internally by the real estate subsidiary and represent nearly 19% of the portfolio's assets. In the case of investment funds, representing more than 10% of the portfolio's assets, the valuation is subsequently compared with the fair market value provided by the general partners or the administrator.

Gains and losses on property dispositions are recognized on a quarterly basis. Moreover, a situation such as a request for financing or establishment of a property's tax value may give rise to a new valuation between evaluation periods. If this valuation results in a significant change in fair market value, it will be recorded during the quarter.

7. OTHER RETURNS PRESENTED

For this portfolio, in addition to the total return, the annual returns from capital appreciation or depreciation and income return of the unconsolidated subsidiary are presented. The current income generated by the real estate subsidiary is reinvested in it. The current income includes lease revenue, return on cash and cash equivalents less real estate operating costs, and financing costs. Since January 1, 2011, these returns have been calculated separately, geometrically linking the returns calculated with the modified Dietz formula.

Infrastructure Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2022	11.47	0.82	10.65	n/a	n/a	54,635,984	400,476,908
2021	14.51	11.37	3.14	n/a	n/a	45,311,918	419,016,478
2020	5.12	0.52	4.60	n/a	n/a	31,694,414	361,450,376
2019	7.11	17.75	(10.64)	n/a	n/a	27,778,943	339,702,991
2018	11.16	6.51	4.65	n/a	n/a	22,741,393	308,799,301
2017	10.15	10.47	(0.32)	n/a	n/a	16,176,937	298,424,595
2016	11.08	10.79	0.29	n/a	n/a	14,639,781	270,018,068
2015	6.59	(5.09)	11.68	n/a	n/a	12,957,468	247,494,947
2014	13.23	21.49	(8.27)	n/a	n/a	10,132,887	225,433,142
2013	10.62	22.63	(12.01)	n/a	n/a	8,048,236	199,690,933

ANNUALIZED RETURNS

December 31, 2022

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	11.47	12.98	10.30	9.49	9.82	9.88	10.05	9.61	10.01	10.07
Benchmark	0.82	5.96	4.12	7.37	7.20	7.74	8.17	6.41	7.99	9.37
Spread	10.65	7.01	6.18	2.12	2.62	2.14	1.88	3.20	2.01	0.69

NOTES TO THE INFRASTRUCTURE PORTFOLIO

1. PORTFOLIO DESCRIPTION

This Portfolio primarily manages negotiated investments covering various infrastructure sectors. The investments take the form of interests in listed or unlisted companies that operate utility- type assets. These investments can be carried out in companies that are in the development or mature stage of the business cycle.

This Portfolio uses derivative financial instruments in the normal course of its management. Derivatives must be used only to hedge interest rate and currency risk, or for purposes of hedging a position held in the portfolio.

Since January 1, 2017, this Portfolio may include currency hedging activities, in compliance with the Currency Management Policy adopted by CDPQ. Refer to Note 3 of the General Notes for more details.

A portion of the Portfolio's assets is allocated to investment funds.

At each valuation date, the fair value of the investment funds is provided by the general partner. This valuation is then compared with the audited financial statements provided by the general partner. These funds represent less than 1% of this Portfolio's assets.

2. PORTFOLIO CREATION DATE

This portfolio was created on July 1, 2010.

NOTES TO THE INFRASTRUCTURE PORTFOLIO (continued)

3. BENCHMARK

As at January 1, 2017, the benchmark below was gradually unhedged according to the transition plan defined in the Currency Management Policy. A hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy.

From April 1, 2015 to December 31, 2016, the Infrastructure benchmark corresponded to the MSCI ACWI Infrastructure Index (Adjusted and Hedged), except for emerging markets companies, which are unhedged. This change was made in order to better reflect the universe of public infrastructure investment opportunities.

From January 1, 2013, to March 31, 2015, the Infrastructure benchmark consisted of a basket of publicly traded, hedged infrastructure companies, except for emerging markets companies, which were unhedged.

Over short periods, significant differences can be observed between the return of the Portfolio and its benchmark. The benchmark is comprised of publicly traded securities, whereas the Portfolio is invested mainly in privately issued securities. The difference in returns is due to market fluctuations.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2013, to December 31, 2022.

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees and investment fund fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2022, operating expenses and other fees for this portfolio are 35 bps. For the previous four years (January 1, 2018, to December 31, 2021), fees averaged 44 bps.

Public Equity Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2022	(11.25)	(11.35)	0.10	14.02	14.33	99,217,690	400,476,908
2021	16.15	16.14	0.02	11.87	11.68	118,656,879	419,016,478
2020	8.31	12.90	(4.58)	12.26	12.28	117,928,112	361,450,376
2019	17.16	18.03	(0.87)	7.59	7.81	116,936,919	339,702,991
2018	(0.90)	(2.54)	1.65	7.53	7.60	108,300,617	308,799,301
2017	13.73	14.20	(0.48)	n/a	n/a	112,178,698	298,424,595
2016	9.40	7.51	1.89	n/a	n/a	101,271,741	270,018,068

ANNUALIZED RETURNS

December 31, 2022

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	(11.25)	1.53	3.74	6.95	5.33	6.68	7.07	–	–	–
Benchmark	(11.35)	1.46	5.14	8.23	5.98	7.31	7.34	–	–	–
Spread	0.10	0.07	(1.40)	(1.28)	(0.65)	(0.62)	(0.27)	–	–	–

NOTES TO THE PUBLIC EQUITY PORTFOLIO

1. PORTFOLIO DESCRIPTION

The Public Equity Portfolio aims to achieve a risk adjusted return that is higher than traditional equity investments. To achieve this objective, the Portfolio adopts an investment approach that is benchmark agnostic, instead basing its investment decisions on company specific criteria.

On July 1, 2021, investment activities were reorganized to divide the portfolio into six mandates: Quality, Canada, Growth, Growth Markets, Value, Strategic. For each of these mandates, a rigorous investment process, governed by a specific internal investment committee oversees security selection and portfolio construction.

Since January 1, 2017, this Portfolio may include currency hedging activities, in compliance with the Currency Management Policy adopted by CDPQ. Refer to Note 3 of the General Notes for more details.

On January 1, 2016, as part of the overall revision of the specialized portfolios offered to depositors, the Global Quality Equity, Canadian Equity, Emerging Markets Equity, U.S. Equity and EAFE Foreign Equity Portfolios were merged and their assets and liabilities were transferred to create the Public Equity Portfolio. There was no gain or loss as a result of the consolidation of the Portfolios.

A portion of the Portfolio's assets is allocated to external managers.

This Portfolio may use up to 5% leverage in the normal course of investment activities.

Interest rate and currency derivatives must be used only for hedging interest rate and currency risk, except in the case of exceptional approval.

Securities lending and borrowing activities as well as short selling are permitted as part of the management of this Portfolio, based on authorized limits.

2. PORTFOLIO CREATION DATE

This portfolio was created on January 1, 2016.

NOTES TO THE PUBLIC EQUITY PORTFOLIO (continued)

3. BENCHMARK

Since January 1, 2022, the Public Equity benchmark consisted of 65% MSCI World (ex-Canada) unhedged index, 15% Canada index and 20% MSCI EM China-adjusted All Shares unhedged index. The Canada index is a combination of 20% S&P/TSX Index and 80% Morningstar National Bank Quebec Index.

From July 1, 2021 to December 31, 2021, the Public Equity benchmark consisted of 65% MSCI World (ex-Canada) unhedged index, 15% Canada index and 20% MSCI EM China-adjusted All Shares unhedged index. As at July 1, the Canada index was a combination of 65% S&P/TSX Index and 35% Morningstar National Bank Quebec Index. Thereafter, the Morningstar National Bank Quebec Index gradually increase at the beginning of each month up to 75% in consideration for the S&P/TSX component.

From January 1, 2020 to June 30, 2021, a traditional equity component makes up 90% of the Public Equity benchmark, and the FTSE Canada 91 Day T-Bill Index makes up the remaining 10%, which in turn consists of 60% MSCI World (ex-Canada) unhedged index, 20% S&P/TSX Capped index and 20% MSCI EM China All Shares adjusted unhedged index.

From July 1, 2018 to December 31, 2019, the FTSE Canada 91 Day T-Bill Index makes up 10% of the "Public Equity" benchmark, and a traditional equity component makes up the remaining 90%, which in turn consists of 60% MSCI World (ex-Canada) unhedged index, 20% S&P/TSX index and 20% MSCI EM unhedged index. This change was made to better reflect the makeup of the Portfolio.

Since January 1, 2017, a hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy.

From January 1, 2016 to June 30, 2018, the traditional equity component consisted of 60% MSCI World (ex-Canada) unhedged index, 25% S&P/TSX index and 15% MSCI EM unhedged index.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2016, to December 31, 2022.

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees and investment fund fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2022, operating expenses and other fees for this portfolio are 29 bps. For the previous four years (January 1, 2018, to December 31, 2021), fees averaged 24 bps.

Private Equity Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2022	2.76	(0.04)	2.81	n/a	n/a	80,712,683	400,476,908
2021	39.16	32.15	7.02	n/a	n/a	82,537,819	419,016,478
2020	20.69	9.87	10.82	n/a	n/a	64,328,649	361,450,376
2019	10.47	11.81	(1.34)	n/a	n/a	50,180,073	339,702,991
2018	16.63	8.73	7.90	n/a	n/a	42,927,027	308,799,301
2017	13.01	10.47	2.53	n/a	n/a	37,332,225	298,424,595
2016	14.01	8.76	5.26	n/a	n/a	30,387,019	270,018,068
2015	8.39	4.07	4.32	n/a	n/a	26,099,185	247,494,947
2014	12.15	12.54	(0.40)	n/a	n/a	22,396,335	225,433,142
2013	19.69	22.72	(3.03)	n/a	n/a	20,181,956	199,690,933

ANNUALIZED RETURNS

December 31, 2022

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	2.76	19.59	19.95	17.51	17.33	16.60	16.23	15.22	14.87	15.35
Benchmark	(0.04)	14.93	13.22	12.86	12.02	11.76	11.33	10.40	10.63	11.79
Spread	2.81	4.66	6.74	4.65	5.31	4.84	4.90	4.82	4.24	3.56

NOTES TO THE PRIVATE EQUITY PORTFOLIO

1. PORTFOLIO DESCRIPTION

This Portfolio consists of private equity activities that specialize in the following types of investment: leveraged buyouts, growth capital, venture capital, distressed debt, mezzanine debt and restructuring.

Some assets originally in the Investments and Infrastructures Portfolio were transferred into the Portfolio on July 1, 2010, as a result of the revised portfolio offering and the closing of the Investments and Infrastructures Portfolio.

This Portfolio uses derivative financial instruments in the normal course of its management. Derivatives are used to hedge interest rate and currency risk, or to hedge a position in the portfolio.

Since January 1, 2017, this Portfolio may include currency hedging activities, in compliance with the Currency Management Policy adopted by CDPQ. Refer to Note 3 of the General Notes for more details.

At each valuation date, the fair value of the investment funds is provided by the general partner. This valuation is then compared with the audited financial statements provided by the general partner. These funds represent 26% of this Portfolio's assets.

2. PORTFOLIO CREATION DATE

This portfolio was created on October 1, 2003.

NOTES TO THE PRIVATE EQUITY PORTFOLIO (continued)

3. BENCHMARK

Since January 1, 2022, the benchmark was comprised of 50% GXPEI Adjusted (Unhedged), 25% MSCI ACWI (Unhedged) and 25% Morningstar National Bank Quebec Index.

From January 1, 2017 to December 31, 2021, the benchmark was comprised of 50% GXPEI Adjusted (Unhedged), 20% MSCI ACWI (Unhedged) and 30% S&P/TSX (Capped). These changes were made to better reflect the makeup of the Portfolio.

A hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy.

From January 1, 2016 to December 31, 2016, the benchmark consisted of 50% State Street Private Equity Index Adjusted (Partially Hedged) and 50% MSCI World Index (Partially Hedged). This change was made to better reflect the Portfolio's hedging policy.

From January 1, 2013, to December 31, 2015, the benchmark consisted of 50% State Street Private Equity Index Adjusted (Hedged) and 50% MSCI World Index (Hedged). This change was made to better reflect the makeup of the Portfolio.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2013, to December 31, 2022.

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees and investment fund fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2022, operating expenses and other fees for this portfolio are 40 bps. For the previous four years (January 1, 2018, to December 31, 2021), fees averaged 44 bps.

Balanced Fund Composite

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk				Net Assets
December 31	Composite %	Benchmark %	Spread %	Number of Accounts %	Std. Dev. of Acct. Returns %	Std. Dev. Returns %	Std. Dev. Benchmark %	Composite $k
2022	(5.64)	(8.28)	2.64	67	5.33	8.34	8.86	400,476,908
2021	13.46	10.69	2.76	63	4.81	7.32	6.65	419,016,478
2020	7.65	9.18	(1.53)	60	3.14	6.32	6.82	361,450,376
2019	10.38	11.94	(1.56)	60	2.72	3.39	4.19	339,702,991
2018	4.19	2.38	1.81	57	2.56	3.83	4.32	308,799,301
2017	9.27	9.23	0.03	57	2.01	4.62	5.05	298,424,595
2016	7.57	5.76	1.81	55	2.20	4.19	4.76	270,018,068
2015	9.10	6.70	2.40	48	2.13	3.71	4.32	247,494,947
2014	12.02	11.41	0.61	46	2.60	2.97	3.01	225,433,142
2013	13.06	12.56	0.50	40	3.73	3.56	3.44	199,690,933

ANNUALIZED RETURNS

December 31, 2022

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	(5.64)	3.47	4.85	6.20	5.80	6.37	6.54	6.85	7.42	7.97
Benchmark	(8.28)	0.76	3.49	5.54	4.90	5.61	5.63	5.77	6.38	6.98
Spread	2.64	2.71	1.35	0.66	0.89	0.76	0.90	1.09	1.04	0.99

COMPOSITION OF THE BALANCED FUND BENCHMARK

	December 31, 2022
Benchmark[1]	Weights %
Rates Benchmark	9
Credit Benchmark	20
FTSE Canada 91 Day T-Bill	1
Real Estate Benchmark	12
Infrastructure Benchmark	13
Public Equity Benchmark	25
Private Equity Benchmark	20
Leverage	-0.8

1. Benchmark descriptions are presented in the notes of each portfolio.

NOTES TO THE BALANCED FUND COMPOSITE

1. COMPOSITE DESCRIPTION

This composite consists of all depositors' accounts, including the General Fund. It measures the overall impact of CDPQ's asset allocation strategy for all asset classes available to depositors. Treasury, overlay activities and Public Equity calibration mandates are also included in this composite. As of July 1, 2021, depositors have had the option of a leverage product for their funds. The history of the ABTN specialized portfolio up to its closing on June 1, 2017 is included in the composite.

The Real Return Bonds and Long Term Bonds specialized portfolios are included in the composite. As part of a global review of the specialized portfolios offered to depositors, the activities of these 2 specialized portfolios were terminated on November 1, 2021, and December 1, 2021, respectively, and were closed on December 31, 2021.

This composite may include derivative financial instruments in the normal course of investment management. Derivatives are used mainly to hedge positions, to reduce market risk, to take advantage of arbitrage opportunities, to replicate the benchmark, to accelerate investment or disinvestment, to hedge currency risk and interest rate risk and to match the duration of a composite to that of the benchmark.

Leverage activities may be present in the composite, including short selling. The extent of the leverage depends on the nature of the investment. Some strategies have no leverage while others are fully leveraged within the authorized limits.

A portion of the composite's assets is allocated to external managers.

Since January 1, 2017, this composite may include currency hedging activities, in compliance with the Currency Management Policy adopted by CDPQ. Refer to Note 3 of the General Notes for more details.

In 2014, after the adoption of IFRS, a change was made to the methodology used to evaluate the specialized portfolios. Refer to Note 3 of the General Notes for more details. The adoption of IFRS for these portfolios had no impact on the return of the Balanced Fund composite.

In 2012, after the early adoption of IFRS for the Real Estate composite, a change was made to the valuation methodology used for the Real Estate specialized portfolio of the Balanced Fund. Refer to the Real Estate specialized portfolio of this document for more details.

2. COMPOSITE CREATION DATE

This composite was created on October 1, 2002.

3. BENCHMARK

The benchmark for this composite is an index created by CDPQ. It consists of the weighted average of the depositors' benchmarks. These benchmarks correspond to the weighted average of the indexes of each investment class as specified in the reference policy of each depositor. The depositors' reference policies are established once a month according to the depositors' preferences and needs, as well as market forecasts. At depositors' request, the benchmark may include an adjustment to the duration determined by the depositors' reference policy. In addition, the index includes a level of exposure to currencies. Since January 1, 2017, a hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy. The weight of each index that makes up this composite's benchmark as at December 31, 2022, is presented in the table on the previous page.

4. CALCULATION PERIOD

The return on this composite is calculated from January 1, 2013, to December 31, 2022.

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees, expenses related to real estate subsidiaries and investment fund fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2022, operating expenses and other fees for this portfolio are 26 bps. These expenses include recurring operating expenses representing 22 bps, as well as an exceptional amount related to IT development costs capitalized prior to January 1, 2022 (see Note 9 to the Consolidated Financial Statements). For the previous four years (January 1, 2018, to December 31, 2021), fees averaged 23 bps.

General Notes

1. CDPQ's operations comply with the requirements of the Act respecting the Caisse de dépôt et placement du Québec[1] and investment industry practices. Its consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Each year, CDPQ's co-auditors, the Auditor General of Québec and Ernst & Young LLP, audit the financial statements, the compliance of operations with laws, regulations, policies and guidelines, to the extent they deem appropriate.
2. The 2022 Annual Report Additional Information is an integral part of the 2022 Annual Report. The tables of top investments present positions in alphabetical order based on the information presented in Tables 7, 8, 9 and 10 of the Annual Report Additional Information.
3. In this Annual Report, net assets and investment results are defined as being, in the consolidated financial statements, net assets attributable to depositors and investment results before distributions to depositors.
4. The returns of the specialized portfolios use the time-weighted rate of return formula.
5. The benchmark indexes for the asset classes and total portfolio are based on the weighted average of the benchmark indexes for the specialized portfolios that comprise them.
6. Unless otherwise stated, returns, which are expressed as a percentage, are presented net of transaction fees, external management fees – Private Markets and other funds and unconsolidated real estate subsidiaries fees, but before operating expenses and other fees. They are annualized for periods of more than one year. They include the return on cash and cash equivalents and they take into account any foreign exchange hedging. The ratio of operating expenses to the average net assets of each specialized portfolio is presented in the notes in the Report on Global Investment Performance Standards (GIPS®) Compliance.
7. Unless otherwise stated, investment results and net assets attributable to depositors are presented net of operating expenses and other fees.
8. Some returns are expressed in basis points (bps). One hundred basis points equal 1.00% and one basis point equals 0.01%.
9. Unless otherwise stated, all figures are in Canadian dollars. The letters M and B used with dollar amounts designate millions and billions, respectively.
10. Totals (figures or percentages) may vary because of rounding of figures.
11. Unless otherwise stated, all data in the tables and figures are from studies carried out by CDPQ.
12. To determine whether an asset is classified as a Québec investment, CDPQ uses the location of the head office of the company or of the issuer, or the location of the real estate. This classification system is widely used in the fund management industry but involves biases. Some companies are included even though their core operations are outside Québec. Similarly, companies with extensive operations in Québec are excluded if their head office is outside the province.

1. The Act respecting the Caisse de dépôt et placement du Québec is available on CDPQ's website at www.cdpq.com.

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1. For operational efficiency purposes, the activities of the Shanghai office will be transferred to the Singapore office at the end of 2023.

The 2022 Annual Report and the 2022 Annual Report Additional Information are available at www.cdpq.com.
For information: 514 842-3261, info@cdpq.com
Le Rapport annuel 2022 et le document Renseignements additionnels au Rapport annuel 2022 sont aussi disponibles en français au www.cdpq.com.
Legal Deposit – Bibliothèque et Archives nationales du Québec, 2023
ISSN 1705-6462
ISSN online 1705-6470

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Annual Report 2022

CPP Investments

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How to read this report

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

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

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

Forward-looking statements

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

People. Purpose. Performance.

CPP Investments is a global investment management organization.

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

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

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

Our Performance For fiscal year ended March 31, 2022

Net assets
$539B

Dollar value-added above Reference Portfolios
$10B 1-year

Net income
$34B

Dollar value-added above Reference Portfolios
$41B compounded since inception of active management from April 1, 2006

Net return
6.8%

Percentage value-added above Reference Portfolios
0.8% 5-year annualized

Dear fellow Canada Pension Plan contributors and beneficiaries,

Dr. Heather Munroe-Blum
Chairperson

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

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

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

Oversight of the long-term investment strategy

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

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

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

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

Succession planning

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

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

Engagement with business activities

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

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

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

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

Board of Directors renewal

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

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

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

In closing

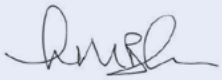
Our people delivered solid results this past fiscal year as they have throughout the pandemic. Like employees everywhere, they had to suddenly transition to working from home, with many juggling childcare, eldercare and other responsibilities in addition to the isolation, health concerns and anxieties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

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

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

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

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



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

Dear fellow contributors and beneficiaries,

John Graham, President & CEO

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

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

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

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

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

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

Our performance

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

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

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

Our strategy

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

Building a modern investment organization

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

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

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

Tackling the global challenge of climate change

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

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

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

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

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

This annual report and our website provide in-depth information on how we've augmented our Policy on Sustainable Investing, launched a new set of Climate Change Principles, and taken further measures on climate change. We recognize that managing climate change is an iterative process; the path to net zero will not be linear, but we will continue to take action and report on our progress. I'll be working closely with our Chief Sustainability Officer, Chief Investment Officer (Edwin Cass) and our Board, to ensure our entire organization stays on track to deliver on our net-zero commitment.

Enhancing our culture to drive performance

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

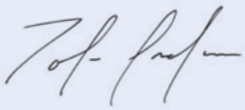
In closing

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

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

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

Sincerely,



John Graham
President & CEO

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

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

Total Fund Management

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

Capital Markets and Factor Investing

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

Active Equities

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

Credit Investments

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

Private Equity

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

Real Assets

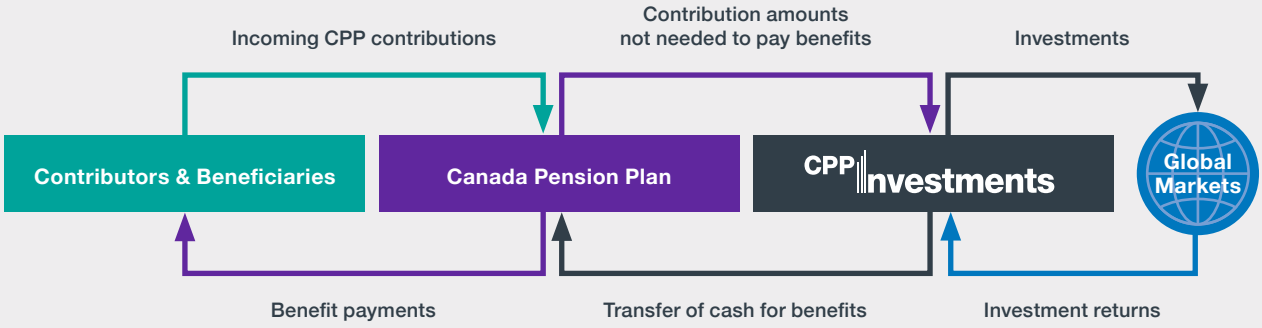
Invests in real estate, infrastructure, as well as both conventional and renewable energy assets globally. The portfolio delivers a combination of income, inflation protection and capital growth to the Fund, while also providing cash flows that increase with inflation over time.

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

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

How we support the Canada Pension Plan:

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



The CPP is designed to provide a stable source of retirement income to Canadians today and over multiple generations.

The Office of the Chief Actuary monitors the long-term sustainability of each part of the Plan. Every three years, the Chief Actuary reports on the financial state of the base CPP and additional CPP over the next 75 years.

The most recent report, released in December 2019, reconfirmed that both parts of the CPP are sustainable at the legislated contribution rates as of December 31, 2018.

Investing for the long term

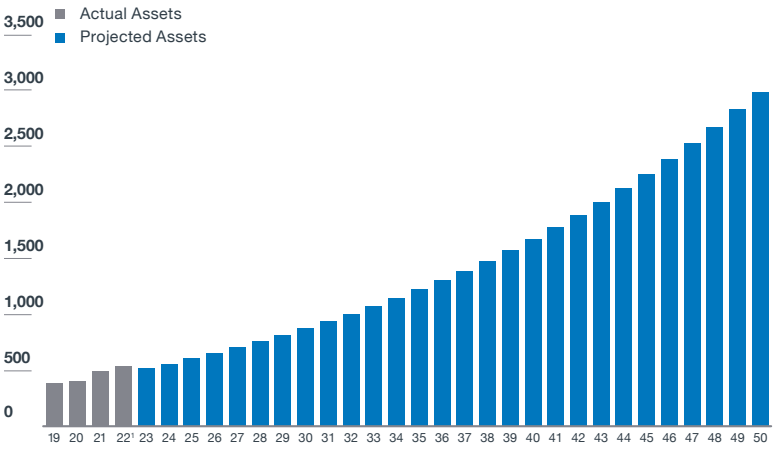
10-year net income
$329B

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

CPP Sustainability
75+ years

Contributors and beneficiaries
21M

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



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

The chart above illustrates the combined projections of assets from the Chief Actuary's 30th Report, which considers future changes in demographics, the economy and investment environments. The Fund has two sources of growth: net contributions from CPP participants and net income earned from investments.

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

The Journey to Net Zero

Navigating the risks and opportunities presented by the whole economy transition required by climate change will be a defining challenge of the 21st century.

We believe stewarding the portfolio to net zero is in the best interests of contributors and beneficiaries of the Canada Pension Plan, and in line with our mandate of maximizing returns without undue risk of loss.

In February 2022, we committed our portfolio and operations to being net zero of greenhouse gas emissions across all scopes by 2050.

Taking action to achieve our net-zero objectives

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

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

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

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

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

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

As the world moves toward net zero, we aim to manage the investment risks and invest to capture and support value-creating opportunities that will arise as society works to remove greenhouse gas (GHG) emissions from the whole economy.

Conservation International

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

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

Bruce Hogg, Managing Director,
Head of Sustainable Energies

Renewable Power Capital Limited

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

We search globally for the best possible investment opportunities.

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

Investment highlights

Countries where we hold investments

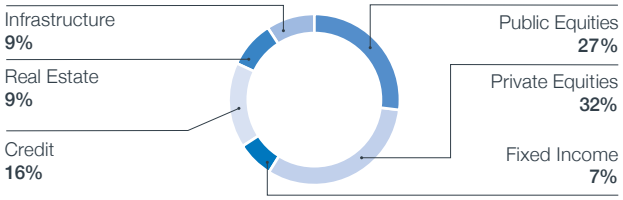
64

Global investment partners

318

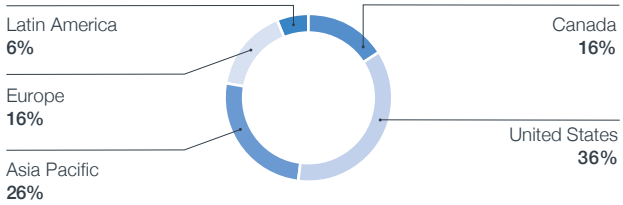
Asset Class Composition[1,2]

March 31, 2022



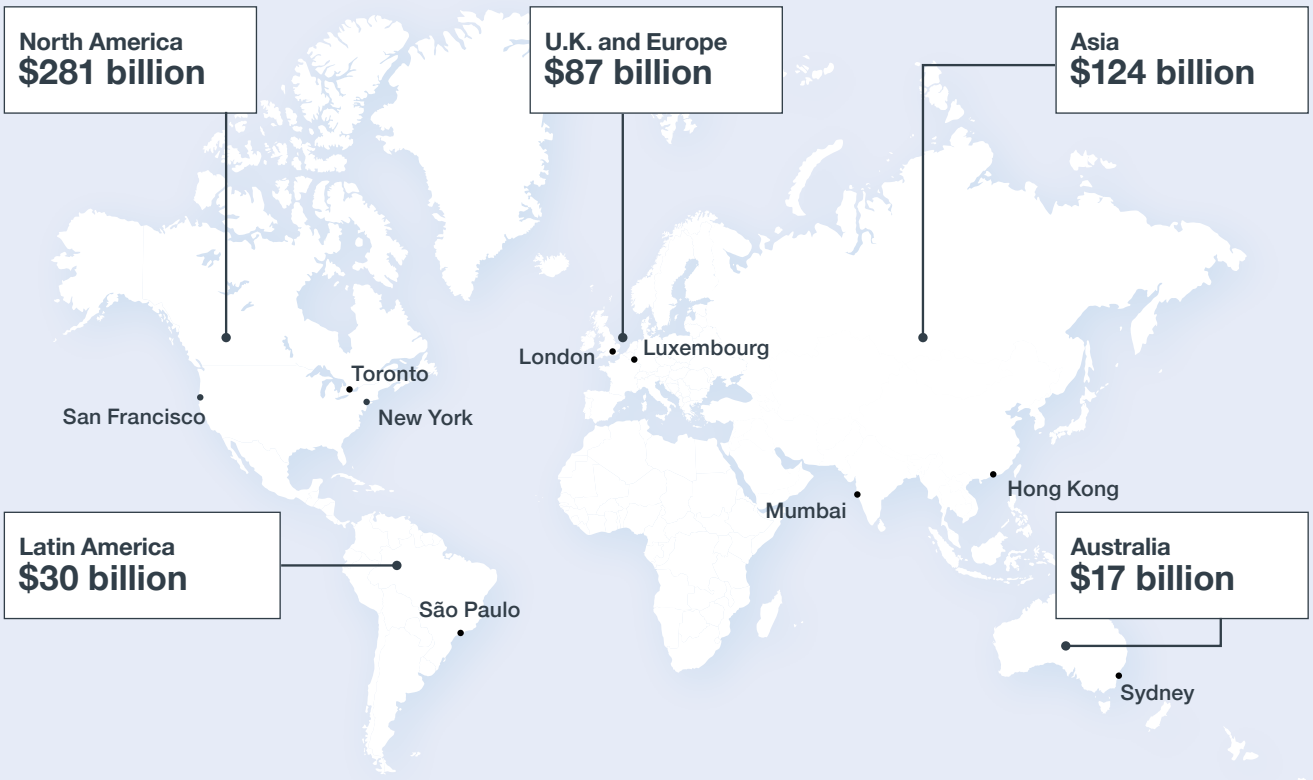
Geographic Composition

March 31, 2022



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

Global Investments



Untether AI
Canada | US$35 million

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

Bridge Industrial
U.S. | US$1.05 billion

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

Laronde
U.S. | US$35 million

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

Auren Energia S.A.
Brazil | $340 million

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

Round Hill Capital
Europe I €475 million

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

BGH Capital
Australia | $303 million

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

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

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

Morrisons
Europe I £1.2 billion

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

CeramTec
Germany | €800 million

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

National Highways Infra Trust
India | $257 million

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

Flipkart Group
India | US$800 million

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

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

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

We source diverse investments and partnerships around the world.

Active Equities

Advanced Drainage Systems

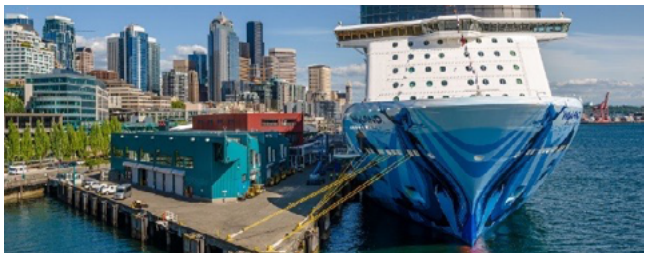
Invested US$350 million in Advanced Drainage Systems, a leading provider of water management solutions in the U.S. for use in the construction and agriculture marketplace, increasing our ownership stake in the company to 4.6%.

Private Equity: Direct Private Equity

FNZ

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

Real Assets: Infrastructure



Ports America

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

Credit Investments

AMCK Aviation

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

Investing in Our People and Purpose-Driven Culture

Our global team of more than 2,000 is highly motivated to do their best work to invest in the best interests of CPP contributors and beneficiaries through our singular objective of maximizing returns without undue risk of loss. This public purpose drives high performance, attracts and retains top talent from diverse communities and connects employees across our global offices.

Continuing our focus on Equity, Diversity & Inclusion

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

95% participation in inclusivity training this year

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

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

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

Championing important causes

We are building an inclusive workplace where all colleagues feel supported, respected and valued for who they are as individuals and for their unique contributions. In doing so, we ensure everyone has an opportunity to reach their potential. Our Employee Resource Groups are motivated to effect change in our culture and communities through a range of programs and activities.

asiaCONNECT	Promotes the development and interconnectivity of colleagues that identify with, or are allied with, the Asian diaspora across the Fund.
GoGreen	Raises employee awareness to improve collective environmental efficiency and reduce CPP Investments' internal environmental footprint.
Mind Matters	Promotes mental health and a psychologically healthy workplace for each of us.
MOSAIC	Builds awareness of the rich cultural diversity at CPP Investments.
OUT	Contributes to a diverse and inclusive culture through building awareness of and engagement with the LGBTQ+ community.
RISE The Black Affinity Network	Supports the recruitment, development and retention of talented Black students and professionals by building awareness, allyship and community.
WIN WOMEN'S INITIATIVE	Aims to improve organizational culture by attracting, developing and retaining high-performing female professionals.

Global Leadership

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

John Graham
President &
Chief Executive Officer

Andrew Edgell
Senior Managing Director
& Global Head of Credit
Investments

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

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

Neil Beaumont
Senior Managing Director
& Chief Financial and Risk
Officer

Frank Ieraci
Senior Managing Director
& Global Head of Active
Equities

Geoffrey Rubin
Senior Managing Director &
Chief Investment Strategist

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

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

Suyi Kim
Senior Managing Director &
Global Head of Private Equity

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

Edwin Cass
Senior Managing Director &
Chief Investment Officer

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

Mary Sullivan
Senior Managing Director &
Chief Talent Officer

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

Our Purpose

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

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

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

Independence with accountability

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

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

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

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

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

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

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

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

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

Transparency

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

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

Code of Conduct

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

Base and additional Canada Pension Plan

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

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

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

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

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

Current and future status of the CPP and the Fund

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

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

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

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

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

How We Generate Value

Our comparative advantages

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

Our inherent advantages

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

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

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

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

Our developed advantages

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

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

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

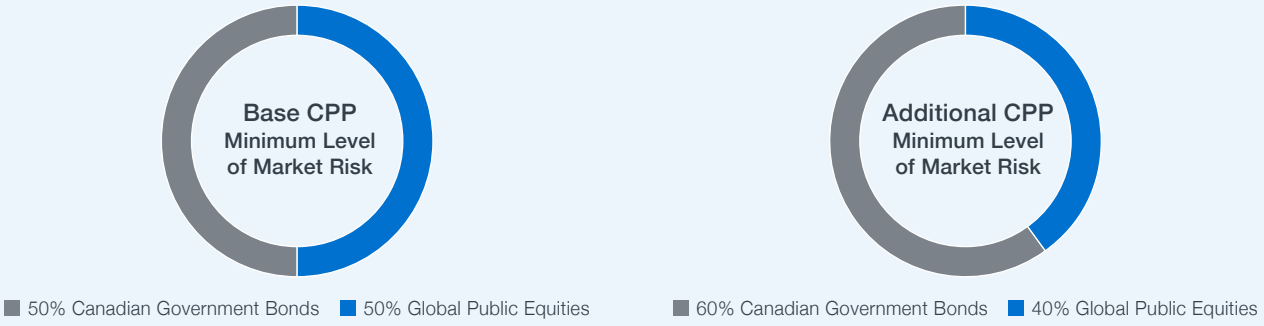
Total Portfolio Approach – We believe broad asset class labels such as "equities" or "real estate" do not sufficiently capture the underlying factors that influence the risks and returns of investments. Accordingly, we analyze the fundamental and more independent return-risk factors that underlie each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

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

Our key sources of returns

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

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



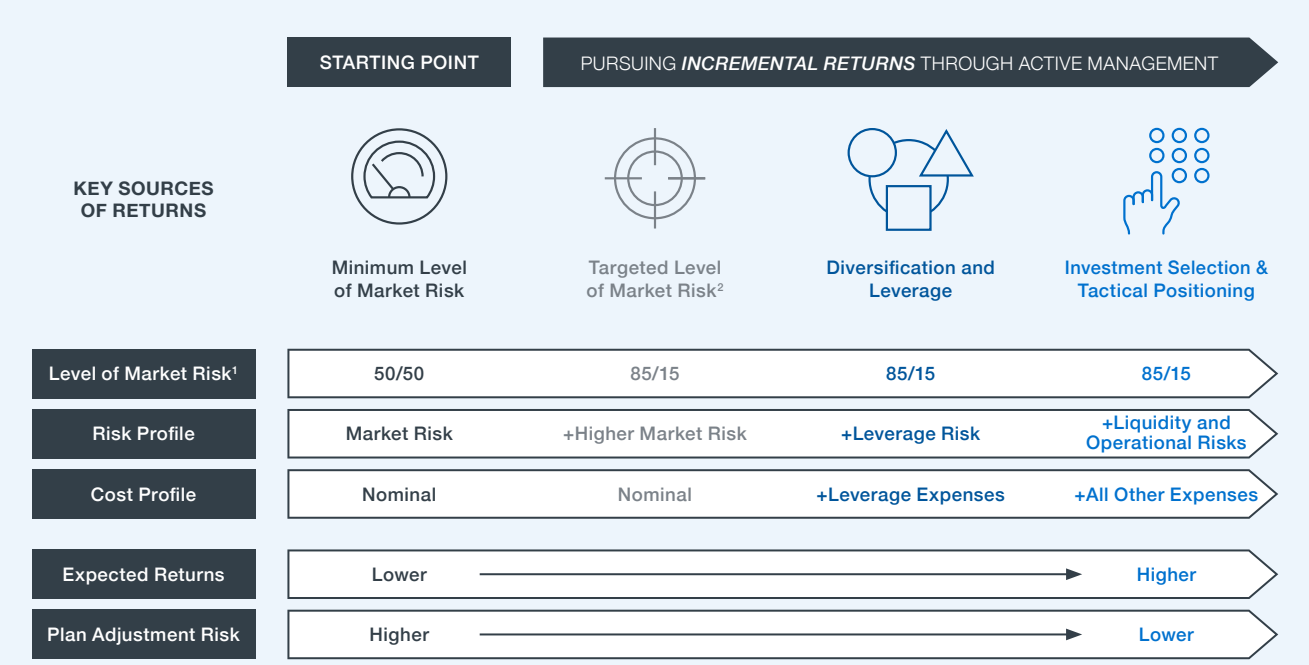
We believe that passively investing in these portfolios would allow the Fund to generate the minimum investment returns required to help sustain the base and additional CPP under the current legislated contribution rates. While this may allow us to do our part in helping to maintain long-term CPP sustainability,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

Key sources of returns

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

Generating incremental value through active management

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



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

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

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

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

The nature of business is fundamentally changing. Companies are operating in an increasingly competitive and digitally connected world, as they look to provide goods and services for almost eight billion people. This has led to heightened and rapidly evolving stakeholder expectations that have brought environmental, social and governance (ESG) considerations to the fore. ESG considerations, including for climate change, are increasingly and more directly impacting the profitability of companies around the world. As such, we believe companies and investors that embed and proactively manage ESG risks and opportunities will be best positioned to both preserve and create value over the long term.

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

One of the most effective ways to convey our views to the boards of directors and management of our portfolio companies and fulfil our stewardship responsibilities as an active owner is to publicly vote our proxies at annual and special meetings of shareholders. We oppose resolutions that are likely to diminish long-term shareholder value, even though they may produce short-term gains. Nonetheless, we also recognize and respect the different roles that owners, boards and executives each play in long-term value creation. We view the corporate board as being accountable to shareholders, and responsible for the appointment of executives and the approval of strategy. Where boards support actions that appear inconsistent with long-term value creation and preservation, we expect them to communicate the rationale supporting their recommendation.

Furthermore, we are also committed to advancing diverse representation on boards and through all levels of organizations. We have long believed companies with diverse boards are more likely to achieve superior financial performance and create value for the Fund. This is why we increasingly use our voting power to encourage companies to appoint more women to their boards. Our goal is to improve the diversity balance and, hence, the overall effectiveness of public company boards worldwide. We first introduced our board gender diversity voting practice in Canada in 2017 and have continued to evolve our practices each year. This includes introducing our global gender diversity voting practice in 2019. In March 2022, we further expanded our expectations for gender representation to encompass more markets and have signalled our future intention to apply higher thresholds to existing markets, including emerging markets.

Factoring climate change into our investment strategy

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

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

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

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

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

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

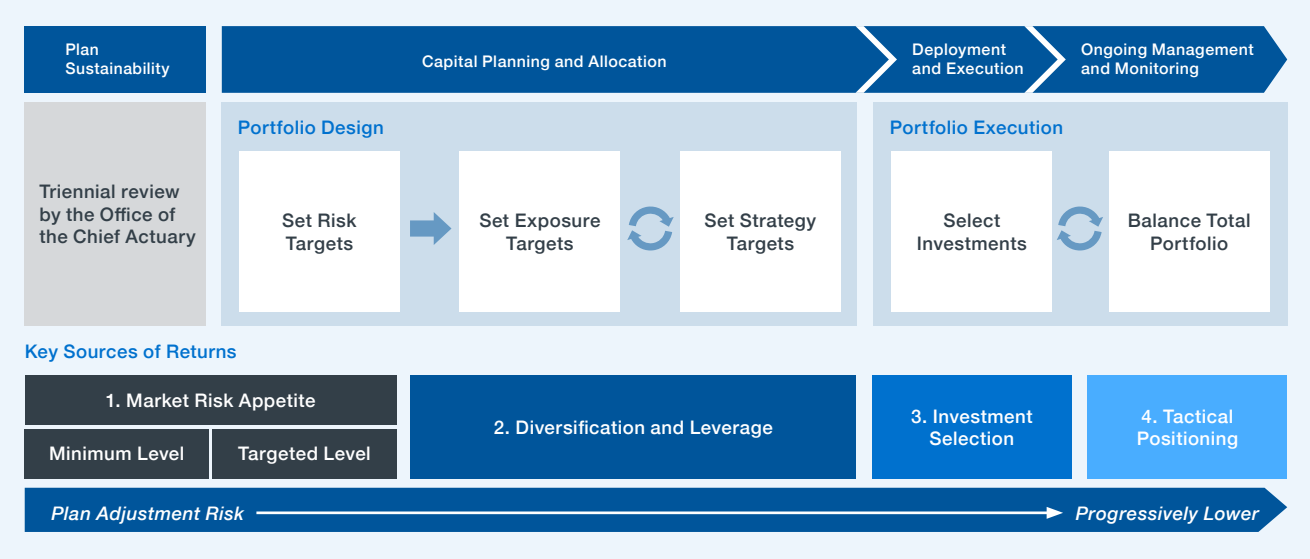
How We Design and Execute Our Investment Approach

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

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

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

Our Total Portfolio Investment Framework



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

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

1. Market risk appetite

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

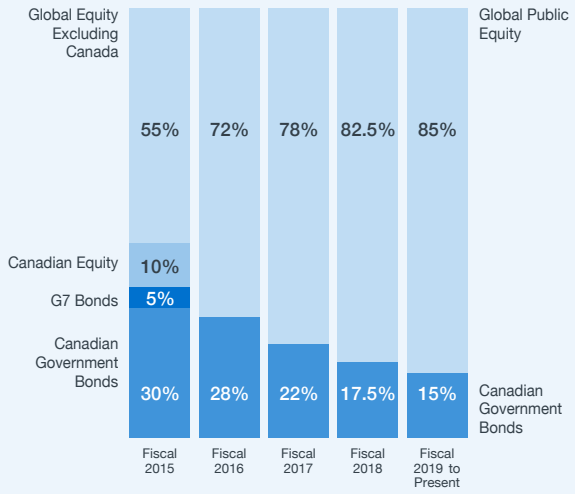
Following each triennial review conducted by the Office of the Chief Actuary (OCA), we use information contained in the OCA's Actuarial Report along with our own internal return expectations to estimate and express this minimum level of market risk. While there are many factors that will impact plan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

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

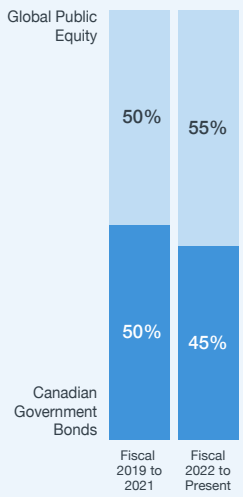
Targeted level of market risk – base and additional CPP

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

Base CPP – Targeted Level of Market Risk



Additional CPP – Targeted Level of Market Risk



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

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

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

2. Diversification and leverage

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

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

Setting exposure targets – the Strategic Portfolio

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

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

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

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

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

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

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

Strategic Portfolio Asset Class and Geographic Classifications and Percentage Weights

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

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

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

Factor investing – seeing through asset class labels

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

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

Incorporating climate-related considerations into our strategic allocations:

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

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

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

Our view on foreign currency

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

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

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

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

3. Investment selection

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

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

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

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

Setting targets for active and balancing strategies

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

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

Selecting investments – active strategies

Each active investment department is accountable for:

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

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

Long/short investing

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

Selecting investments – balancing strategies

The Total Fund Management department is accountable for:

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

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

Incorporating climate-related considerations in our investment selection processes:

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

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

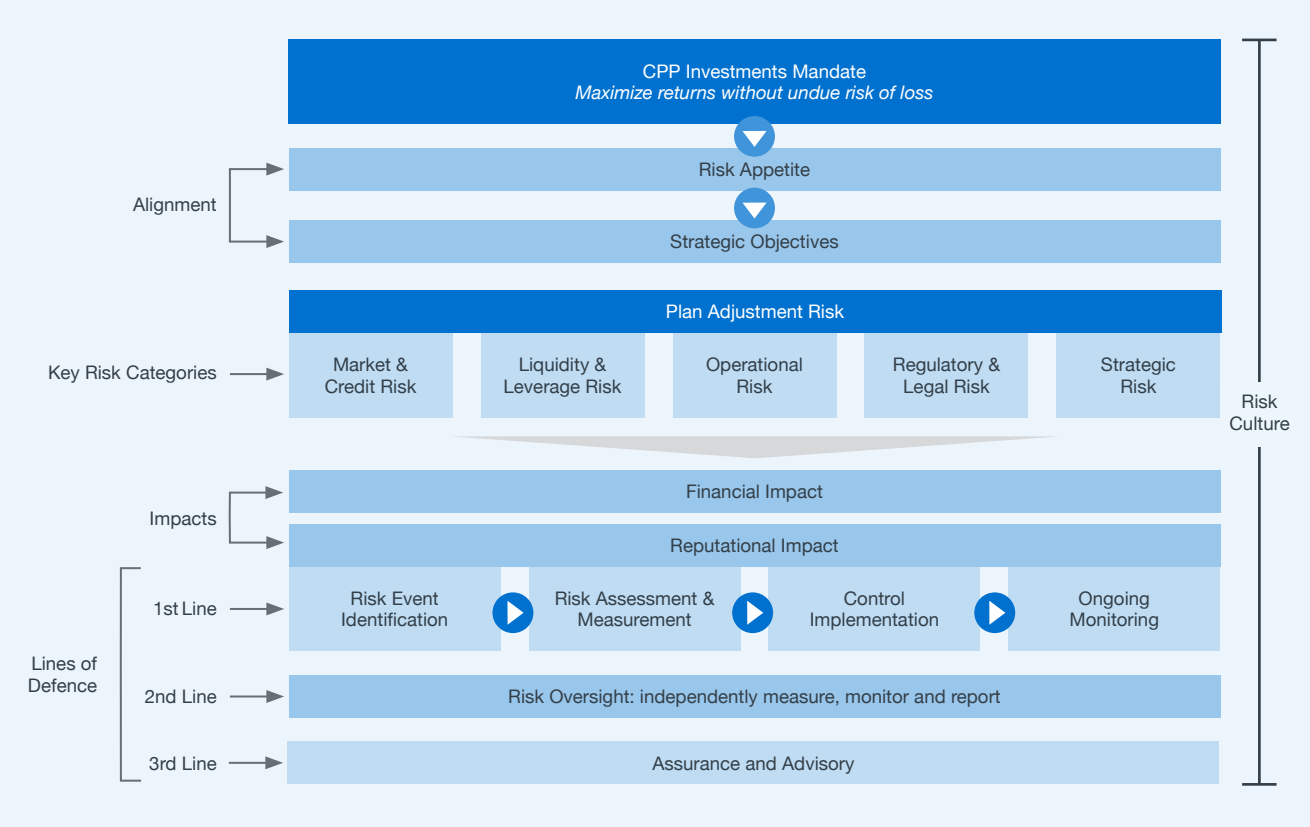
4. Tactical positioning

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

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

How We Manage Risk and Govern the Fund

Our Integrated Risk Framework



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risk culture

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

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

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

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

How we manage key risks as we pursue returns

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

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

How Management is accountable for risk-taking and performance

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

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

Investment Strategy and Risk Committee

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

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

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

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

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

- **Portfolio Execution Committee** (PEC) supports the ISRC's oversight of investment-related accountabilities. Chaired by the CIO, the PEC oversees key aspects of portfolio execution and considers an array of strategic investment and risk-related matters as it reviews new investments, dispositions and follow-on transactions for approval. This also includes evaluating whether specific investments are aligned to the mandate of its corresponding active strategy and providing guidance on select investment department-related matters, including their strategies, mandates and department reviews.
- **Portfolio Strategy Committee** (PSC) supports the ISRC's oversight of design, delivery and management of the Investment Portfolios. Chaired by the CIO, the PSC provides guidance on matters including key portfolio design targets and attributes that support and enable the investment framework.
- **Investment Risk Committee** (IRC) supports the ISRC in its oversight of market, credit, liquidity and leverage risks. Chaired by the CFRO, the IRC provides guidance on matters including the design of Board and Management-level market, credit, liquidity and leverage risk limits. It also plays an active role in monitoring risk exposures.
- **Operational and Legal Risk Committee** (OLRC) supports the ISRC in its oversight of operational, legal and regulatory risks. Chaired by the General Counsel, the OLRC provides guidance on matters including the design of Board and Management-level operational, legal and regulatory risk appetites. It also oversees the Fund's approach to managing these risks.

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

How the Board oversees strategy execution and risk governance

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

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

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

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

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

How We Manage Costs

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

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

Our value management philosophy

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

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

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

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

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

How we allocate our resources

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

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

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

Balancing internal and external expertise

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

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

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

How We Pay for Performance

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

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

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

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

Our culture of integrity, partnership and high performance

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

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

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

Our Compensation Framework

Successfully competing for talent

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

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

Aligning incentives to the delivery of our mandate and strategic objectives

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

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

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

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

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

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

Ensuring effective governance

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

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

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

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

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

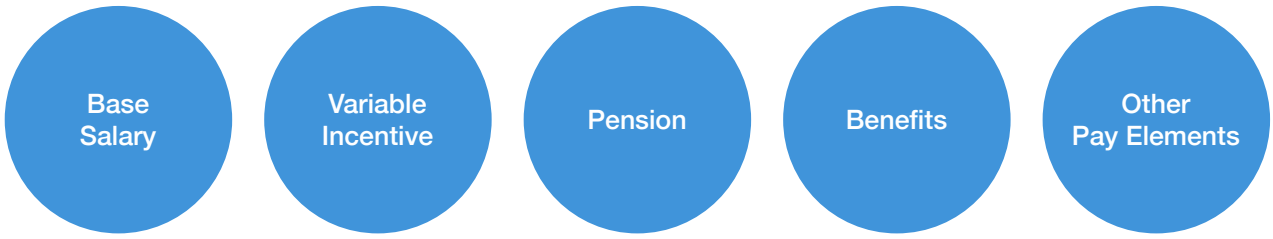
The Board can also require employees to forfeit unvested incentive compensation awards. This provision applies to those at the Managing Director level and above.

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

Key elements of our total compensation

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

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

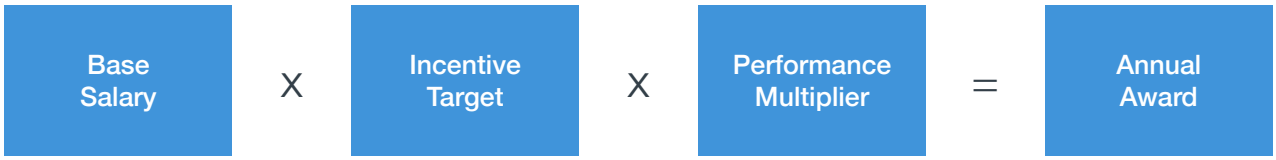


Base salary

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

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

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

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

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

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

Pension

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

Benefits

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

Other pay elements

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

Our focus on equity, diversity and inclusion

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

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

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

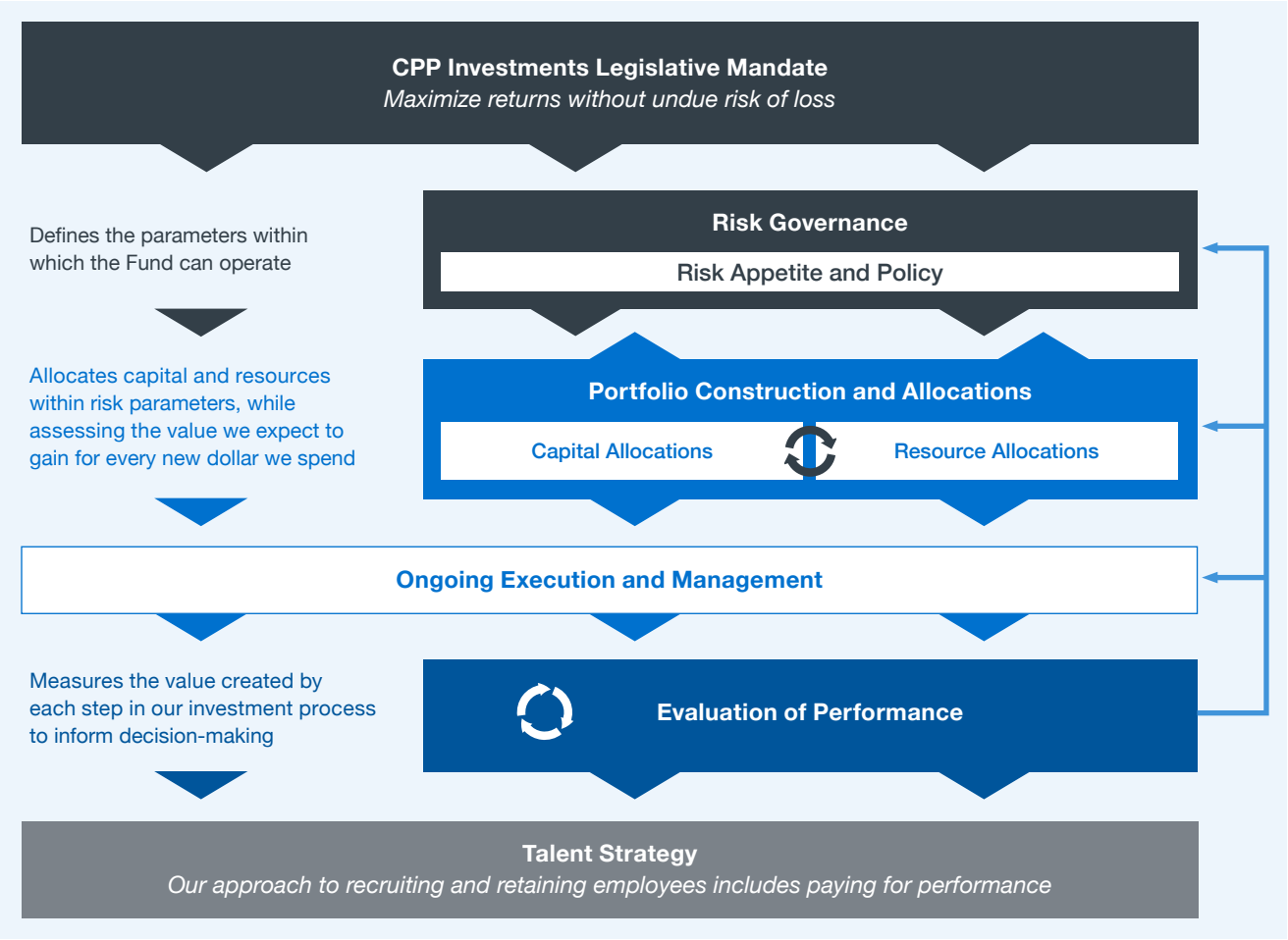
We value our people for who they are as individuals as well as their unique contributions to the Fund. We believe the equitable treatment of our employees is essential to earning their trust and commitment over the long term. This includes ensuring all our employees are provided the same opportunities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

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

How We Operate

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

Our Operating Framework



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

Our Strategy for 2025 and Beyond

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

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

Enhance our Investment Strategy

Deliver efficient operations and distinctive capabilities

Foster an innovative, ambitious and agile culture

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

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

Pursuing Net Zero

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

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

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

Fulfilling our net-zero commitment will be done in accordance with our Climate Change Principles. These principles help guide our decision-making so we can deliver on our mandate against the backdrop of escalating climate risk and opportunities by supporting the transition of the whole economy towards sustainability.

- **Principle 1:** Invest for a whole economy transition required by climate change.
- **Principle 2:** Evolve our strategy as transition pathways emerge and global standards for decarbonization materialize.
- **Principle 3:** Exert influence to create value and mitigate risk.
- **Principle 4:** Support a responsible transition based on our investment beliefs and expertise.
- **Principle 5:** Report on our actions, their impacts and our portfolio emissions.

Our diversified investment strategy, scale and patient capital afford the flexibility to invest in all types of climate change opportunities across all asset classes. We seek to invest in companies to create value by innovating and supporting the transition to net zero.

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

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

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

Management's Discussion and Analysis

Key Performance Indicators

Net assets

$539 Billion

Base CPP Net Assets

$527 Billion

Additional CPP Net Assets

$12 Billion

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

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

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

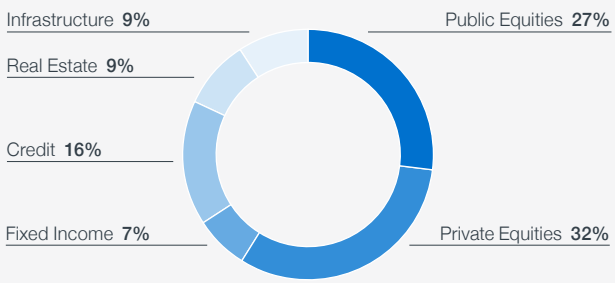
	Reference Portfolios		Diversification and Leverage	Investment Selection	5-Year Total Returns
	Minimum Level of Market Risk	Targeted Level of Market Risk			
Annualized Net Returns	**6.1%**	**+3.1%**	**+(1.9%)**	**+2.7%**	**10.0%**
Cumulative Net Income	$119 billion	+$70 billion	+$(27) billion	+$37 billion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

Annualized Reference Portfolios Returns: 9.2%

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

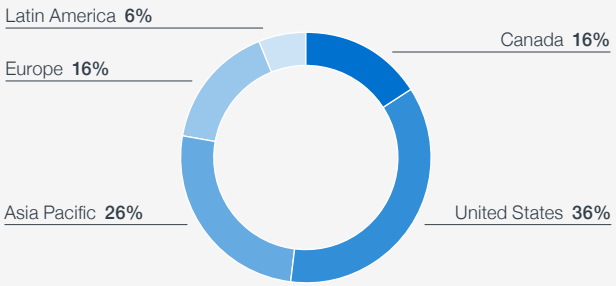
Asset Class Composition[1,2]

March 31, 2022



Geographic Composition

March 31, 2022



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

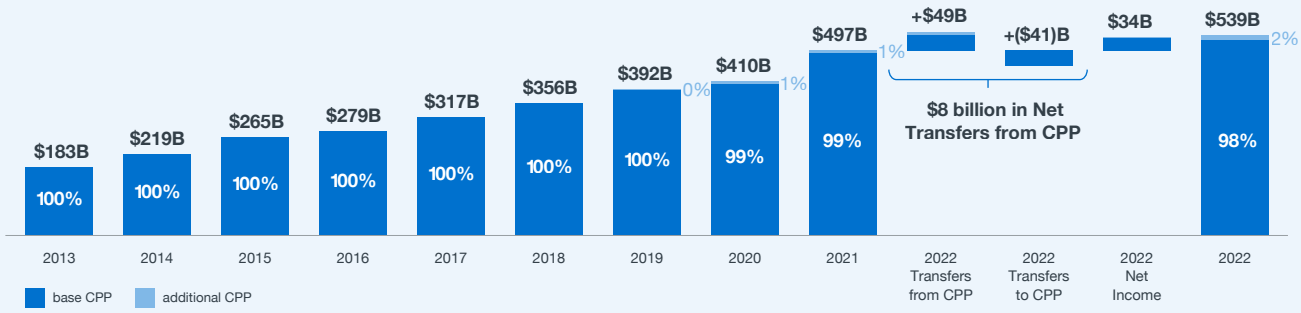
Information in this section provides analysis of the operations and financial position of the Canada Pension Plan Investment Board (CPP Investments) and should be read in conjunction with the Consolidated Financial Statements and accompanying Notes for the year ended March 31, 2022 (Financial Statements).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

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

Fund Composition and Performance

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

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



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

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

Net Returns

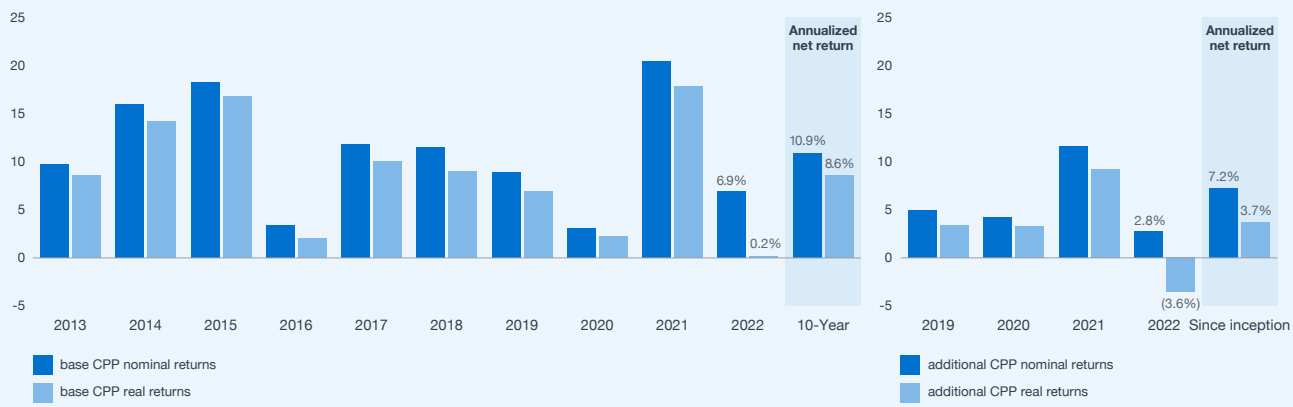
	Fiscal 2022		Fiscal 2021	
	Net returns % (annualized)	Net income $ (cumulative)	Net returns % (annualized)	Net income $ (cumulative)
Base CPP				
1-year	6.9%	$34 billion	20.5%	$83 billion
5-year	10.0%	$198 billion	11.0%	$198 billion
10-year	10.9%	$328 billion	10.8%	$303 billion
Additional CPP				
1-year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

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

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

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

Base CPP and Additional CPP Net Returns (%)



Generating returns to help support long-term sustainability

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

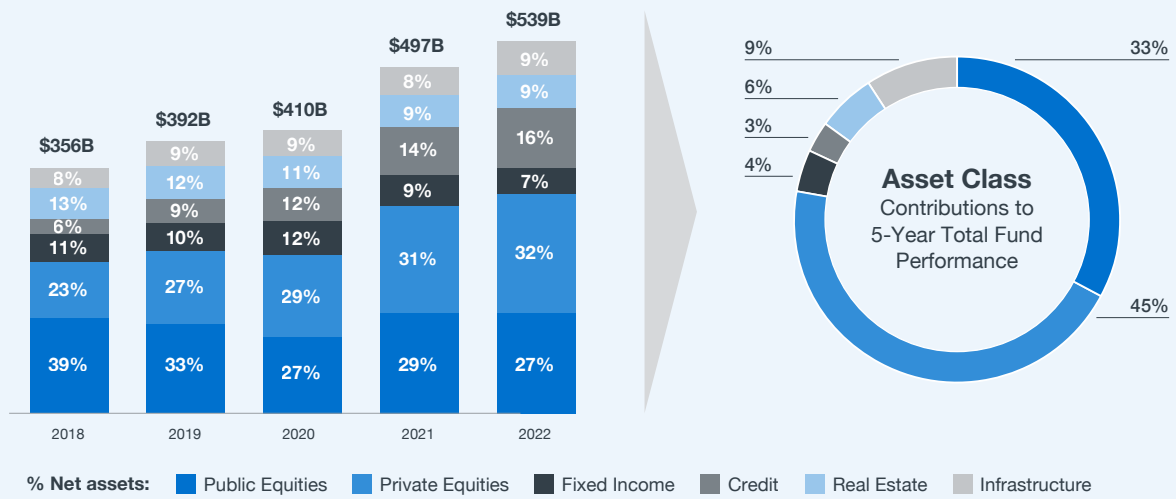
Our actual 10-year historical real return performance has, to date, exceeded the return assumptions used by the OCA to evaluate the long-term sustainability of the base and additional CPP. However, market returns, particularly for equities, may vary over five-year and 10-year periods. For both the past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

CPP Investments Net Real Returns[1]

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

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

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



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

Five-year performance by asset class

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

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

Fiscal 2022 performance by asset class

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

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

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

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

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

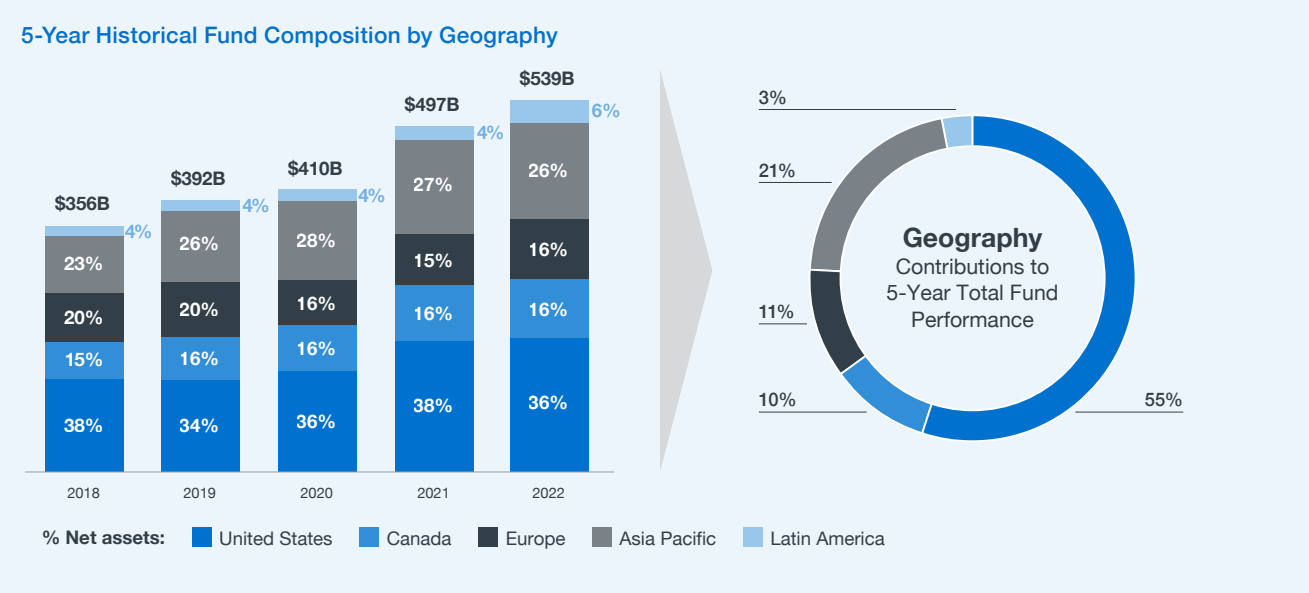
Infrastructure contributed returns of 10.8% in fiscal 2022, largely due to the rebound in global economic activity, driving increasing demand for long-term essential infrastructure services.

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

Annualized Net Returns by Asset Class

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

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



Five-year performance by geography

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

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

Fiscal 2022 performance by geography

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

Annualized Net Returns by Geography

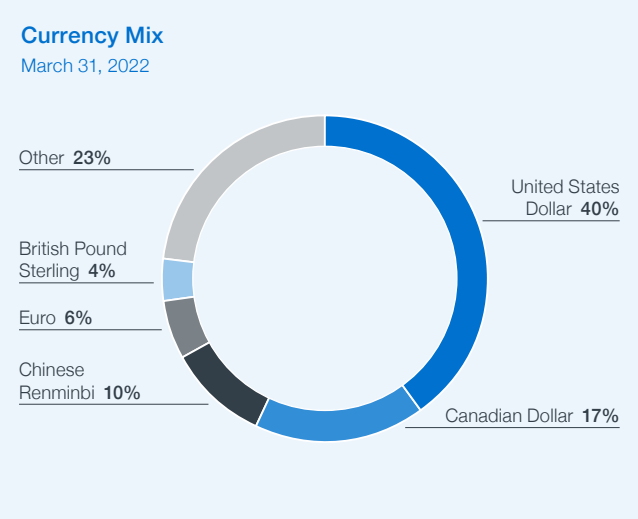
	Fiscal 2022		Fiscal 2021	
	5-Year	1-Year	5-Year	1-Year
Canada	5.2%	5.8%	5.3%	8.9%
United States	10.4%	11.9%	10.8%	11.2%
Asia Pacific	8.0%	(1.7%)	11.8%	25.1%
Europe	5.5%	0.6%	6.2%	17.1%
Latin America	6.7%	12.2%	7.6%	11.0%
Total Fund[1]	**10.0%**	**6.8%**	**11.0%**	**20.4%**

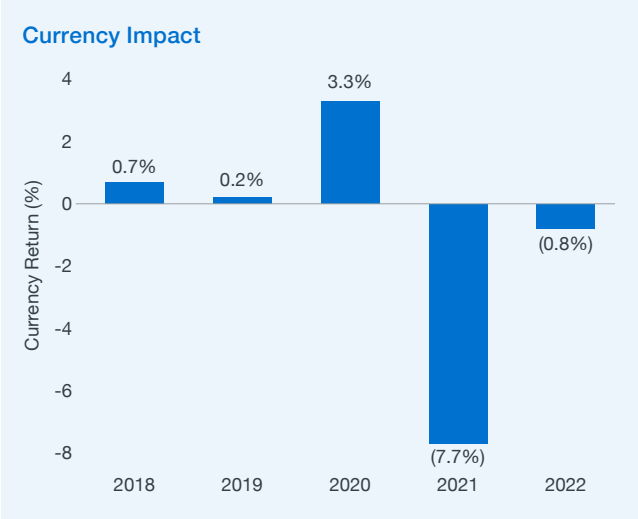
1. The total Fund returns include results of certain investment activities that are not attributed to a geography return reported in this table, such as the performance of $2 billion from currency management activities ($6 billion in fiscal 2021), $1 billion from cash equivalents and money market securities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

Impact of currency movements on Fund performance

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

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





Delivering Long-Term Returns

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

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

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

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

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

Annualized Reference Portfolios Returns: 9.2%

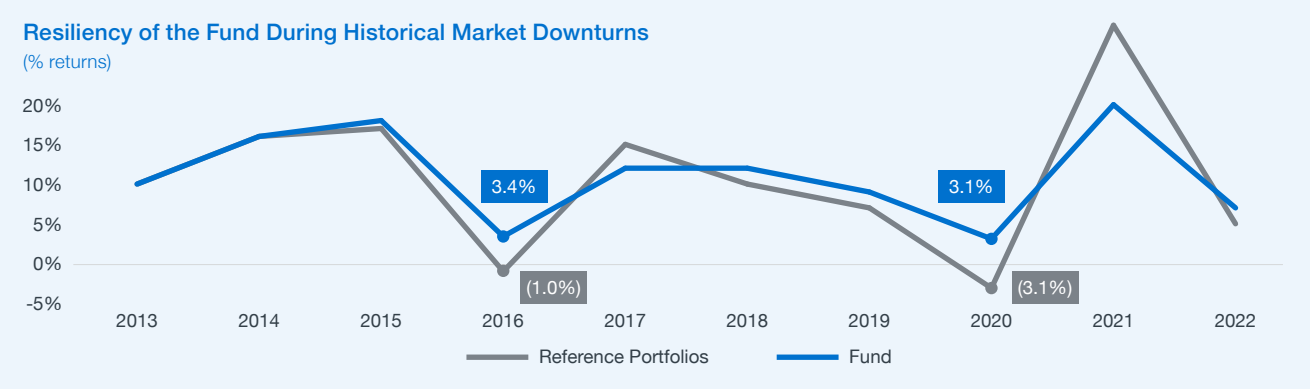
Dollar Value-added above the Reference Portfolios: $10 billion or +0.8%

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

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

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

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



Managing Risks to Safeguard Value

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

Current risk environment – Top and emerging risks

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

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

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

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

Management of key risks

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

Plan Adjustment Risk

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

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

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

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

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

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

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

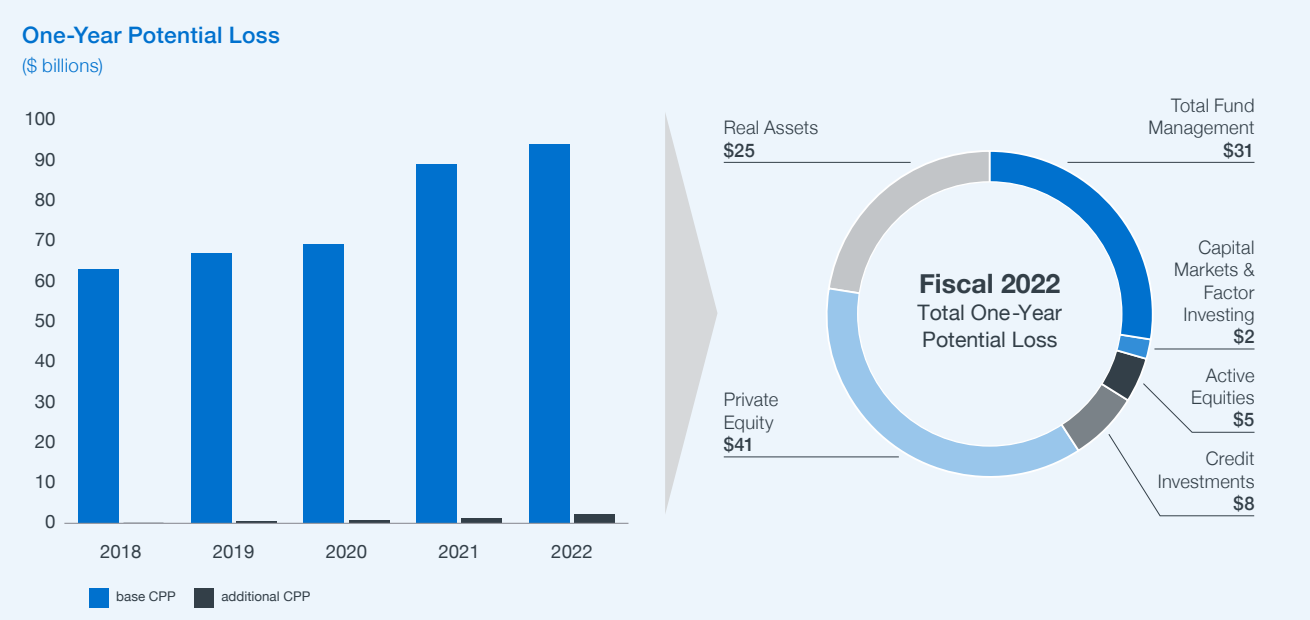
Market and Credit Risk

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

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

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

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



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

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

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

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

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

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

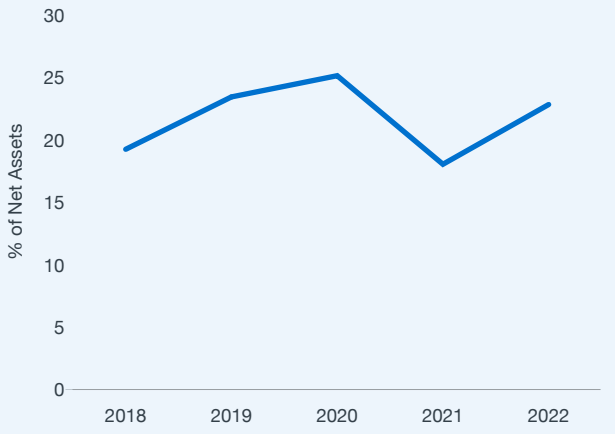
Liquidity and Leverage Risk

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

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

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

Recourse Leverage



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

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

Operational Risk

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

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

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

Regulatory and Legal Risk

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

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

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

Strategic Risk

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

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

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

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

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

Financial and reputation impacts to CPP Investments

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

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

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

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

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

Managing Costs as We Pursue Value

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

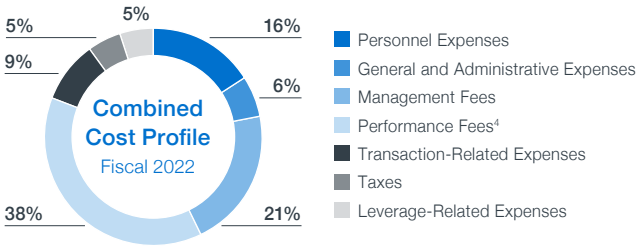
Our commitment to accountability and transparency

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

Combined cost profile for fiscal 2022

The combined cost profile of CPP Investments includes:

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



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

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

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

Combined cost profile for fiscal 2022

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

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

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

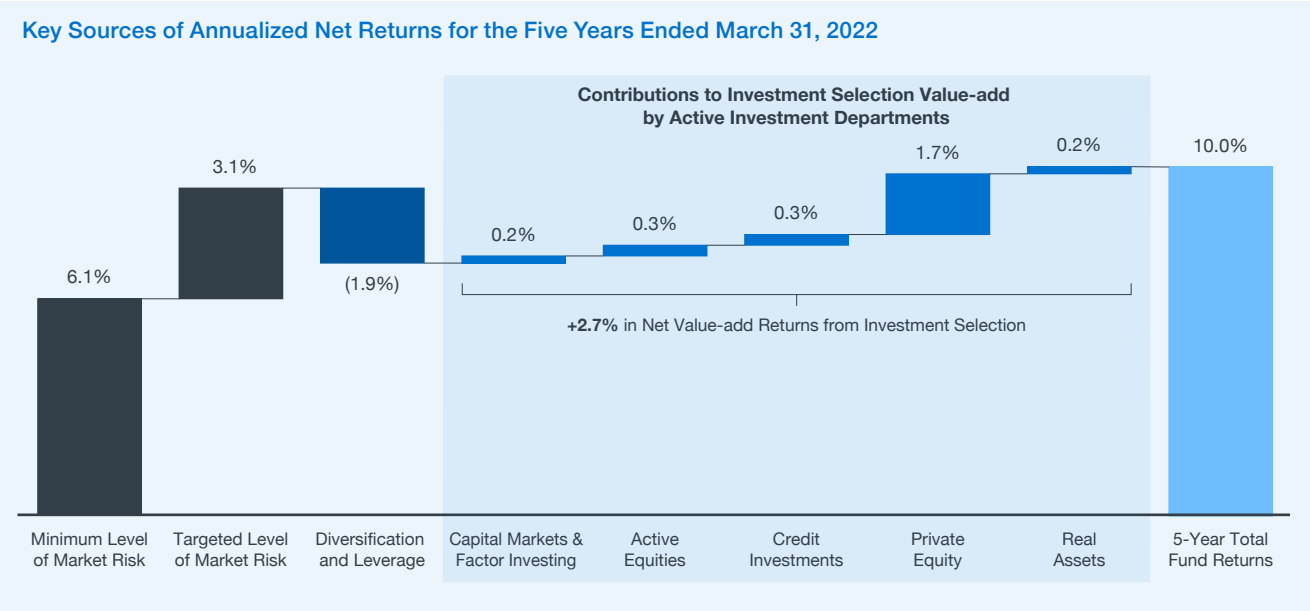
Transaction-related expenses were $567 million in fiscal 2022 compared to $395 million in fiscal 2021. The 44% year-over-year increase was largely due to increased transactional activity in the Real Assets department, asset servicing fees for the breadth of investments held by Credit Investments, and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

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

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

Investment Department Performance

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



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

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

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

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

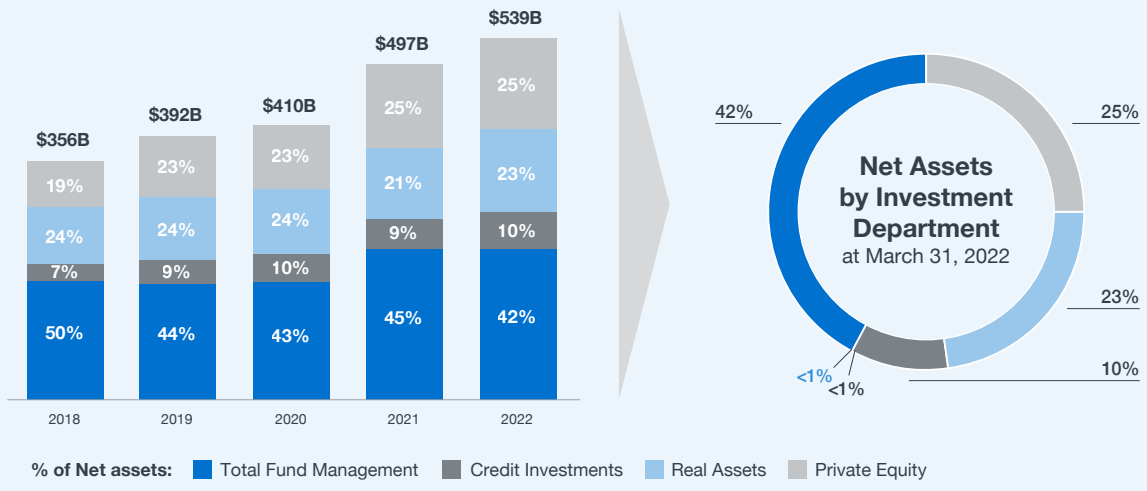
Contributions to five-year returns by the Active Investment Departments

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

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

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

Net Assets by Investment Department[1]



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

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

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

Adjusted Income Statement by Investment Department

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

Fiscal 2022 Year-end Asset Class Composition Across Investment Departments

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

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

Total Fund Management

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

Department Highlights

5-year Net Returns

7.6% Fiscal 2022

10.1% Fiscal 2021

Net Assets

$228 billion

↑ $6.0 billion 1-year change

↑ $64 billion 5-year change

1-year Potential Loss

$31 billion

Risk of Permanent Loss

$2 billion

Full-time Employees

80

Presence in Global Offices

3

Performance and Risk Commentary

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

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

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

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

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

Capital Markets and Factor Investing

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

Department Highlights

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

2.1% Fiscal 2022

1.9% Fiscal 2021

Gross Assets[2]

$51 billion

↑ $1 billion 1-year change

↑ $4 billion 5-year change

1-year Potential Loss

$2 billion

Risk of Permanent Loss

$286 million

Full-time Employees

158

Presence in Global Offices

5

Performance and Risk Commentary

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

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

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

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

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

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

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

Active Equities

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

Department Highlights

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

2.4% Fiscal 2022

2.6% Fiscal 2021

Gross Assets[2]

$74 billion

↓ $(8) billion 1-year change

↑ $48 billion 5-year change

1-year Potential Loss

$5 billion

Risk of Permanent Loss

$2 billion

Full-time Employees

137

Presence in Global Offices

7

Performance and Risk Commentary

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

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

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

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

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

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

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

Credit Investments

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

Department Highlights

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

3.8% Fiscal 2022

1.7% Fiscal 2021

Net Assets

$54 billion

↑ $10 billion 1-year change

↑ $32 billion 5-year change

1-year Potential Loss

$8 billion

Risk of Permanent Loss

$4 billion

Full-time Employees

137

Presence in Global Offices

5

Performance and Risk Commentary

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

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

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

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

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

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

1. Excludes impact of foreign currency

Private Equity

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

Department Highlights

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

8.7% Fiscal 2022

2.4% Fiscal 2021

Net Assets

$134 billion

↑ $9 billion 1-year change

↑ $76 billion 5-year change

1-year Potential Loss

$41 billion

Risk of Permanent Loss

$10 billion

Full-time Employees

166

Presence in Global Offices

6

Performance and Risk Commentary

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

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

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

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

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

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

1. Excludes impact of foreign currency

Real Assets

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

Department Highlights

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

1.2% Fiscal 2022

1.9% Fiscal 2021

Net Assets

$123 billion

↑ $18 billion 1-year change

↑ $50 billion 5-year change

1-year Potential Loss

$25 billion

Risk of Permanent Loss

$3 billion

Full-time Employees

252

Presence in Global Offices

8

Performance and Risk Commentary

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

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

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

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

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

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

1. Excludes impact of foreign currency

Implementing Our 2025 Strategy

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

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

Investing in Our People and Purpose-Driven Culture

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

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

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

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

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

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

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

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

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

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

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

Advancing our management of environmental, social and governance factors

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

Engagement and active ownership metrics

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

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

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

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

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

Our approach to climate change

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

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

Green and transition assets

As part of our net-zero commitment, we will expand our investments in green and transition assets from $67 billion as of December 31, 2021, to at least $130 billion by 2030. During fiscal 2022, we set out to develop a methodology to estimate our existing green and transition assets. We arrived at our definition of green and transition assets by considering different frameworks and taxonomies, including the EU Taxonomy. We consider an asset to be green when at least 95% of its revenue can be classified as being derived from green activities, as classified by the International Capital Market Association. We consider an asset to be in transition if it has announced its commitment to net zero with a credible target and plan and is making meaningful contributions to global emissions reductions.

Portfolio Carbon Footprint	Current Value of Investments (C$ billion)	Total Carbon Emission (million tonnes of CO_2e)		Carbon Footprint (tonnes of CO_2e/$ million)	
		March 2022	March 2021	March 2022	March 2021
Non-Government holdings	455	21.1	21.8	46	52
Government-issued securities	84	41.6	50.9	494	627

CPP Investments' internally developed carbon footprint tool provides insights on GHG emissions associated with all of the Fund's holdings, as well as relevant benchmarks. During the previous years, we disclosed four different portfolio carbon metrics including Total Carbon Emission, Carbon Footprint, Carbon Intensity and Weighted Average Carbon Intensity (WACI). We estimate these by both the Equity Ownership method and Long-term Capital Ownership method. While we will continue to measure all these metrics, going forward we plan to report Total Carbon Emission and Carbon Footprint, using the Long-term Capital Ownership method that can be further referenced in our annual Sustainable Investing Report. We believe these two metrics are the best available to measure the progress against our net-zero commitment, and the Long-term Capital Ownership method is the best practice to disclose emissions for a multi-asset fund. Total Carbon Emission measures the absolute GHG emissions associated with our investments. This figure will continue to rise in the nearer term as our assets under management grow, before the impacts of emission reductions start to be seen more fully. Carbon Footprint measures the carbon emissions per million dollars of our investments. This figure helps to compare the emissions intensity across portfolios of different sizes.

It is important to note that these carbon metrics are not only impacted by the carbon emissions reported by the companies in our portfolio. They are also sensitive to financial metrics such as market value. To date, about 41% of the Fund's total emissions are directly reported by portfolio companies with the rest estimated by external data providers or by proxies based on available comparators. As corporate climate-related disclosure continues to improve, we expect the percentage of directly reported emissions will increase. We also expect that emissions measurement methodologies will become more standardized. Those improvements may impact the comparability of our portfolio carbon footprint for different periods. Fluctuations in financial metrics like market value can also significantly impact actual changes in carbon footprints in any given year. This is further complicated if we identify opportunities to invest in a high-emitting industry, with the aim of supporting their transition and generating superior returns for beneficiaries. In that case, the Fund's carbon metrics may fluctuate in the short term but improve over the long term.

Our metrics include Scope 1 and 2 GHG emissions for non-government holdings, and country-wide emissions for government-issued securities. We currently do not include Scope 3 GHG emissions in our calculations as the quality and coverage of data for Scope 3 emissions is not yet sufficient. Scope 3 emissions are all indirect upstream and downstream emissions not included in Scope 2 that occur in the value chain of the reporting company. We continue to monitor developments in the availability of complete and robust Scope 3 data to assess the viability of disclosing material Scope 3 emissions, in particular for sectors with higher emissions in their value chains.

During fiscal 2022, the Fund's Total Carbon Emission and Carbon Footprint for non-government holdings decreased by 0.7 million tonnes CO_2e and 6 tonnes CO_2e per $1 million invested, respectively. Across a portfolio of our size, there are many factors impacting the changes in Total Carbon Emission and Carbon Footprint, and some of the changes may be reversed in the future. Fiscal 2022's reduction in Total Carbon Emission can be attributed to changes in the portfolio and the impact of COVID-19 on our portfolio companies' activity levels. The reduction in Carbon Footprint has been further impacted by rising commodity prices, increasing sales relative to activity levels and some early signs of improved energy efficiency. We caution that these measures could increase as parts of the global economy recover from COVID-19 and we observe a reversal in recent commodity price strength.

Climate change scenario analysis

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

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

Operational emissions

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

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

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

Implementing our technology and data strategy

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

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

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

Looking Ahead

Our Strategic Priorities for fiscal 2023

Our objectives for fiscal 2023 include:

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

Financial Policies and Controls

CEO/CFRO Certification

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

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

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

Accounting policies and key accounting estimates

Significant accounting policies

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

Future changes in accounting policies

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

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

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

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

Fair value measurement

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

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

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

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

Investment Departments' Percentage Contribution to each Hierarchy Level

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

How we assess and determine fair value

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

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

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

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

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

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

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

Key performance and non-IFRS measures

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

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

Non-IFRS Measures	Reconciliation to Comparable IFRS Measure		
Leverage-Related Expenses: As disclosed in the Managing Costs as We Pursue Value section of the MD&A, total Leverage-Related Expenses is composed of expenses from debt financing liabilities, short-term secured debt, securities and loans sold under repurchase agreements, prime brokerage and other securities borrowing and lending transactions. Gains and losses associated with certain interest rate derivatives used as part of financing activities are also included, as well as the notional interest expense associated with derivatives, primarily swaps and futures, used to generate additional leverage for the Fund.	($ millions)	March 31, 2022	March 31, 2021[1]
	Leverage-Related Expenses	295	1,331
	Less:		
	Notional interest expense from derivatives used to generate additional leverage for the Fund	311	181
	Financing expenses borne by CPP Investments' investment holding subsidiaries	120	114
	Financing Expenses (Consolidated Statement of Comprehensive Income within the Financial Statements)	(136)	1,036
Recourse Leverage: As described under Liquidity and Leverage Risk on page 50 of the MD&A, Recourse Leverage refers to legal obligations with direct recourse to the parent entity of CPP Investments. This is separate and distinct from our use of non-recourse leverage, which is limited to debt issued through our investment holding subsidiaries that only has recourse to certain investments held within these subsidiaries. Recourse Leverage is composed of debt financing liabilities, repurchase liabilities and the notional value of derivatives used to generate additional leverage for the Fund, partially offset by cash and reverse repo balances.	($ millions)	March 31, 2022	March 31, 2021[1]
	Recourse Leverage	121,839	88,279
	Less:		
	Notional value of derivatives used to generate additional leverage for the Fund	93,040	67,348
	Add:		
	Debt financing liabilities of subsidiaries	5,341	3,548
	Cash, cash equivalents and reverse repos netted against Recourse Leverage	60,723	60,024
	Other investment liabilities	34,176	17,209
	Investment liabilities (Consolidated Schedule of Investment Portfolio within the Financial Statements)	129,039	101,712
Currency Diversification: Foreign currency exposure used as a basis for the currency mix and currency return charts, disclosed under Fund Composition and Performance on page 45 of the MD&A, are calculated based on the underlying currency denomination to which a particular asset or security is exposed. For example, an American Depository Receipt (ADR) equity security from Mexico is traded in U.S. dollars. While the investment is denominated in U.S. dollars, the underlying currency is Mexican pesos and that is the basis for calculating measures of currency diversification and currency return. This is in contrast to IFRS, which focuses on the denomination of the financial instrument itself – U.S. dollars in the above example.	($ millions)	March 31, 2022	March 31, 2021
	Total foreign exposure per MD&A	450,136	424,515
	Add:		
	Impact of limiting currency changes to denomination of financial instrument held	2,040	528
	Total foreign exposure (Note 8.4.1 of Financial Statements)	452,176	425,043
Gross Income: As described in the Investment Department Performance section of the MD&A, Gross Income is comprised of total Income as noted in the Consolidated Statement of Comprehensive Income grossed up for expenses borne by investment holding subsidiaries, notional interest expense associated with derivatives used to generate additional leverage for the Fund and certain fees embedded within investments.	($ millions)	March 31, 2022	March 31, 2021
	Gross Income	40,677	91,810
	Less:		
	Management and performance fees embedded within investments	3,622	3,666
	Transaction-related expenses borne by CPP Investments' investment holding subsidiaries	246	209
	Taxes borne by CPP Investments' investment holding subsidiaries	60	839
	Financing expenses borne by CPP Investments' investment holding subsidiaries and notional interest expense associated with derivatives used to generate additional leverage for the Fund	431	295
	Income (Note 6.1.1 of Financial Statements)	36,318	86,801
Investment Expenses: As described in the Managing Costs as We Pursue Value section of the MD&A, Investment Expenses includes the following expenses: Personnel, General and Administrative, Management and Performance Fees, Transaction-Related and Taxes. These amounts include both costs incurred directly by CPP Investments, as well as those costs borne by investment holding subsidiaries and certain fees embedded within investments.	($ millions)	March 31, 2022	March 31, 2021
	Investment Expenses	5,967	6,535
	Less:		
	Expenses incurred by investment holding subsidiaries	306	1,048
	Certain fees embedded within investments	3,622	3,666
	Add:		
	Financing Expenses	(136)	1,036
	Expenses (Note 6.1.1 of Financial Statements)	1,903	2,857

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

Compensation Discussion and Analysis

Letter from the Chair of the Human Resources and Compensation Committee

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

Fiscal 2022 performance highlights

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

Compensation outcomes

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

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

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

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

CEO pay decisions

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

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

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

Sylvia Chrominska
Chair, Human Resources and Compensation Committee

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

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

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

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

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

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

Fiscal 2022 Compensation Disclosures

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

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

Performance measures

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

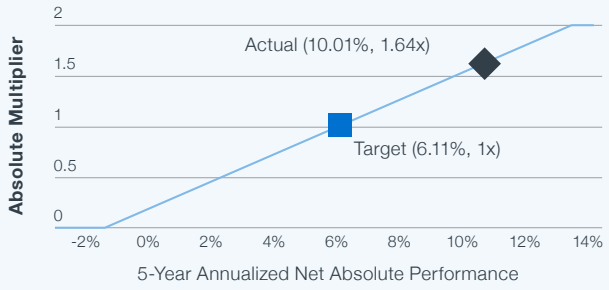
Total Fund performance

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

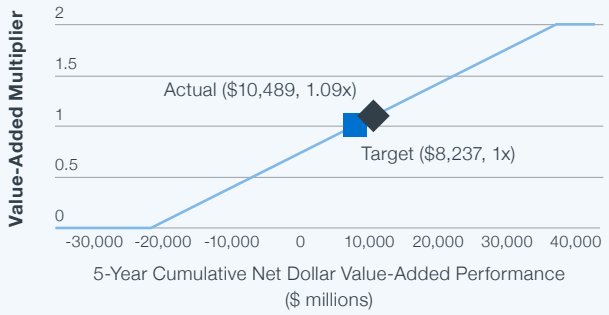
- For the **absolute performance component**, achieving a five-year annualized target return of 6.11% will result in a target multiplier of 1x.
- For the **relative performance component**, the Fund must reach a five-year cumulative dollar value-added (DVA) target of $8.2 billion relative to the Reference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

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

Absolute Performance Component of the Total Fund Performance Multiplier



Value-Added Performance Component of the Total Fund Performance Multiplier



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

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

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

Department, Group and Individual Performance

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

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

Compensation of the CEO

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

Accomplishments for fiscal 2022 included achievements against the following goals:

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

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

Compensation for the Named Executive Officers (NEOs)

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

Table 2: Summary Compensation

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

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

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

Table 3: Deferred Awards

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

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

Termination and retirement arrangements for the CEO

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

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

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

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

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

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

Termination and retirement arrangements for the NEOs

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

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

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

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

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

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

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

Table 4: Potential Termination and Retirement Payments[1]

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

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

Governance Practices of the Board of Directors

Letter from the Chair of the Governance Committee

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

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

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

Fiscal 2022 report on activities

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

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

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

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

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

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

N. Ashleigh Everett
Chair, Governance Committee

Governance Practices of the Board of Directors

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

Mandate, duties and objectives of the Board of Directors

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

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

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

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

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

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

Mandates, activities and composition of Board committees

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

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

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

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

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

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

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

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

Decisions requiring prior Board approval

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

Board expectations of Management

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

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

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

Ensuring Board effectiveness

Managing prudent Board renewal

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

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

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

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

Board appointment and reappointment process

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

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

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

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

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

Board composition

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

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

Board composition matrix

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

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

Board member orientation and development

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

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

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

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

A commitment to accountability

Procedures for the assessment of Board performance

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

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

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

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

Directors' outside activities

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

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

Directors' compensation

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

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

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

Directors' compensation for fiscal 2022 and fiscal 2023

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

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

CPP Investments Directors' compensation philosophy

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

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

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

CPP Investments Directors' compensation principles

I. Pay Neutrality

Compensation alone should not attract or detract desirable candidates.

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

II. Public Purpose

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

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

III. Time Commitment

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

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

IV. Relative Benchmark

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

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

V. Appropriate Discount to Benchmark

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

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

Board meetings and attendance

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

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

Board meetings and attendance

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

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

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

Directors' compensation for fiscal 2022

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

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

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

Diversity

Board diversity

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

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

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

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

Diversity of the Senior Management Team

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

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

Conduct and culture

A culture of integrity and ethical conduct

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

Code of Conduct and related policies

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

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

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

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

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

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

Guiding Principles

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

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

Conduct Review Advisor

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

Board of Directors[1]

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

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

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

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

SYLVIA CHROMINSKA[1,4,5]

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

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

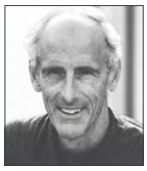
More than 30 years of banking experience, including executive positions in human resources and corporate credit risk, as well as extensive board experience.

DEAN CONNOR[1,3,5]

Corporate Director, Toronto, Ontario
Director since August 2021.

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

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



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

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

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

ASHLEIGH EVERETT[1,3]

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

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

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

TAHIRA HASSAN[1,3,5]

Corporate Director, Toronto, Ontario
Director since February 2015.

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

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

CHUCK MAGRO[1,2,3,4]

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

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

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

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

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

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

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

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

BARRY PERRY[1,2,4]

Corporate Director, Newfoundland & Labrador
Director since August 2021.

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

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

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

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

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

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

MARY PHIBBS[1,2*,5]

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

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

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

JO MARK ZUREL[1,2*,5]

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

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

Extensive investment industry and corporate director experience.

KAREN SHERIFF[1,3,4]

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

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

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

BOON SIM[1,2,3]

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

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

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

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

* Ex officio member

Management's Responsibility for Financial Reporting

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

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

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

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

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

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

John Graham
President & Chief Executive Officer

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

Toronto, Ontario
May 12, 2022

Investment Certificate

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

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

Toronto, Ontario
May 12, 2022

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

Independent Auditor's Report

To the Board of Directors of Canada Pension Plan Investment Board

Opinion

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

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

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

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 16, 2022

Consolidated Financial Statements and Notes

Consolidated Balance Sheet

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

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

On behalf of the Board of Directors

Heather Munroe-Blum
Chairperson

John Montalbano
Chair of the Audit Committee

Consolidated Statement of Comprehensive Income

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

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

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

Consolidated Statement of Changes in Net Assets

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

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

Consolidated Statement of Cash Flows

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

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

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

Consolidated Schedule of Investment Portfolio

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

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

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

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

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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 owned by Her Majesty the Queen in right of Canada. The issued and authorized share capital of CPP Investments is $100 divided into 10 shares with a par value of $10 each.

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

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

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

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

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

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

1. Summary of significant accounting policies

AT A GLANCE

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

USE OF ESTIMATES, JUDGMENTS AND ASSUMPTIONS

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

1.1 Basis of presentation

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

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

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

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

Statement of compliance

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

1.2 Subsidiaries

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

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

1.3 Associates and joint ventures

An associate is an entity in which CPP Investments or its investment holding subsidiaries has the ability to exercise significant influence over its decision-making.

Investments in joint ventures are those arrangements where CPP Investments or its investment holding subsidiaries have joint control of the arrangements.

CPP Investments is an investment entity and measures investments in its associates and joint ventures at FVTPL in accordance with IAS 28 *Investments in Associates and Joint Ventures* (IAS 28) and IFRS 9.

1.4 Financial instruments

Classification

CPP Investments classifies its financial assets and financial liabilities, in accordance with IFRS 9 as follows:

Financial assets

Financial assets are either classified at FVTPL or at amortized cost. The classification depends on: (a) the business model for managing the financial assets and (b) the cash flow characteristics of the financial assets. Financial assets are classified at FVTPL on the basis that they are part of a portfolio of investments which is managed to maximize returns without undue risk of loss and whose performance is evaluated on a fair value basis in accordance with investment strategies and risk management of CPP Investments. Financial assets classified at FVTPL include investments in equities, fixed income, absolute return strategies, infrastructure, real estate, securities purchased under reverse repurchase agreements, cash collateral pledged on securities borrowed and derivatives. Financial assets carried at amortized cost include cash and cash equivalents, pending trades receivable and other assets.

Financial liabilities

Financial liabilities are either classified at FVTPL or at amortized cost. A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative, or it is designated as such on initial recognition.

Financial liabilities at FVTPL are derivative liabilities and securities sold short. Financial liabilities designated at FVTPL include debt financing liabilities, securities and loans sold under repurchase agreements, cash collateral received on securities lent, short-term secured debt and other investment liabilities. Financial liabilities at amortized cost include pending trades payable and accounts payable and accrued liabilities.

Recognition

CPP Investments recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the financial instrument. Investments, investment receivables, investment liabilities, pending trades receivable and pending trades payable are recorded on a trade date basis.

Derecognition

A financial asset is derecognized under the following situations: (a) when the contractual rights to receive the cash flows from the financial asset expire, (b) when CPP Investments has transferred the financial asset and substantially all the risks and rewards of the asset, or (c) in cases where CPP Investments has neither retained nor transferred substantially all risks and rewards of the asset, it no longer retains control over the asset.

CPP Investments derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

Initial measurement

Financial assets and financial liabilities are measured on initial recognition at fair value.

Subsequent measurement

After initial measurement, financial assets and financial liabilities continue to be measured at fair value or amortized cost. Subsequent changes in the fair value of those financial assets and financial liabilities classified at fair value are recorded as gains or losses on the Consolidated Statement of Comprehensive Income.

1.5 Functional and presentation currency

CPP Investments' functional and presentation currency is the Canadian dollar, which is the currency of the primary economic environment in which it operates. CPP Investments' performance is evaluated and its liquidity is managed in Canadian dollars. Therefore, the Canadian dollar is considered to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

1.6 Foreign currency translation

Transactions, including purchases and sales of investments, and income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Investments and monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at each balance sheet date. Non-monetary items in a foreign currency are measured at historical cost and are translated using the exchange rates at the dates of the initial transactions.

Foreign currency transaction gains and losses on financial instruments classified at FVTPL are included with associated fair value gains and losses in the Consolidated Statement of Comprehensive Income.

1.7 Income

Interest, dividends, and other income

Interest and other income are recognized as earned. Dividend income is recognized on the ex-dividend date, which is when CPP Investments' right to receive the dividend has been established. Interest, dividends, and other income also includes dividend income received by CPP Investments from its investment holding subsidiaries.

Net gains and losses on private investments and net gains and losses on public and other investments

Net gains and losses on private investments is composed of realized and unrealized gains and losses from private equities, infrastructure and real estate. Net gains and losses on public and other investments is composed of realized and unrealized gains and losses from public equities, fixed income, absolute return strategies, derivatives and other.

Net gains and losses on investment holding subsidiaries

Net gains and losses on investment holding subsidiaries is composed of realized and unrealized gains and losses from investments in investment holding subsidiaries.

1.8 Expenses

Personnel expenses

Personnel expenses include salaries, incentives and benefits. Personnel expenses are expensed as incurred.

General and administrative expenses

General and administrative expenses include costs incurred for technology, data, professional services, premises and equipment, communications, auditor's remuneration, travel and directors' remuneration. General and administrative expenses are expensed as incurred.

Management fees

Management fees include payments to external managers who invest and manage capital committed by CPP Investments. Management fees are expensed as incurred.

Performance fees

Performance fees include payments to external managers when CPP Investments earns a return that exceeds a set rate of return. Performance fees are expensed as incurred.

Transaction-related expenses

Transaction-related expenses include incremental costs that are directly attributable to the acquisition, maintenance, restructuring or disposal of an investment. Such expenses include a variety of non-recurring expenses, including due diligence on potential investments, legal and tax advisory fees required to support transactions involving private market assets, or, in the case of public markets, custodial fees and commissions paid when trading securities. Transaction-related expenses are expensed as incurred.

Taxes

CPP Investments is exempt from income tax on its operations in Canada but is subject to taxes in a number of foreign jurisdictions and also incurs indirect taxes. Taxes in the income statement consists largely of taxes on dividends, interest income and capital gains related to investments in equities, debt and investment holding subsidiaries. The majority of these taxes are collected at source.

Withholding taxes, net of deductions for refundable amounts, are recognized at the same time as the related dividend or interest income. Refundable withholding tax is presented in the Consolidated Schedule of Investment Portfolio as Other investment receivables.

Other income tax, which is not collected at source, is recognized in the Consolidated Statement of Comprehensive Income in the same period as the related income or gain. Deferred tax on capital gains is recognized as a liability in the balance sheet within Other investment liabilities, based on the expected future payment when CPP Investments is in a gain position in the applicable market. Changes in the deferred tax liability in the year are recorded as an expense or recovery within Taxes in the Consolidated Statement of Comprehensive Income.

All uncertain tax positions, such as disputed withholding tax refunds, are assessed each reporting period.

Financing expenses

Financing expenses include interest and other costs that are incurred when borrowing funds or securities. Financing expenses are composed of expenses from debt financing liabilities, securities and loans sold under repurchase agreements, prime brokerage and other securities lending and borrowing transactions. Gains and losses associated with certain interest rate derivatives used as part of financing activities are also included in financing expenses. Financing expenses are expensed as incurred.

1.9 Current year adoption and future changes in accounting policies

Effective April 1, 2021, CPP Investments adopted Phase 2 amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts*, and IFRS 16 *Leases* (Amendments). The Amendments address issues affecting financial reporting as a result of changing the interest rate benchmark from the Interbank Offered Rates (IBORs) to alternative reference rates (ARRs) and provide specific financial statement disclosure requirements to outline the effect of the reform.

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

As at March 31, 2022, CPP Investments' exposures to financial instruments subject to LIBOR reform that have yet to transition to ARRs with a maturity date beyond June 30, 2023 for U.S. dollar LIBORs was $10 billion and $20 billion relating to non-derivatives (fair value) and derivatives (notional), respectively.

Other than the change in accounting policy noted above, there were no adoptions of newly issued IFRS standards, changes in existing standards or new interpretations during the year ended March 31, 2022 that had a material impact on the Consolidated Financial Statements. We are currently assessing the impact of new IFRS standards, changes in existing standards or new interpretations that have been issued but are not yet effective for CPP Investments.

2. Investments and investment liabilities

AT A GLANCE

All investments and investment liabilities are measured at fair value.

This Note describes the types of investments and investment liabilities held by CPP Investments and its investment holding subsidiaries and explains how Management determines their fair value.

ACCOUNTING POLICY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

CPP Investments manages the following types of investments and investment liabilities and determines fair value as described below.

2.1 Cash and cash equivalents

Cash includes cash on hand. Cash equivalents includes short-term deposits, commercial paper, bank accepted bills, floating rate deposit notes and treasury bills with a maturity of 90 days or less.

Cash and cash equivalents held for investment purposes are included in Investments on the Consolidated Balance Sheet and are presented separately on the Consolidated Statement of Cash Flows. Cash and cash equivalents for operating purposes are presented in Other assets on the Consolidated Balance Sheet and separately on the Consolidated Statement of Cash Flows.

Fair value is determined using cost, which, together with accrued interest, approximates fair value due to the short-term or floating rate nature of these assets.

2.2 Equities

Public equities

Public equity investments are generally made directly or through funds, including hedge funds.

Fair value for publicly traded equities, including equity short positions, is based on quoted market prices. Fair value for fund investments is generally based on the net asset value reported by the external administrators or managers of the funds.

Private equities

Private equity investments are generally made directly or through ownership in limited partnership funds.

Fair value for investments held directly is primarily determined using accepted industry valuation methods such as earnings multiples of comparable publicly traded companies or discounted cash flows. Significant inputs for these valuation methods include company-specific earnings before interest, taxes, depreciation and amortization (EBITDA), earnings multiples of comparable publicly traded companies, projected cash flows and discount rates using current market yields of instruments with similar characteristics. Recent market transactions, where available, are also used. In the case of investments held through a limited partnership fund, fair value is generally based on net asset value or relevant information reported by the general partner using similar accepted industry valuation methods.

2.3 Fixed income

Bonds

Bonds include non-marketable and marketable bonds. Non-marketable bonds and marketable bonds include government bonds issued by Canadian and foreign governments and corporate bonds.

Fair value for non-marketable Canadian provincial government bonds is calculated using discounted cash flows based on current market yields of instruments with similar characteristics. In the case of marketable bonds, including bond short positions, fair value is based on quoted prices or calculated using discounted cash flows based on benchmark yield curves and credit spreads pertaining to the issuer.

Other debt

Other debt includes investments in direct private debt, asset-backed securities, distressed mortgage funds, private debt funds, hedge funds and investments in royalty-related income streams.

Fair value for direct investments in private debt and asset-backed securities is based on quoted market prices, broker quotes or recent market transactions, if available. Where the market price is not available, fair value is calculated using discounted cash flows based on significant inputs such as projected cash flows and discount rates using current market yields of instruments with similar characteristics.

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

In the case of investments in royalty-related income streams, fair value is primarily determined using discounted cash flows based on projected cash flows and discount rates using current market yields of instruments with similar characteristics.

Money market securities

Money market securities include term deposits, treasury bills, commercial paper and floating rate notes, all of which have a maturity date of over 90 days.

Fair value is determined using cost, which, together with accrued interest income, approximates fair value due to the short-term or floating rate nature of these securities.

2.4 Absolute return strategies

Absolute return strategies include investments in hedge funds whose objective is to generate positive returns regardless of market conditions, that is, returns with a low correlation to broad market indexes. The underlying securities of the funds could include, but are not limited to, equities, fixed income securities and derivatives.

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

2.5 Infrastructure

Infrastructure investments are generally made directly, but can also occur through limited partnership funds.

The fair value of these investments is primarily determined using discounted cash flows based on significant inputs including projected cash flows and discount rates using current market yields of instruments with similar characteristics.

Fair value for investments held through limited partnership funds are generally based on the net asset value as reported by the external managers of the funds.

2.6 Real estate

Real estate investments are generally made through direct private investments, or through ownership of real estate funds. Private real estate investments are managed by investment partners primarily through co-ownership arrangements.

Fair value for private real estate investments is determined using accepted industry valuation methods such as discounted cash flows. Significant inputs include projected cash flows, net operating income, discount and terminal capitalization rates. Fair value is also determined using net asset value provided by the investment partner.

Fair value for real estate funds is generally based on the net asset value reported by the external managers of the funds.

2.7 Securities purchased under reverse repurchase agreements and securities and loans sold under repurchase agreements

ACCOUNTING POLICY

Securities purchased under reverse repurchase agreements represent the purchase of securities with a simultaneous agreement to sell them back at a specified price at a specified future date and are accounted for as an investment receivable. The purchased securities under these agreements are not recognized on the Consolidated Balance Sheet. The fair value of securities to be resold under reverse repurchase agreements is monitored and additional collateral is obtained, when appropriate, to protect against credit exposure. In the event of counterparty default, CPP Investments has the right to liquidate the collateral held.

Securities and loans sold under repurchase agreements are accounted for as collateralized borrowing because they represent the sale of securities with a simultaneous agreement to buy them back at a specified price at a specified future date. The securities and loans sold under these agreements continue to be recognized on the Consolidated Balance Sheet with any changes in fair value recorded as gain (loss) on investments and investment holding subsidiaries.

Interest earned on reverse repurchase agreements is included in interest income. Interest incurred on repurchase agreements is included in financing expenses.

Reverse repurchase and repurchase agreements are carried at the amounts at which the securities or loans were initially acquired or sold, which, together with accrued interest income or expense, approximate fair value due to the short-term nature or variable interest rate of these agreements.

2.8 Securities borrowed and lent

ACCOUNTING POLICY

Securities borrowing and lending agreements are transactions in which CPP Investments borrows securities from or lends securities to third parties.

Borrowed securities are not recognized on the Consolidated Balance Sheet. Lent securities remain on the Consolidated Balance Sheet as CPP Investments retains substantially all of the risks and rewards of ownership of the transferred securities.

Collateral received or pledged is generally in the form of cash, equities or fixed income securities. Cash collateral received is accounted for as an investment liability while equities and fixed income securities received as collateral are not recognized on the Consolidated Balance Sheet. Cash collateral pledged is accounted for as an investment receivable, while securities collateral pledged by CPP Investments in securities borrowing agreements remain on the Consolidated Balance Sheet. Costs relating to securities borrowing and lending are included in financing expenses.

2.9 Derivative assets and liabilities

A derivative is a financial contract, the value of which is derived from the value of underlying assets, indexes, interest rates, currency exchange rates or other market-based factors. Derivatives are transacted through regulated exchanges, centrally cleared or negotiated in over-the-counter markets.

Fair value for exchange-traded derivatives, which includes futures, options and warrants, is based on quoted market prices. Fair value for over-the-counter derivatives, which includes forwards, swaps, options and warrants, is determined based on valuation techniques that make maximum use of inputs observed from markets such as option pricing models, discounted cash flows and consensus pricing from independent brokers and/or third-party vendors. Inputs used in these valuation techniques can include, but are not limited to, spot prices, price volatilities, currency exchange rates, interest rate curves and credit spreads. In determining fair value, consideration is also given to the credit risk of the counterparty.

CPP Investments uses the types of derivatives described below.

Futures and forwards

Futures are standardized contracts transacted on an exchange, whereas forwards are customized over-the-counter contracts negotiated between counterparties. Futures contracts may be cash-settled or require physical delivery of the underlying asset. Examples of futures and forwards are described below.

Equity futures are contractual obligations to purchase or sell a specified quantity of an equity index, a basket of stocks, or a single stock at a predetermined price and date in the future.

Foreign exchange forwards are contractual obligations negotiated between counterparties to purchase or sell a specified amount of foreign currencies at a predetermined price and date in the future.

Interest rate futures and forwards, including bond futures, are contractual obligations to purchase or sell a specified amount of an interest-rate-sensitive financial instrument(s) or index at a predetermined price and date in the future.

Commodity futures are contractual obligations to purchase or sell a specified quantity of a commodity, such as precious metals and energy-related products, at a predetermined price and date in the future.

Swaps

Swaps are over-the-counter contracts between two parties to exchange a series of cash flows. Examples of swaps are described below.

Equity-based swaps include equity swaps, volatility swaps, variance swaps and dividend swaps. Equity swaps are contracts where one counterparty agrees to pay or receive from the other, cash flows based on changes in the value of an equity index, a basket of stocks, or a single stock in exchange for a return based on a fixed or floating interest rate or the return on another instrument. Volatility and variance swaps are contracts where cash flows are exchanged based on the realized volatility or variance of an equity index, a basket of stocks, or a single stock compared to the fixed strike level specified in the contract. Dividend swaps are contracts where one party pays the other future dividend flows of a single stock or index in exchange for predefined fixed amounts at sequential intervals or at termination.

Interest rate-related swaps include bond swaps, interest rate swaps and cross-currency swaps. Bond swaps are contracts in which counterparties exchange the return on a bond, or group of such instruments, for the return on a fixed or floating interest rate or the return on another instrument. Interest rate swaps are contracts where counterparties exchange cash flows based on different interest rates applied to a notional amount in a single currency, with no exchange of a notional amount. Cross-currency swaps involve the exchange of both interest and notional amounts in two different currencies.

Credit default swaps are contracts that provide credit protection against a specified credit event such as the default or bankruptcy of the underlying financial instrument (referenced asset). The purchaser (buyer) pays a premium to the writer (seller) in return for payment, which is contingent on a credit event affecting the referenced asset. Credit default swaps require the writer to compensate counterparties for the decline in value of the referenced asset as a result of the occurrence of a specified credit event. The notional amount represents the maximum amount payable to these counterparties under these written credit default swap contracts.

Options and warrants

Options are contractual agreements where the seller (writer) gives the purchaser the right, but not the obligation, to buy or sell a specified amount of an equity, currency, interest rate, credit, commodity or other financial instrument at or before a specified future date at a predetermined price. The purchaser pays a premium to the seller for this right. Options can be transacted in standardized amounts on regulated exchanges or customized in over-the-counter markets.

Call or put options may require the writer to sell or purchase the underlying asset at a fixed date or at any time within a fixed future period. Due to the nature of these contracts, CPP Investments cannot reasonably estimate the potential maximum amount of future payments.

Warrants are transacted both over-the-counter and through exchanges. Under a warrant, the issuer gives the purchaser the right, but not the obligation, to buy a specified quantity of stock of the issuer at or before a specified future date at a predetermined price.

2.10 Debt financing liabilities

Debt financing liabilities consist of commercial paper payable, term debt and loans to provide CPP Investments with funding. Commercial paper payable is carried at the amount originally issued, which, together with accrued interest expense, approximates fair value due to the short-term nature of these liabilities. Fair value for term debt is based on quoted market prices. The fair value of loans is based on the discounted cash flows method or cost with accrued interest, where this approximates fair value. Interest expense and associated costs on debt financing liabilities are included in financing expenses.

2.11 Securities sold short

Securities sold short represent securities that are sold, but not owned, by CPP Investments. CPP Investments has an obligation to cover these short positions, which are accounted for as an investment liability based on the fair value of the securities sold. Collateral is pledged to the counterparty, as required. Interest and dividend expenses on securities sold short are included in Net (losses) gains on public and other investments.

2.12 Short-term secured debt

Short-term secured debt consists of cash advances from prime brokers that are fully collateralized by securities. The securities collateral pledged to the counterparty remains on the Consolidated Balance Sheet. Short-term secured debt is carried at the amounts at which the funding was initially transferred, which together with accrued interest, approximates fair value due to the short-term nature of the debt and variable interest rate. Interest expense on short-term secured debt is included in financing expenses.

3. Fair value measurement

AT A GLANCE

In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value can be significantly more complex and often subjective, requiring judgment.

This Note categorizes the fair value of investments and investment liabilities within the three levels of the fair value hierarchy. For fair value estimates that require significant judgment, the Note further provides the roll-forward of these investments during the year and the range of valuation techniques and inputs used.

Investments and investment liabilities owned by investment holding subsidiaries are indirectly held by CPP Investments. The fair value of each investment holding subsidiary is determined based on the fair value of the underlying investments held, net of any investment liabilities and pending trades together with its accumulated net income less dividends paid. Further detail on investment holding subsidiaries is provided in Note 3.2.

ACCOUNTING POLICY

The fair value of CPP Investments' investments and investment liabilities is categorized into the following fair value hierarchy based on the level of significant inputs used in the fair value measurement:

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

SIGNIFICANT ESTIMATE

Level 3 investments consist of instruments held at fair value that are not traded or quoted in active markets. Fair value is, therefore, determined using valuation techniques that use models with unobservable inputs while maximizing the use of inputs observed from markets. The resulting values are particularly judgmental. Refer to Note 3.5 for the valuation techniques used to determine the fair value of Level 3 investments.

3.1 Fair value hierarchy of investments and investment liabilities held directly by CPP Investments

(CAD millions)	As at March 31, 2022 Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$ –	$ 13,292	$ –	$ 13,292
Equities				
Public equities[1]	139,496	3,342	–	142,838
Private equities	–	1,679	6,446	8,125
Total equities	139,496	5,021	6,446	150,963
Fixed income				
Bonds	56,027	48,351	–	104,378
Other debt	–	713	4,163	4,876
Money market securities	–	1,368	–	1,368
Total fixed income	56,027	50,432	4,163	110,622
Absolute return strategies	–	17,723	809	18,532
Infrastructure	–	–	10,548	10,548
Real estate	–	–	10,325	10,325
Investment receivables				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	–	56,809	–	56,809
Derivative assets	–	2,852	–	2,852
Other[2]	–	5,375	–	5,375
Total investment receivables	–	65,036	–	65,036
Investments in investment holding subsidiaries (Note 3.2)	–	–	299,556	299,556
Total investments	$ 195,523	$ 151,504	$ 331,847	$ 678,874
Investment liabilities				
Debt financing liabilities	43,916	250	–	44,166
Securities sold under repurchase agreements and cash collateral received on securities lent	–	43,461	–	43,461
Securities sold short	29,003	–	–	29,003
Derivative liabilities	102	4,673	–	4,775
Short-term secured debt	–	1,196	–	1,196
Other[2]	–	677	26	703
Total investment liabilities	73,021	50,257	26	123,304
Pending trades receivable[3]	–	7,964	–	7,964
Pending trades payable[3]	–	24,168	–	24,168
Net investments	$ 122,502	$ 85,043	$ 331,821	$ 539,366

(CAD millions)	As at March 31, 2021[4] Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$ –	$ 13,744	$ –	$ 13,744
Equities				
Public equities[1]	154,995	3,889	45	158,929
Private equities	–	172	11,485	11,657
Total equities	154,995	4,061	11,530	170,586
Fixed income				
Bonds	54,941	39,824	–	94,765
Other debt	–	1,049	2,709	3,758
Money market securities	–	143	–	143
Total fixed income	54,941	41,016	2,709	98,666
Absolute return strategies	–	15,734	1,012	16,746
Infrastructure	–	–	8,037	8,037
Real estate	–	–	9,556	9,556
Investment receivables				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	–	7,127	–	7,127
Derivative assets	–	3,515	–	3,515
Other[2]	–	2,269	–	2,269
Total investment receivables	–	12,911	–	12,911
Investments in investment holding subsidiaries (Note 3.2)	–	–	265,706	265,706
Total investments	$ 209,936	$ 87,466	$ 298,550	$ 595,952
Investment liabilities				
Debt financing liabilities	36,449	–	–	36,449
Securities sold under repurchase agreements and cash collateral received on securities lent	–	33,150	–	33,150
Securities sold short	22,275	–	–	22,275
Derivative liabilities	45	2,957	–	3,002
Short-term secured debt	–	1,234	–	1,234
Other[2]	–	2,048	–	2,048
Total investment liabilities	58,769	39,389	–	98,158
Pending trades receivable[3]	–	2,663	–	2,663
Pending trades payable[3]	–	3,191	–	3,191
Net investments	$ 151,167	$ 47,549	$ 298,550	$ 497,266

1. Includes investments in funds.
2. Included in other investment receivables and other investment liabilities is cash pledged as collateral of $2,662 million (March 31, 2021 – $1,142 million) and cash held as collateral of $538 million (March 31, 2021 – $1,955 million) on over-the-counter derivative transactions, respectively.
3. Cash and cash equivalents, pending trades receivable and payable are measured at amortized cost, which approximates fair value.
4. Certain comparatives have been reclassified to conform to the current year's presentation.

3.2 Supplemental information on fair value hierarchy relating to investment holding subsidiaries

The following table presents the fair value hierarchy of the underlying investments and investment liabilities held by investment holding subsidiaries. For further details on the nature and purpose of investment holding subsidiaries, refer to Note 1.2.

	As at March 31, 2022			
(CAD millions)	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$ –	$ 2,049	$ –	$ 2,049
Equities				
Public equities[1]	11,104	5,411	32	16,547
Private equities	–	2,816	162,789	165,605
Total equities	11,104	8,227	162,821	182,152
Fixed income				
Bonds	–	3,941	–	3,941
Other debt	–	7,965	28,115	36,080
Total fixed income	–	11,906	28,115	40,021
Absolute return strategies	–	14,203	1,946	16,149
Infrastructure	–	–	35,052	35,052
Real estate	–	–	31,325	31,325
Investment receivables				
Derivative assets	–	81	–	81
Other	–	540	–	540
Total investment receivables	–	621	–	621
Total investments held by investment holding subsidiaries	$ 11,104	$ 37,006	$ 259,259	$ 307,369
Investment liabilities				
Debt financing liabilities	–	5,191	150	5,341
Loans sold under repurchase agreements	–	168	–	168
Other	–	16	210	226
Total investment liabilities held by investment holding subsidiaries	–	5,375	360	5,735
Pending trades receivable[2]	–	561	–	561
Pending trades payable[2]	–	2,639	–	2,639
Investments in investment holding subsidiaries	$ 11,104	$ 29,553	$ 258,899	$ 299,556

	As at March 31, 2021[3]			
(CAD millions)	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$ –	$ 788	$ –	$ 788
Equities				
Public equities[1]	8,629	7,485	40	16,154
Private equities	–	7,385	140,020	147,405
Total equities	8,629	14,870	140,060	163,559
Fixed income				
Bonds	–	3,795	–	3,795
Other debt	–	5,467	22,097	27,564
Money market securities	–	–	–	–
Total fixed income	–	9,262	22,097	31,359
Absolute return strategies	–	10,576	1,686	12,262
Infrastructure	–	–	31,917	31,917
Real estate	–	–	29,148	29,148
Investment receivables				
Derivative assets	–	121	–	121
Other	–	501	–	501
Total investment receivables	–	622	–	622
Total investments held by investment holding subsidiaries	$ 8,629	$ 36,118	$ 224,908	$ 269,655
Investment liabilities				
Debt financing liabilities	–	3,311	237	3,548
Loans sold under repurchase agreements	–	–	–	–
Derivative liabilities	–	2	–	2
Other	–	4	–	4
Total investment liabilities held by investment holding subsidiaries	–	3,317	237	3,554
Pending trades receivable[2]	–	414	–	414
Pending trades payable[2]	–	809	–	809
Investments in investment holding subsidiaries	$ 8,629	$ 32,406	$ 224,671	$ 265,706

1. Includes investments in funds.
2. Cash and cash equivalents, pending trades receivable and payable are measured at amortized cost, which approximates fair value.
3. Certain comparatives have been reclassified to conform to the current year's presentation.

3.3 Transfers between Level 1 and Level 2

Transfers between levels in the fair value hierarchy are deemed to have occurred at the end of the reporting period. During the year ended March 31, 2022, transfers from Level 1 to Level 2 included $105 million of investments and $24 million of investment liabilities held directly by CPP Investments (during the year ended March 31, 2021 – $103 million and nil, respectively). During the year ended March 31, 2022, transfers from Level 2 to Level 1 included $587 million of investments and $24 million of investment liabilities held directly by CPP Investments (during the year ended March 31, 2021 – $104 million and nil, respectively). Transfers between Level 1 and Level 2 depend on the availability of quoted market prices in active markets and valuation techniques using inputs other than quoted prices that are observable.

3.4 Level 3 reconciliation

The following presents the reconciliations for investments included in Level 3 of the fair value hierarchy:

	For the year ended March 31, 2022							
(CAD millions)	Fair value as at April 1, 2021	Gain (loss) included in income	Purchases	Sales[1]	Transfers into Level 3	Transfers out of Level 3	Fair value as at March 31, 2022	Change in unrealized gains (losses) on investments still held at March 31, 2022[2]
Investments								
Equities								
Public equities	$ 45	$ (3)	$ –	$ (42)	$ –	$ –	$ –	$ –
Private equities	11,485	238	824	(1,887)	21	(4,235)	6,446	45
Total equities	11,530	235	824	(1,929)	21	(4,235)	6,446	45
Fixed income								
Other debt	2,709	16	2,780	(1,534)	192	–	4,163	(58)
Absolute return strategies	1,012	15	–	(218)	–	–	809	(27)
Infrastructure	8,037	1,179	2,199	(867)	–	–	10,548	710
Real estate	9,556	876	506	(613)	–	–	10,325	809
Investments in investment holding subsidiaries[3]	265,706	32,476	2,704	(1,330)	–	–	299,556	32,476
Total investments	$ 298,550	$ 34,797	$ 9,013	$ (6,491)	$ 213	$ (4,235)	$ 331,847	$ 33,955
Investment liabilities								
Other	–	–	26	–	–	–	26	–
Net investments	$ 298,550	$ 34,797	$ 8,987	$ (6,491)	$ 213	$ (4,235)	$ 331,821	$ 33,955

	For the year ended March 31, 2021[4]							
(CAD millions)	Fair value as at April 1, 2020	Gain (loss) included in income	Purchases	Sales[1]	Transfers into Level 3	Transfers out of Level 3	Fair value as at March 31, 2021	Change in unrealized gains (losses) on investments still held at March 31, 2021[2]
Investments								
Equities								
Public equities	$ 33	$ 13	$ –	$ (1)	$ –	$ –	$ 45	$ 14
Private equities	8,586	3,587	589	(1,429)	152	–	11,485	3,612
Total equities	8,619	3,600	589	(1,430)	152	–	11,530	3,626
Fixed income								
Other debt	2,552	243	1,967	(1,902)	–	(151)	2,709	(41)
Absolute return strategies	1,534	(78)	237	(776)	95	–	1,012	(140)
Infrastructure	7,622	867	25	(477)	–	–	8,037	867
Real estate	14,469	(2,526)	357	(2,744)	–	–	9,556	(2,392)
Investments in investment holding subsidiaries[3]	220,229	43,500	2,841	(864)	–	–	265,706	43,500
Total investments	$ 255,025	$ 45,606	$ 6,016	$ (8,193)	$ 247	$ (151)	$ 298,550	$ 45,420
Investment liabilities								
Other	–	–	–	–	–	–	–	–
Net investments	$ 255,025	$ 45,606	$ 6,016	$ (8,193)	$ 247	$ (151)	$ 298,550	$ 45,420

1. Includes return of capital.
2. Included in income. Includes or excludes investments transferred into or out of Level 3, respectively.
3. Purchases relating to investment holding subsidiaries represent capital contributions or net loan funding provided to these subsidiaries. Sales relating to investment holding subsidiaries represent return of capital or payment of dividends from these subsidiaries.
4. Certain comparatives have been reclassified to conform to the current year's presentation.

Transfers into and out of Level 3 were primarily due to changes in the availability of market observable inputs used to determine fair value and are deemed to have occurred at the end of the reporting period.

3.5 Level 3 – Significant unobservable inputs

The table below presents the fair value of investments directly held by CPP Investments, valuation techniques used to determine their fair values, and the ranges and weighted averages of unobservable inputs.

Investment holding subsidiaries are also classified as Level 3 in the fair value hierarchy. The fair value is largely driven by Level 3 investments, for which the valuation techniques, ranges and weighted averages of unobservable inputs are included below.

However, certain investments held by the investment holding subsidiaries are based on quoted prices in active markets (Level 1) or valued using observable inputs (Level 2). These amount to $11,104 million (March 31, 2021 – $8,629 million) and $29,553 million (March 31, 2021 – $32,406 million), respectively. Refer to Note 3.2 for further details on Level 1 and Level 2 investments relating to investment holding subsidiaries. As each investment holding subsidiary is largely composed of Level 3 investments, the entire subsidiary is classified as Level 3.

	As at March 31, 2022					
	Fair value of investments held by:					
(CAD millions)	CPP Investments	Investment holding subsidiaries	Primary valuation techniques used[1]	Significant unobservable inputs	Range of input values[2]	Weighted average[2]
Cash and cash equivalents	$ –	$ 2,049	Cost with accrued interest	–	–	–
Public equities						
Direct	–	11,449	Quoted market price	–	–	–
Fund investments	–	5,098	Net asset value provided by investment manager	–	–	–
Private equities						
Direct	6,433	73,818	Earnings multiples of comparable companies	EBITDA multiple	8.9X–22.0X	15.4X
			Discounted cash flow	Discount rate	6.7%–16.4%	10.7%
	11	16,361	Net asset value provided by investment manager	–	–	–
Fund investments	2	75,426	Net asset value provided by investment manager	–	–	–
Bonds	–	3,941	Quoted market prices or discounted cash flow using observable inputs	–	–	–
Other debt						
Direct private debt	187	29,879	Discounted cash flow	Discount rate	4.0%–31.5%	8.3%
	–	1,401	Net asset value provided by investment manager	–	–	–
Asset-backed securities	3,766	538	Comparable pricing	Price	74.5%–103.4%	98.3%
Fund investments	210	4,262	Net asset value provided by investment manager	–	–	–
Absolute return strategies						
Fund investments	809	16,149	Net asset value provided by investment manager	–	–	–
Infrastructure						
Direct	10,548	35,000	Discounted cash flow	Discount rate	7.1%–13.3%	8.7%
Fund investments	–	52	Net asset value provided by investment manager	–	–	–
Real estate						
Direct	8,715	5,003	Discounted cash flow	Discount rate	4.8%–14.3%	6.6%
				Terminal capitalization rate	3.8%–11.5%	5.3%
	1,534	24,807	Net asset value provided by investment partner	–	–	–
Fund investments	76	1,515	Net asset value provided by investment manager	–	–	–
Investment receivables						
Derivative assets	–	81	Option model	–	–	–
Other	–	540	Cost with accrued interest	–	–	–
Investment liabilities						
Debt financing liabilities	–	5,341	Cost with accrued interest	–	–	–
			Discounted cash flow	Discount rate	3.1%–3.7%	3.3%
Loans sold under repurchase agreements	–	168	Cost with accrued interest	–	–	–
Other[3]	26	226	Discounted cash flow	Expected cash flows	–	–
Pending trades net receivable/(payable)	–	(2,078)	Amortized cost	–	–	–
Total	$ 32,265	$ 299,556				

(CAD millions)	As at March 31, 2021[4] Fair value of investments held by: CPP Investments	Investment holding subsidiaries	Primary valuation techniques used[1]	Significant unobservable inputs	Range of input values[2]	Weighted average[2]
Cash and cash equivalents	$ –	$ 788	Cost with accrued interest	–	–	–
Public equities						
Direct	–	9,635	Quoted market price	–	–	–
Fund investments	45	6,519	Net asset value provided by investment manager	–	–	–
Private equities						
Direct	11,324	72,051	Earnings multiples of comparable companies	EBITDA multiple	9.0X–64.3X	25.4X
			Discounted cash flow	Discount rate	7.1%–32.9%	10.9%
	14	14,360	Net asset value provided by investment manager	–	–	–
Fund investments	147	60,994	Net asset value provided by investment manager	–	–	–
Bonds	–	3,795	Quoted market prices or discounted cash flows using observable inputs	–	–	–
Other debt						
Direct private debt	137	21,187	Discounted cash flow	Discount rate	3.7%–30.0%	7.6%
	–	1,420	Net asset value provided by investment manager	–	–	–
Asset-backed securities	2,550	693	Comparable pricing	Price	81.4%–109.2%	99.3%
Fund investments	22	4,264	Net asset value provided by investment manager	–	–	–
Absolute return strategies						
Fund investments	1,012	12,262	Net asset value provided by investment manager	–	–	–
Infrastructure						
Direct	8,037	31,891	Discounted cash flow	Discount rate	7.2%–14.1%	8.3%
Fund investments	–	26	Net asset value provided by investment manager	–	–	–
Real estate						
Direct	8,286	5,988	Discounted cash flow	Discount rate	5.3%–14.3%	6.7%
				Terminal capitalization rate	3.8%–11.0%	5.5%
	1,205	20,599	Net asset value provided by investment partner	–	–	–
Fund investments	65	2,561	Net asset value provided by investment manager	–	–	–
Investment receivables						
Derivative assets	–	121	Option model	–	–	–
Other	–	501	Cost with accrued interest	–	–	–
Investment liabilities						
Debt financing liabilities	–	3,548	Cost with accrued interest	–	–	–
			Discounted cash flow	Discount rate	2.5%–3.1%	2.8%
Derivative liabilities	–	2	Discounted cash flow	–	–	–
Other[3]	–	4	Cost with accrued interest	–	–	–
Pending trades net receivable/(payable)	–	(395)	Amortized cost	–	–	–
Total	**$ 32,844**	**$ 265,706**				

1. May include certain recently acquired investments held at cost, which approximates fair value.
2. The range of input values represents the highest and lowest inputs used to value the investments in a particular asset class. The weighted average of the input values is calculated based on the relative fair values of the investments within the asset class. The diversity of investments reported within each asset class, such as the geographic location and industry sector of the investments, may result in certain ranges of inputs being wide and unevenly distributed across the range.
3. Primarily includes fees payable and contingent considerations related to investments.
4. Certain comparatives have been reclassified to conform to the current year's presentation.

3.6 Sensitivity analysis of valuations using unobservable inputs

Significant changes in any of the above unobservable inputs would result in a significantly higher or lower fair value measurement. The interrelationship of significant unobservable inputs and fair value measurement for the most significant key inputs identified in the table above is as follows:

- An increase (decrease) in the EBITDA multiple will result in a higher (lower) fair value.
- An increase (decrease) in the discount rate and terminal capitalization rate will result in a lower (higher) fair value.

The fair values of the investments classified within Level 3 of the fair value hierarchy in Note 3.1 and 3.2 are based on accepted industry valuation methods that may include the use of estimates made by Management, appraisers or both where significant judgment is required. The use of valuation methods based on reasonable alternative assumptions could have a significant impact on the resulting fair values. With all other variables held constant, the use of reasonable alternative assumptions would result in a decrease of $8,600 million (March 31, 2021 – $9,000 million) or an increase of $10,100 million (March 31, 2021 – $9,500 million) in net assets. This sensitivity analysis is subject to the exercise of judgment and excludes investments where fair values are provided by investment managers as the underlying assumptions used are not available to CPP Investments.

4. Derivatives

AT A GLANCE

CPP Investments enters into a variety of derivatives to manage its exposure to currency exchange, credit, interest and other market risks, and to adjust the exposure in its assets and asset classes.

The fair values, notional amounts and contractual maturities of all derivative financial instruments are set out in Note 4.1 and 4.2. Through these breakdowns, information is provided regarding the extent to which different types of derivatives are used.

4.1 Fair value of derivatives

Derivatives generate positive or negative value, as the value of underlying assets, indexes, interest rates, currency exchange rates or other market-based factors change such that the previously contracted terms of the derivative transactions have become more or less favourable than what can be negotiated under current market conditions for contracts with the same terms and remaining period to expiry.

The derivative-related market risk is a component of the total portfolio market risk, which is managed through the Integrated Risk Policy described in Note 7.

The maximum exposure to credit risk is represented by the positive fair value of the derivative and is normally a small fraction of the contract's notional amount. Negotiated over-the-counter derivatives generally present greater credit exposure than exchange-traded contracts. Credit risk on exchange-traded or centrally cleared contracts is limited because these transactions are either executed on regulated exchanges, or settled through well-capitalized clearing houses that assume the obligation of the writer of a contract and guarantee their performance.

The fair value of derivative contracts held by CPP Investments and its investment holding subsidiaries is as follows:

(CAD millions)	As at March 31, 2022 Positive fair value	As at March 31, 2022 Negative fair value	As at March 31, 2021 Positive fair value	As at March 31, 2021 Negative fair value
Equity contracts				
Futures	$ –	$ –	$ –	$ –
Swaps	1,722	(3,741)	2,231	(2,267)
Options:				
Over-the-counter – purchased	19	–	1	–
Over-the-counter – written	–	(122)	–	(85)
Warrants	80	–	121	–
Total equity contracts	1,821	(3,863)	2,353	(2,352)
Foreign exchange contracts				
Forwards	729	(307)	406	(370)
Options:				
Over-the-counter – purchased	80	–	50	–
Over-the-counter – written	–	(44)	–	(45)
Total foreign exchange contracts	809	(351)	456	(415)
Interest rate contracts				
Futures	–	–	–	–
Forwards	–	–	–	–
Swaps	43	(257)	763	(53)
Options:				
Over-the-counter – purchased	224	–	29	–
Over-the-counter – written	–	(175)	–	(109)
Total interest rate contracts	267	(432)	792	(162)
Credit contracts				
Credit default swaps:				
Over-the-counter – purchased	1	(3)	2	(11)
Over the counter – written	32	(6)	32	(5)
Options:				
Over-the-counter – purchased	3	–	1	–
Over-the-counter – written	–	(18)	–	(14)
Total credit contracts	36	(27)	35	(30)
Commodity contracts				
Futures	–	–	–	–
Options:				
Exchange-traded – written	–	(102)	–	(45)
Total commodity contracts	–	(102)	–	(45)
Total[1]	$ 2,933	$ (4,775)	$ 3,636	$ (3,004)

1. Includes $80 million (March 31, 2021 – $121 million) relating to warrants and $1 million (March 31, 2021 – $2 million) relating to interest rate swaps transacted by investment holding subsidiaries.

4.2 Notional amounts of derivatives by terms to maturity

Notional amounts of derivatives represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts. They are not recorded as assets or liabilities on the Consolidated Balance Sheet. Notional amounts do not necessarily represent the amount of potential market risk or credit risk arising from derivatives.

The terms to maturity of the notional amounts for derivatives held by CPP Investments and its investment holding subsidiaries are as follows:

	Terms to maturity					
	As at March 31, 2022					As at March 31, 2021
(CAD millions)	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total	Total
Equity contracts						
Futures	$ 6,929	$ 36	$ –	$ –	$ 6,965	$ 5,034
Swaps	113,393	3,447	1	–	116,841	136,170
Options:						
Over-the-counter – purchased	824	–	–	–	824	11
Over-the-counter – written	6,391	–	–	–	6,391	4,637
Warrants	–	7	63	–	70	59
Total equity contracts	127,537	3,490	64		131,091	145,911
Foreign exchange contracts						
Forwards	42,001	73	–	–	42,074	41,182
Options:						
Over-the-counter – purchased	1,330	1,206	–	–	2,536	2,107
Over-the-counter – written	7,531	–	–	–	7,531	9,364
Total foreign exchange contracts	50,862	1,279	–	–	52,141	52,653
Interest rate contracts						
Futures	15,648	192	–	–	15,840	5,606
Forwards	–	–	–	–	–	3,926
Swaps	8,309	57,501	23,377	21,338	110,525	76,921
Options:						
Over-the-counter – purchased	6,158	–	–	–	6,158	3,431
Over-the-counter – written	9,705	–	–	–	9,705	8,484
Total interest rate contracts	39,820	57,693	23,377	21,338	142,228	98,368
Credit contracts						
Credit default swaps:						
Over-the-counter – purchased	1,561	60,540	1,905	148	64,154	43,933
Over-the-counter – written	2,443	74,454	23,931	1	100,829	76,556
Options:						
Over-the-counter – purchased	999	–	–	–	999	2,181
Over-the-counter – written	8,462	–	–	–	8,462	10,727
Total credit contracts	13,465	134,994	25,836	149	174,444	133,397
Commodity contracts						
Futures	7,300	–	–	–	7,300	5,134
Options:						
Exchange-traded – written	1,596	–	–	–	1,596	1,225
Total commodity contracts	8,896	–	–	–	8,896	6,359
Total[1]	$ 240,580	$ 197,456	$ 49,277	$ 21,487	$ 508,800	$ 436,688

1. Includes $69 million (March 31, 2021 – $59 million) relating to warrants and $65 million (March 31, 2021 – $67 million) relating to interest rate swaps transacted by investment holding subsidiaries.

5. Net gains on investment holding subsidiaries

AT A GLANCE

Wholly owned subsidiaries that are managed by CPP Investments to hold investments are referred to as investment holding subsidiaries. Income and expenses borne by the investment holding subsidiaries are presented below and comprise the net gains on investment holding subsidiaries in accordance with IFRS 10.

	For the years ended	
(CAD millions)	**March 31, 2022**	March 31, 2021[1]
Income:		
Interest, dividends, and other income	**$ 7,952**	$ 4,455
Net gains on private investments	**28,982**	34,900
Net gains on public and other investments	**1,643**	9,084
	38,577	48,439
Expenses:		
Transaction-related	**246**	209
Taxes	**60**	839
Financing	**120**	114
	426	1,162
Net gains before dividends paid to CPP Investments	**38,151**	47,277
Dividends paid to CPP Investments	**5,675**	3,777
Net gains on investment holding subsidiaries	**$ 32,476**	$ 43,500

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

6. Segment information

ACCOUNTING POLICY

CPP Investments has six investment departments for which the operating results are regularly reviewed for resource allocation and performance assessment purposes. These departments represent operating segments under IFRS 8, *Operating Segments*. Segment results include items that are directly attributable to a segment as well as those that are allocated on a reasonable basis.

6.1 Investment segments

CPP Investments' purpose is to manage amounts transferred to it under Sections 108.1 and 108.3 of the CPP Act in the best interests of CPP beneficiaries and contributors. This requires investing its assets with a view to achieving a maximum rate of return without undue risk of loss. Investments are managed by six departments as described below.

- **Total Fund Management –** Responsible for the Fund's strategic and tactical portfolio design, capital allocations to investment strategies, and the management of exposures, leverage and liquidity. As part of these activities, Total Fund Management invests the Balancing Portfolio, the remaining portion of net investments after excluding assets managed by the other investment departments, in global public securities. Total Fund Management leads the ongoing execution of the Total Portfolio Investment Framework and ensures that the Fund's investing activities collectively produce a total portfolio that seeks to maximize long-term returns without undue risk.
- **Capital Markets and Factor Investing –** Includes both externally managed hedge funds and internally managed active strategies that invest globally in public equities, fixed income, currencies and commodities. Most Capital Markets and Factor Investing strategies are constructed as market neutral portfolios.
- **Active Equities –** Leverages its structural comparative advantages and developed sources of edge to exploit opportunities through proprietary company-specific fundamental research in the global public equity markets. Active Equities' fundamental insights yield a collection of high-conviction, single-company investments that are assembled into a highly concentrated long/short, market-neutral portfolio.
- **Credit Investments –** Invests in both public and private credit and credit-like products globally. This includes investments across corporate, consumer and real assets credit along the credit rating spectrum, with the exception of sovereign bonds.

- **Private Equity –** Invests in a wide range of private equity assets globally, both directly and with partners. Private Equity seeks return premiums by investing in less liquid assets and focusing on long-term value creation through commitments to funds, secondary markets and direct investments in private companies.
- **Real Assets –** Invests in real estate, infrastructure, as well as both conventional and renewable energy assets globally. Its portfolio delivers a combination of income and capital growth to the Fund, while also providing cash flows that increase with inflation over time.

6.1.1 Net income by investment segment

The table below illustrates the income and expenses incurred by each investment department.

	For the year ended March 31, 2022							
(CAD millions)	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment	Total
Income (loss):	$ (270)	$ 3,584	$ (4,052)	$ 3,621	$ 23,051	$ 14,743	$ (4,359)	$ 36,318
Expenses[1]:								
Personnel	107	130	162	136	223	255	–	1,013
General and administrative	75	67	75	48	70	80	–	415
Management fees[2]	–	490	27	30	597	150	(1,274)	20
Performance fees[3]	–	938	4	2	1,347	95	(2,348)	38
Transaction-related[4]	87	27	98	56	82	217	(246)	321
Taxes[4]	28	10	73	21	94	66	(60)	232
Financing[5]	179	–	–	41	55	20	(431)	(136)
	$ 476	$ 1,662	$ 439	$ 334	$ 2,468	$ 883	$ (4,359)	$ 1,903
Net income (loss)	$ (746)	$ 1,922	$ (4,491)	$ 3,287	$ 20,583	$ 13,860	$ –	$ 34,415

	For the year ended March 31, 2021[6]							
(CAD millions)	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment	Total
Income:	$ 34,974	$ 6,463	$ 2,970	$ 2,743	$ 36,055	$ 8,605	$ (5,009)	$ 86,801
Expenses[1]:								
Personnel	116	140	138	114	192	238	–	938
General and administrative	75	67	64	45	59	74	–	384
Management fees[2]	–	480	15	22	754	148	(1,401)	18
Performance fees[3]	–	1,128	–	–	930	230	(2,265)	23
Transaction-related[4]	64	42	77	24	75	113	(209)	186
Taxes[4]	44	9	156	18	43	841	(839)	272
Financing[5]	1,221	–	–	13	34	63	(295)	1,036
	$ 1,520	$ 1,866	$ 450	$ 236	$ 2,087	$ 1,707	$ (5,009)	$ 2,857
Net income	$ 33,454	$ 4,597	$ 2,520	$ 2,507	$ 33,968	$ 6,898	$ –	$ 83,944

1. Includes expenses borne by CPP Investments and its investment holding subsidiaries in relation to the respective departments.
2. Includes costs incurred within funds of $1,274 million (March 31, 2021 – $1,401 million).
3. Includes costs incurred within funds of $2,348 million (March 31, 2021 – $2,265 million).
4. Adjustments consist of expenses borne by investment holding subsidiaries, which are reclassified into income.
5. Represents financing expenses borne by CPP Investments and its investment holding subsidiaries as described in Note 1.8 of $(16) million (March 31, 2021 – $1,150 million), as well as the notional interest expense from derivatives (primarily swaps and futures) used to generate additional leverage for CPP Investments of $311 million (March 31, 2021 – $181 million). Together these amounts reflect the total leverage-related expenses used by Management to monitor the cost of Total Fund Leverage, as described in Note 10.2.
6. Certain comparatives have been reclassified to conform to the current year's presentation.

6.1.2 Net investments by investment segment

(CAD millions)	Net investments[1]						
	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Total
As at:							
March 31, 2022	**$ 228,176**	**$ 3,413**	**$ (2,705)**	**$ 53,672**	**$ 134,170**	**$ 122,640**	**$ 539,366**
March 31, 2021[2]	222,339	2,218	(569)	43,761	125,140	104,377	497,266

1. Net investments excludes net corporate liabilities of $55 million (March 31, 2021 – $79 million).
2. Certain comparatives have been reclassified to conform to the current year's presentation.

6.2 Geographic information

Net investments are presented in the table below based on the region to which they have primary economic exposure:

(CAD millions)	Net investments[1]					
	Canada	U.S.	Asia Pacific	Europe	Latin America	Total
As at:						
March 31, 2022	**$ 85,183**	**$ 196,199**	**$ 141,199**	**$ 86,427**	**$ 30,358**	**$ 539,366**
March 31, 2021[2]	78,283	187,462	134,382	75,923	21,216	497,266

1. Includes debt financing liabilities of $6,401 million, $19,387 million, $1,460 million, and $22,259 million (March 31, 2021 – $4,092 million, $16,779 million, $532 million, and $18,594 million), based on the currencies of the issuances, in Canada, the U.S., Asia Pacific, and Europe, respectively.
2. Certain comparatives have been reclassified to conform to the current year's presentation.

7. Risk management

AT A GLANCE

The base CPP Investment Portfolio and additional CPP Investment Portfolio (collectively the Investment Portfolios) are exposed to a variety of investment risks which are managed through the Integrated Risk Policy. The underlying risk categories, exposures and the related risk management techniques are described in the following Notes:

- Note 8 – Market risk
- Note 9 – Credit risk
- Note 10 – Liquidity and leverage risk

Any references to the investment activities and risk exposures of CPP Investments also include those of its unconsolidated investment holding subsidiaries.

The ongoing impact of COVID-19 and evolving geopolitical landscape continue to have widespread impacts around the world, including an increase in market volatility. Throughout this volatile environment, CPP Investments continues to remain within all risk limits established by its Board of Directors, including limits related to market, credit, liquidity and leverage risks.

7.1 Introduction

CPP Investments manages and mitigates investment risks in accordance with the Integrated Risk Policy (Policy). This Policy establishes accountability of the Board of Directors, the various committees, including the Risk Committee, and departments to manage investment-related risks. The Policy is updated and approved by the Board of Directors at least once every fiscal year, and contains risk appetite (in the form of limits, statements and targets) and risk management provisions that govern investment decisions in accordance with the mandate of CPP Investments.

Upper and lower absolute risk limits are included within the Policy, and these govern the amount of total investment risk that CPP Investments can take in the Investment Portfolios. CPP Investments monitors potential investment losses in the Investment Portfolios daily and reports to the Board of Directors on at least a quarterly basis. The target equity content for each of the base CPP Investment Portfolio and additional CPP Investment Portfolio is assessed using an equity/debt risk equivalence ratio, which is the proportion of equity versus debt in a simple two-asset reference portfolio that would give the same market and credit risk as that of the applicable Investment Portfolio. Each Investment Portfolio's ratio must be within the Board of Directors' approved absolute risk limits.

7.1.1 Independent risk oversight

The risk group (Risk) within CPP Investments reports to the Chief Financial and Risk Officer. The function is responsible for assessing, monitoring and ensuring management of the Investment Portfolios is consistent with the established risk appetites. This oversight is exercised through independent control and support functions. Investment departments are accountable for managing risk within prescribed risk appetites.

7.1.2 Investment risk measures

A suite of measures is used to estimate the risk of loss from small, moderate and significant market moves over various time horizons. In addition to industry standard market and credit risk models, CPP Investments uses proprietary models to assess potential losses to the portfolio over longer time horizons. Furthermore, a number of trading desk-specific risk measures are tracked that are related to the specific nature of the strategy.

7.1.3 Stress scenario analysis

To complement the suite of potential loss measures used to monitor the Investment Portfolios, CPP Investments further examines the potential impact of extreme but plausible adverse market events. Scenario analysis considers the effect of various market stress events, including potential geopolitical or adverse economic events, using a bottom-up approach that considers the effect of parameter shocks across the entire portfolio. Generally, the forecasted timeline considered is one year in order to appropriately include the effect of the public market shocks on private asset valuations. These assessments are reported to both Senior Management and the Board of Directors.

7.1.4 Model validation

The model validation function within Risk independently validates strategically important portfolio construction and risk management models as well as valuation methodologies within the main investment systems. A risk-based approach is used to establish the frequency and depth of the validation activities, with increased focus on higher risk models.

7.2 Total fund risk

A suite of risk measures is used within CPP Investments to monitor and assess the risk profile of the Investment Portfolios. Regular risk reports are provided to Senior Management and the Board of Directors to support the governance of the various dimensions of investment risk to which the Investment Portfolios are exposed. The Policy includes limits around portfolio composition. The target level of market risk, expressed in terms of an equity/debt risk equivalence ratio, of the base CPP Investment Portfolio is currently set at 85%/15%, while the additional CPP Investment Portfolio target level is set at 55%/45%.

Plan adjustment risk is a central concept in CPP Investments' portfolio design and risk governance activities. It is defined as the probability of a material increase to the Minimum Contribution Rates applicable to CPP contributors, based solely on investment return performance over various time horizons. It is an overarching measure that is impacted by market, credit, liquidity and leverage risk.

Other key investment risk governance measures include:

- Market risk: The equity/debt risk equivalence ratio, which is the proportion of equity (versus debt) in a simple two-asset reference portfolio that would give the same market and credit risk as that of the applicable Investment Portfolio.
- Potential investment losses: The reported loss of the Investment Portfolios over a one-year horizon is not expected to exceed the established limit 19 times out of 20. The potential loss of the Investment Portfolios over a five-year horizon is also measured and monitored by Management.
- Active risk: The potential underperformance arising from differences between the compositions of each Investment Portfolio and an internally developed comparator portfolio. This measure was introduced as part of the Policy that became effective April 1, 2021.
- Liquidity and leverage risk measures, which are further described in Note 10.

The monitoring of adherence to investment risk limits is conducted independent of the investment departments by Risk using both industry standards and internally developed risk models. The tables below provide a summary of the key investment risk governance measures of the Investment Portfolios.

		As at March 31, 2022	As at March 31, 2021
	Limit	base CPP	base CPP
Plan adjustment risk[1,2]	n/a	**16%**	17%
Market risk	80–90%	**85%**	85%
Potential investment loss:			
One-year horizon[3]	20%	**18%**	18%
Five-year horizon[1,3]	n/a	**19%**	20%
Active risk[4]	450 bps	**427 bps**	n/a

		As at March 31, 2022	As at March 31, 2021
	Limit	additional CPP	additional CPP
Plan adjustment risk[1,2]	n/a	**18%**	16%
Market risk	50–60%	**55%**	54%
Potential investment loss:			
One-year horizon[3]	14%	**13%**	12%
Five-year horizon[1,3]	n/a	**15%**	15%
Active risk[4]	450 bps	**381 bps**	n/a

1. Effective April 1, 2021, this measure is not a risk limit within the Policy but remains a central concept in portfolio design and risk governance activities.
2. Effective March 31, 2022, this measure includes the expected dollar value-add in the return assumptions. March 31, 2021 values have been restated to reflect this inclusion.
3. Percentage of investment value.
4. Represented in basis points (bps).

7.2.1 Stress scenarios and results

As part of ongoing monitoring, CPP Investments performs scenario analysis to quantify the impact of potential stress events and identify potential vulnerabilities that may not be fully captured by standard risk models. This includes how severe market and geopolitical events could affect the Investment Portfolios. Below are examples of scenarios that are run and monitored on a regular basis:

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

Ad hoc analysis is also performed on various plausible stress scenarios based on current global events, such as potential impacts of inflation or the effects on the global economy and CPP Investments' investments from Russia's invasion of Ukraine. The resulting potential loss estimates are actively monitored to ensure the Investment Portfolios remain within stated risk appetites.

8. Market risk

Market risk is the risk that the fair value of an investment or investment liability will fluctuate because of changes in market prices and rates.

CPP Investments uses a tiered structure of limits to govern market risk by controlling the size of risk exposures. Limits include the use of equity/debt risk equivalence ratios of the two Investment Portfolios as well as various limits to reduce the probability that none of the individual investment departments' market risks grow faster than originally anticipated. Market risk is also incorporated as a component of potential investment loss measures in Note 7.2. These measures are supplemented with drawdown or reported loss triggers that highlight any public market strategies that are experiencing losses outsized to their estimated market risk levels. More granular limits are also used in certain cases that are investment program-specific and are tailored to the way that the strategies are managed on a daily basis. Examples of such granular limits and measures include: DV01 which measures the possible loss/gain in the investment strategy as a result of 1 basis point increase/decrease in interest rate yield curves; and divergence limits that track the risks against their respective benchmarks.

Investment departments are expected to stay within their limits but are allowed to request increases to management level limits. Any limit excesses are processed according to established escalation guidelines.

Market risk includes equity risk, interest rate risk, credit spread risk and currency risk. The sensitivity of these risks is summarized in each respective Note.

8.1 Equity risk

Equity risk is the risk that the fair value of an investment or investment liability will fluctuate because of changes in equity prices, which is a significant source of risk of the Investment Portfolios. The table below presents the instantaneous effect of a 1% decrease/increase in the S&P 500 Index on loss/profit of public equity investments, with all other variables held constant. This calculation assumes that equities other than the S&P 500 Index would move in accordance with their historical behaviour conditional on a 1% decrease/increase in the S&P 500 Index.

(CAD millions)	**As at March 31, 2022**	As at March 31, 2021
	Impact of 1% decrease in the S&P 500 Index	
Loss on public equity investments	**$ 1,218**	$ 1,184

8.2 Interest rate risk

Interest rate risk is the risk that the fair value of an investment or investment liability will fluctuate because of changes in market interest rates. The Investment Portfolios are exposed to interest rate risk primarily through holdings of fixed income securities, certain investment liabilities and interest rate derivatives.

8.2.1 Interest rate risk sensitivity

With all other variables held constant, a 1 basis point increase/decrease in nominal risk-free rates would result in a decrease/increase in the value of investments directly impacted by interest rate changes as follows:

(CAD millions)	**As at March 31, 2022**	As at March 31, 2021
Maturity	**Impact of increase of 1 basis point on net assets[1]**	
Within 1 year	**$ 1**	$ 1
1 to 5 years	**(19)**	(23)
6 to 10 years	**(22)**	(18)
Over 10 years	**(64)**	(49)
Total	**$ (104)**	$ (89)

1. This sensitivity primarily applies to debt instruments and interest-rate-sensitive derivatives.

The Investment Portfolios' sensitivity to various countries' risk-free rates is as follows:

Region	**As at March 31, 2022**	As at March 31, 2021
U.S.	**43%**	50%
Canada	**30**	31
Europe	**10**	–
China	**6**	6
United Kingdom	**6**	4
Other	**5**	9
Total	**100%**	100%

8.3 Credit spread risk

Credit spread risk is the difference in yield on certain securities compared to a comparable risk-free security (i.e., government issued) with the same maturity date. Credit spread risk is the risk that the fair value of these securities will fluctuate because of changes in credit spread. With all other variables held constant, an increase in credit spread rates would result in a decrease in net investments.

(CAD millions)	As at March 31, 2022	As at March 31, 2021
	Impact of 1 basis point widening of credit spread	
Decrease in net investments	$ 30	$ 34

8.4 Currency risk

The Investment Portfolios are exposed to currency risk through holdings of investments or investment liabilities in various foreign currencies. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value or future cash flows of these investments and investment liabilities.

8.4.1 Currency risk exposures

The net currency exposures after allocating foreign currency derivatives, in Canadian dollars, are as follows:

(CAD millions)	As at March 31, 2022		As at March 31, 2021	
Currency	Net exposure	% of total[1]	Net exposure	% of total[1]
U.S. dollar	$ 296,341	55%	$ 280,198	56%
Euro	39,127	7	31,580	6
Chinese renminbi	25,953	5	23,391	5
British pound sterling	16,828	3	16,238	3
Other	73,927	14	73,636	15
Total foreign exposure	452,176	84	425,043	85
Canadian dollar	87,190	16	72,223	15
Total	**$ 539,366**	**100%**	$ 497,266	100%

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

With all other variables and underlying values held constant, a 10% appreciation/depreciation of the Canadian dollar against all other currencies would result in a decrease/increase in net investments by $45,218 million (March 31, 2021 – $42,504 million).

9. Credit risk

Credit risk represents the potential permanent loss of investment value due to direct or indirect counterparty exposure to a defaulted entity and/or financial losses due to deterioration of an entity's credit quality. The Investment Portfolios' credit risk arises primarily through its investments in non-investment grade entities. The carrying amounts of these investments as presented in the Consolidated Schedule of Investment Portfolio represent the maximum direct credit risk exposure at the Balance Sheet date. Credit risk is also incorporated as a component of potential investment loss measures in Note 7.2.

9.1 Counterparty exposures

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

	As at March 31, 2022							
(CAD millions) Credit rating	Bonds[1]	Cash equivalents[1]	Money market securities[1]	Reverse repurchase agreements[1]	Over-the-counter derivatives	Other debt[1,2]	Total	% of Total[3]
AAA	$ 18,460	$ 116	$ 250	$ –	$ –	$ 1,990	$ 20,816	10%
AA	40,440	4,673	100	21,486	639	1,130	68,468	33
A	26,175	5,420	1,018	26,878	1,928	410	61,829	29
BBB	15,290	–	–	7,814	284	2,917	26,305	12
BB	5,107	–	–	–	–	2,512	7,619	4
B	3,413	–	–	–	–	17,266	20,679	10
CCC/CC/D	608	–	–	–	–	3,126	3,734	2
Total	$ 109,493	$ 10,209	$ 1,368	$ 56,178	$ 2,851	$ 29,351	$ 209,450	100%

	As at March 31, 2021							
(CAD millions) Credit rating	Bonds[1]	Cash equivalents[1]	Money market securities[1]	Reverse repurchase agreements[1]	Over-the-counter derivatives	Other debt[1,2]	Total	% of Total[3]
AAA	$ 18,540	$ 150	$ –	$ –	$ –	$ 1,031	$ 19,721	14%
AA	39,915	7,804	80	1,063	152	1,037	50,051	36
A	24,880	4,316	63	2,414	2,785	307	34,765	25
BBB	9,891	–	–	2,587	578	2,464	15,520	11
BB	3,234	–	–	–	–	2,844	6,078	4
B	2,219	–	–	–	–	9,212	11,431	8
CCC/CC/D	644	–	–	–	–	1,732	2,376	2
Total	$ 99,323	$ 12,270	$ 143	$ 6,064	$ 3,515	$ 18,627	$ 139,942	100%

1. Includes accrued interest.
2. Includes direct investments in private debt and asset-backed securities.
3. May not reflect actual percentage of total due to rounding.

In addition to the above, the Investment Portfolios are indirectly exposed to credit risk on the underlying securities of fund investments.

CPP Investments limits credit risk on over-the-counter contracts through a variety of means, including dealing only with authorized counterparties that meet the minimum credit rating and limiting the maximum exposures to any individual counterparty, and the use of master netting agreements and collateral.

Credit risk exposure is mitigated on certain financial assets and financial liabilities, which have conditional offset rights in the event of default, insolvency, or bankruptcy. For securities purchased under reverse repurchase agreements, securities and loans sold under repurchase agreements and over-the-counter derivatives, collateral is collected from or pledged to counterparties to manage credit exposure (see Note 15). In addition, in the event of default, amounts with a specific counterparty are settled on a net basis under master netting and collateral agreements, such as the Global Master Repurchase Agreement and the International Swaps and Derivatives Association Netting Agreements (see Note 12).

9.2 Credit value-at-risk

In addition to incorporating credit risk within the potential investment loss measures as described in Note 7.2, a standalone measure for losses due to defaults and credit rating migration is also monitored. A Monte Carlo simulation that incorporates likelihood of default, credit rating migration and recovery in the event of default for underlying investments is adopted to quantify this dimension of risk. Credit value-at-risk, at a 95% confidence level, implies there is a 5% chance that the underlying investments in the Investment Portfolios will lose more than the amounts shown below, expressed as a percentage of each Investment Portfolio, in any given year due to default and credit migration risk.

	As at March 31, 2022		As at March 31, 2021	
(CAD millions)	base CPP	additional CPP	base CPP	additional CPP
Credit value-at-risk	3.4%	2.3%	3.4%	2.2%

10. Liquidity and leverage risk

10.1 Liquidity risk

Liquidity risk is defined as the risk of incurring unacceptable losses while obtaining the funds needed to: (i) meet payment obligations as they become due, (ii) fund new investments, or (iii) rebalance the portfolio in periods of stress. The liquidity coverage ratio measures the amount of available liquid securities relative to CPP Investments' investment obligations and obligations to transfer funds to CPP over various time horizons including any 10-day period.

	Limit	**As at March 31, 2022**	As at March 31, 2021
Liquidity coverage ratio	1.0x	**2.9x**	6.2x

Liquidity risk is impacted by the use of various forms of leverage which CPP Investments uses to manage certain other risks and enhance fund returns. The use of leverage is governed directly through leverage measures as outlined in Note 10.2.

Liquidity risk is managed by investing certain assets in a liquid portfolio of publicly traded equities, money market securities and marketable bonds. It is supplemented by the ability to raise funds through activities such as the issuance of commercial paper and term debt and transacting in securities sold under repurchase agreements. CPP Investments also maintains unsecured credit facilities to meet potential liquidity requirements. There were no credit facilities drawn as at March 31, 2022 and March 31, 2021.

(CAD millions)	**As at March 31, 2022**	As at March 31, 2021
Unsecured credit facilities held	**$ 1,500**	$ 3,000

10.2 Leverage risk

Leverage risk is the risk that excessive financial obligations heighten market and liquidity risks during periods of stress. Leverage risk is monitored by recourse and non-recourse measures. Recourse leverage (formerly total financing liabilities) is a notional-based measure of leverage with direct recourse to CPP Investments which represents the net amount of financing used by CPP Investments to increase its investment exposure.

Non-recourse leverage represents the debt issued through our investment holding subsidiaries that only have recourse to certain investments held within these subsidiaries. Together, recourse leverage and non-recourse leverage constitute 'Total Fund Leverage'. Effective April 1, 2022, the Board approved a limit of 45% of net assets for recourse leverage.

	As at March 31, 2022	As at March 31, 2021
Recourse leverage	**22.6%**	17.8%
Non-recourse leverage	**1.0%**	0.7%

For the year ended March 31, 2022, expenses of $175 million (March 31, 2021 – $1,217 million) and $120 million (March 31, 2021 – $114 million) were incurred on recourse leverage of $121,839 million (March 31, 2021 – $88,279 million) and non-recourse leverage of $5,341 million (March 31, 2021 – $3,548 million), respectively. Together, these expenses make up CPP Investments' total leverage-related expenses incurred on Total Fund Leverage (as disclosed in Note 6.1.1).

10.3 Terms to maturity

10.3.1 Terms to maturity of non-derivative investments held directly by CPP Investments

	Terms to maturity							
	As at March 31, 2022						As at March 31, 2021	
(CAD millions)	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total[2]	Average effective yield	Total[2]	Average effective yield
Non-marketable bonds								
Canadian provincial government	$ 849	$ 4,893	$ 915	$ 11,315	$ 17,972	3.3%	$ 20,561	2.6%
Marketable bonds								
Government of Canada	–	3,999	1,902	1,398	7,299	2.4	6,337	1.1
Canadian provincial government	–	1,556	2,227	2,993	6,776	3.2	7,370	2.5
Canadian government corporations	–	1,518	571	306	2,395	2.9	2,584	1.6
Foreign government	1,124	13,360	14,711	23,528	52,723	2.6	45,736	2.1
Corporate bonds	812	6,054	5,880	4,467	17,213	3.5	12,177	2.6
Other debt								
Private debt[1]	187	–	–	–	187	–	137	–
Asset-backed securities	–	936	1,454	1,376	3,766	1.8	2,550	1.8
Securities purchased under reverse repurchase agreements	56,178	–	–	–	56,178	–	6,062	0.2
Cash collateral pledged on securities borrowed	631	–	–	–	631	n/a	1,065	n/a
Total	$ 59,781	$ 32,316	$ 27,660	$ 45,383	$ 165,140	n/a	$ 104,579	n/a

1. Includes direct investments that are classified as debt. Excludes fund investments.
2. Represents fair value.

10.3.2 Terms to maturity of non-derivative investments held by investment holding subsidiaries

The following table presents supplemental information relating to the terms to maturity of investments held by investment holding subsidiaries.

	Terms to maturity							
	As at March 31, 2022						As at March 31, 2021[3]	
(CAD millions)	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total[2]	Average effective yield	Total[2]	Average effective yield
Marketable bonds								
Corporate bonds	$ –	$ 1,047	$ 2,894	$ –	$ 3,941	7.0%	$ 3,795	4.8%
Other debt								
Private debt[1]	1,956	11,560	13,910	863	28,289	6.5	19,621	5.8
Asset-backed securities	–	48	269	221	538	7.8	693	3.4
Total	$ 1,956	$ 12,655	$ 17,073	$ 1,084	$ 32,768	n/a	$ 24,109	n/a

1. Includes direct investments that are classified as debt. Excludes fund investments.
2. Represents fair value.
3. Certain comparatives have been reclassified to conform to the current year's presentation.

10.3.3 Terms to maturity of non-derivative investment liabilities held directly by CPP Investments

	Terms to maturity									
	As at March 31, 2022							As at March 31, 2021		
(CAD millions)	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total[3]	Fair value	Weighted average interest rate	Total[3]	Fair value	Weighted average interest rate
Securities sold under repurchase agreements	$ 35,740	$ –	$ –	$ –	$ 35,740	$ 35,747	(0.1)%	$ 30,502	$ 30,489	0.1%
Cash collateral received on securities lent	7,714	–	–	–	7,714	7,714	n/a	2,661	2,661	n/a
Securities sold short[1,2]	29,003	–	–	–	29,003	29,003	n/a	22,275	22,275	n/a
Debt financing liabilities	2,564	19,856	16,240	7,510	46,170	44,166	1.2	35,623	36,449	0.8
Short-term secured debt	1,196	–	–	–	1,196	1,196	0.6	1,234	1,234	0.2
Total	$ 76,217	$ 19,856	$ 16,240	$ 7,510	$ 119,823	$ 117,826	n/a	$ 92,295	$ 93,108	n/a

1. Considered repayable within one year based on the earliest period in which the counterparty could request payment under certain conditions.
2. Includes equities sold short for which the average interest rate is not applicable.
3. Represents contractual amounts.

10.3.4 Terms to maturity of non-derivative investment liabilities held by investment holding subsidiaries

The following table presents supplemental information relating to the terms to maturity of investment liabilities held by investment holding subsidiaries.

	Terms to maturity									
	As at March 31, 2022							As at March 31, 2021		
(CAD millions)	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total[1]	Fair value	Weighted average interest rate	Total[1]	Fair value	Weighted average interest rate
Loans sold under repurchase agreements	$ –	$ 168	$ –	$ –	$ 168	$ 168	2.9%	$ –	$ –	–%
Debt financing liabilities	84	4,108	215	891	5,298	5,341	2.6	3,519	3,548	3.2
Total	$ 84	$ 4,276	$ 215	$ 891	$ 5,466	$ 5,509	n/a	$ 3,519	$ 3,548	n/a

1. Represents contractual amounts.

11. Reconciliation of debt financing liabilities

The following table provides a reconciliation of debt financing liabilities issued by CPP Investments arising from financing activities:

(CAD millions)	For the years ended March 31, 2022	March 31, 2021
Balance, beginning of year	**$ 36,449**	$ 38,395
Proceeds	**17,229**	12,839
Repayments	**(5,375)**	(11,034)
Non-cash changes in fair value[1]	**(4,137)**	(3,751)
Balance, end of year	**$ 44,166**	$ 36,449

1. Includes foreign exchange gains of $1,087 million (March 31, 2021 – $3,211 million).

12. Financial instruments – rights of offset

ACCOUNTING POLICY

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Financial Statements if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The following table presents the effect of offsetting for derivatives and repurchase and reverse repurchase agreements that are subject to master netting arrangements or similar agreements that meet the criteria for offsetting. The table also presents the amounts that are subject to enforceable netting arrangements but do not qualify for offsetting. Amounts that do not qualify for offsetting include agreements that only permit outstanding transactions with the same counterparty to be offset in an event of default or occurrence of certain predetermined events.

For certain derivatives, the gross amounts subject to netting arrangements include the daily settlement of variation margin which is netted against the fair value of the derivatives. As a result, these derivatives are not subject to netting arrangements and are not included in the table below.

	As at March 31, 2022					
				Less: Amounts subject to master netting or similar arrangements but not presented net		
(CAD millions)	Gross amounts subject to netting arrangements	Less: Amounts offset in Consolidated Financial Statements	Net amount presented in the Consolidated Schedule of Investment Portfolio	Subject to agreements	Securities and cash collateral[3]	Net exposure
Securities purchased under reverse repurchase agreements	$ 56,178	$ –	$ 56,178	$ (17,480)	$ (38,698)	$ –
Cash collateral on securities borrowed	771	(140)	631	–	(631)	–
Derivative assets[1]	2,933	–	2,933	(2,162)	(771)	–
Total investment receivables	$ 59,882	$ (140)	$ 59,742	$ (19,642)	$ (40,100)	$ –
Securities and loans sold under repurchase agreements[2]	$ 35,915	$ –	$ 35,915	$ (17,480)	$ (18,435)	$ –
Cash collateral on securities lent	7,854	(140)	7,714	–	(7,714)	–
Derivative liabilities[1]	4,775	–	4,775	(2,162)	(2,613)	–
Total investment payables	$ 48,544	$ (140)	$ 48,404	$ (19,642)	$ (28,762)	$ –

(CAD millions)	As at March 31, 2021					
	Gross amounts subject to netting arrangements	Less: Amounts offset in Consolidated Financial Statements	Net amount presented in the Consolidated Schedule of Investment Portfolio	Less: Amounts subject to master netting or similar arrangements but not presented net		Net exposure
				Subject to agreements	Securities and cash collateral[3]	
Securities purchased under reverse repurchase agreements	$ 6,062	$ –	$ 6,062	$ (3,800)	$ (2,262)	$ –
Cash collateral on securities borrowed	1,065	–	1,065	–	(1,065)	–
Derivative assets[1]	3,636	–	3,636	(1,997)	(1,639)	–
Total investment receivables	$ 10,763	$ –	$ 10,763	$ (5,797)	$ (4,966)	$ –
Securities and loans sold under repurchase agreements[2]	$ 30,489	$ –	$ 30,489	$ (3,800)	$ (26,689)	$ –
Cash collateral on securities lent	2,661	–	2,661	–	(2,661)	–
Derivative liabilities[1]	3,004	–	3,004	(1,997)	(1,007)	–
Total investment payables	$ 36,154	$ –	$ 36,154	$ (5,797)	$ (30,357)	$ –

1. Includes $80 million (March 31, 2021 – $121 million) relating to warrants in derivative assets and $1 million relating to interest rate derivative receivables (March 31, 2021 – $2 million relating to interest rate derivative liabilities) transacted by investment holding subsidiaries.
2. Includes $168 million (March 31, 2021 – nil) relating to loans sold under repurchase agreements transacted by investment holding subsidiaries.
3. Securities and cash collateral exclude over-collateralization. Certain amounts of collateral are restricted from being sold or repledged in the normal course of business. Refer to Note 15 for the collateral disclosure.

13. General and administrative expenses

General and administrative expenses consist of the following:

(CAD millions)	For the years ended	
	March 31, 2022	March 31, 2021
Information technology and data services	**$ 178**	$ 158
Professional services	**115**	115
Amortization of premises and equipment	**61**	60
Premises and equipment	**26**	21
Communications	**20**	14
Auditor's remuneration	**6**	9
Travel and accommodation	**6**	2
Directors' remuneration	**2**	2
Other	**1**	3
Total	**$ 415**	$ 384

14. Related-party transactions

Related parties of CPP Investments include unconsolidated subsidiaries, joint ventures, and associates. All related-party investments are measured at fair value.

Unconsolidated subsidiaries include 252 wholly owned investment holding subsidiaries (see Note 1.2) (March 31, 2021 – 226) managed by CPP Investments. The 252 investment holding subsidiaries are incorporated as follows: 174 in Canada (March 31, 2021 – 155), 34 in the U.S. (March 31, 2021 – 29), 20 in Australia (March 31, 2021 – 20), six in Hong Kong (March 31, 2021 – six), and 18 in other jurisdictions (March 31, 2021 – 16). CPP Investments provides financial or other support to these investment holding subsidiaries to fund their day-to-day operations and investment activities under loan agreements or shareholders' resolutions, as needed.

In addition, CPP Investments owns interests in unconsolidated subsidiaries that are themselves investments. These investments, some of which may be wholly owned, are controlled through ownership rights directly or indirectly by CPP Investments. CPP Investments holds, or indirectly holds, investments in associates and joint ventures which are also related parties of CPP Investments.

Related-party transactions consist of investments and income primarily in public and private equities, bonds, other debt, funds, infrastructure and real estate. These transactions are measured at fair value and will, therefore, have the same impact on net assets and net income as those investment transactions with unrelated parties.

Related-party transactions with consolidated subsidiaries are eliminated upon consolidation.

14.1 Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of CPP Investments, consisting of the Senior Management Team and the Board of Directors.

Compensation of key management personnel of CPP Investments is as follows:

	For the years ended	
(CAD millions)	**March 31, 2022**	March 31, 2021
Short-term employee compensation and benefits	**$ 28**	$ 25
Other long-term compensation and benefits	**24**	28
Total	**$ 52**	$ 53

15. Collateral

Collateral transactions are conducted to support investment activities under terms and conditions that are common and customary to collateral arrangements. These arrangements may be transacted by CPP Investments or its investment holding subsidiaries in their normal course of business.

15.1 Collateral held and pledged directly by CPP Investments

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

(CAD millions)	**As at March 31, 2022**	As at March 31, 2021
Third-party assets held as collateral on[1]:		
Reverse repurchase agreements	**$ 55,897**	$ 6,056
Derivative transactions	**538**	2,049
Securities lent[2,4]	**8,935**	3,292
Own and third-party assets pledged as collateral on:		
Repurchase agreements	**(35,518)**	(30,457)
Securities borrowed[3,4]	**(32,298)**	(25,027)
Short-term secured debt[5]	**(1,429)**	(1,502)
Derivative transactions	**(10,634)**	(3,545)
Debt financing liabilities	**(535)**	–
Total	**$ (15,044)**	$ (49,134)

1. The fair value of collateral sold or repledged as at March 31, 2022 was $16,233 million (March 31, 2021 – $3,148 million).
2. The fair value of securities lent as at March 31, 2022 was $9,054 million (March 31, 2021 – $3,252 million).
3. The fair value of securities borrowed as at March 31, 2022 was $21,888 million (March 31, 2021 – $20,670 million) of which $21,752 million (March 31, 2021 – $20,091 million) was used for short selling activity.
4. Cash collateral payable on the balance sheet of $7,714 million (March 31, 2021 – $2,661 million) consists of collateral receivable of $140 million and collateral payable of $7,854 million that qualify for netting (March 31, 2021 – nil and $2,661 million, respectively).
5. Represents securities pledged as collateral on short-term cash borrowings from prime brokers.

15.2 Supplemental information on collateral relating to investment holding subsidiaries

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

(CAD millions)	As at March 31, 2022	As at March 31, 2021[4]
Own and third-party assets pledged as collateral on:		
Repurchase agreements	**$ (292)**	$ –
Securities borrowed[1,2]	**(8,469)**	(4,752)
Derivative transactions[2]	**(574)**	(347)
Private equities[3]	**(10,156)**	(9,493)
Debt financing liabilities	**(10,037)**	(7,864)
Total	**$ (29,528)**	$ (22,456)

1. The fair value of securities borrowed as at March 31, 2022 was $4,967 million (March 31, 2021 – $2,976 million) of which $4,967 million (March 31, 2021 – $2,976 million) was used for short selling activity.
2. The cash collateral at the prime brokers may be used for securities borrowed and derivatives transacted by broker.
3. Collateral on loans represents securities pledged as collateral on loan borrowings of the investees.
4. Certain comparatives have been reclassified to conform to the current year's presentation.

16. Commitments

CPP Investments and its investment holding subsidiaries have entered into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at March 31, 2022, the unfunded commitments for CPP Investments and its investment holding subsidiaries totalled $1,083 million (March 31, 2021 – $1,057 million) and $54,064 million (March 31, 2021 – $44,244 million), respectively.

17. Guarantees and indemnifications

17.1 Guarantees

As part of certain investment transactions, CPP Investments and its investment holding subsidiaries agreed to guarantee, as at March 31, 2022, up to $228 million (March 31, 2021 – $505 million) and $7,006 million (March 31, 2021 – $6,128 million), respectively, to other counterparties in the event certain investee entities default under the terms of loan and other related agreements, or fail to perform under specified non-financial contractual obligations.

17.2 Indemnifications

CPP Investments provides indemnifications to its officers, directors, certain others and, in certain circumstances, to various counterparties and other entities. CPP Investments may be required to compensate these indemnified parties for costs incurred as a result of various contingencies such as changes in laws, regulations and litigation claims. The contingent nature of these indemnification agreements prevents CPP Investments from making a reasonable estimate of the maximum potential payments CPP Investments could be required to make. To date, CPP Investments has not received any material claims nor made any material payments pursuant to such indemnifications.

18. Base CPP and additional CPP

AT A GLANCE

As a result of legislative amendments in December 2016, the CPP Act defines two separate parts of the CPP:

1. base CPP – the part of the CPP that existed before January 1, 2019; and
2. additional CPP – the additional part of the CPP that came into effect on January 1, 2019.

The following Note discloses the net assets, net investments and net income of CPP Investments' base CPP account and additional CPP account.

18.1 Changes in net assets

Pursuant to Sections 108.1 and 108.3 of the CPP Act, the CPPIB Act and an administrative agreement between Her Majesty the Queen in right of Canada and CPP Investments, amounts not required to meet specified obligations of the CPP are transferred weekly to CPP Investments. The funds originate from employer and employee contributions to the CPP.

CPP Investments remits cash to the CPP as required, including the periodic return, on at least a monthly basis, of funds required to meet CPP benefits and expenses. The accumulated transfers from/to the CPP and its two parts, the base CPP and additional CPP, as well as their accumulated net income since inception, are as follows:

	Accumulated net transfers from CPP			Accumulated net income			
(CAD millions)	base CPP	additional CPP	Total	base CPP	additional CPP	Total	Total net assets
As at April 1, 2020	$ 147,544	$ 2,323	$ 149,867	$ 259,706	$ 15	$ 259,721	$ 409,588
Total net income for the year	–	–	–	83,536	408	83,944	83,944
Transfers from CPP	40,537	3,534	44,071	–	–	–	44,071
Transfers to CPP	(40,416)	–	(40,416)	–	–	–	(40,416)
As at March 31, 2021	$ 147,665	$ 5,857	$ 153,522	$ 343,242	$ 423	$ 343,665	$ 497,187
As at April 1, 2021	**$ 147,665**	**$ 5,857**	**$ 153,522**	**$ 343,242**	**$ 423**	**$ 343,665**	**$ 497,187**
Total net income for the year	**–**	**–**	**–**	**34,268**	**147**	**34,415**	**34,415**
Transfers from CPP	**43,005**	**6,190**	**49,195**	**–**	**–**	**–**	**49,195**
Transfers to CPP	**(41,486)**	**–**	**(41,486)**	**–**	**–**	**–**	**(41,486)**
As at March 31, 2022	**$ 149,184**	**$ 12,047**	**$ 161,231**	**$ 377,510**	**$ 570**	**$ 378,080**	**$ 539,311**

18.2 Net assets of base CPP and additional CPP

The net assets of CPP Investments' base CPP and additional CPP accounts are as follows:

	As at March 31, 2022			As at March 31, 2021		
(CAD millions)	**base CPP**	**additional CPP**	**Total**	base CPP	additional CPP	Total
Cash and cash equivalents held for investment purposes	**$ 13,123**	**$ 169**	**$ 13,292**	$ 13,650	$ 94	$ 13,744
Net investments other than cash and cash equivalents	**513,629**	**12,445**	**526,074**	477,344	6,178	483,522
Net investments	**526,752**	**12,614**	**539,366**	490,994	6,272	497,266
Premises and equipment	**436**	**11**	**447**	448	11	459
Other assets[1]	**383**	**7**	**390**	307	4	311
Accounts payable and accrued liabilities	**877**	**15**	**892**	842	7	849
Net assets	**$ 526,694**	**$ 12,617**	**$ 539,311**	$ 490,907	$ 6,280	$ 497,187

1. Includes cash held for operating purposes.

18.3 Schedule of investment portfolio for base CPP and additional CPP

The table below provides details of the investments and investment liabilities for CPP Investments' base CPP and additional CPP accounts:

(CAD millions)	As at March 31, 2022		
	base CPP	additional CPP	Total[1]
Cash and cash equivalents	$ 15,140	$ 201	$ 15,341
Equities			
Public equities	156,962	2,423	159,385
Private equities	171,089	2,641	173,730
Total equities	328,051	5,064	333,115
Fixed income			
Bonds	102,314	6,005	108,319
Other debt	40,333	623	40,956
Money market securities	1,287	81	1,368
Total fixed income	143,934	6,709	150,643
Absolute return strategies	34,154	527	34,681
Infrastructure	44,907	693	45,600
Real estate	41,017	633	41,650
Investment receivables			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	55,945	864	56,809
Derivative assets	2,888	45	2,933
Other	5,797	118	5,915
Total investment receivables	64,630	1,027	65,657
Total investments	$ 671,833	$ 14,854	$ 686,687
Investment liabilities			
Debt financing liabilities	48,754	753	49,507
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	42,965	664	43,629
Securities sold short	28,562	441	29,003
Derivative liabilities	4,702	73	4,775
Short-term secured debt	1,178	18	1,196
Other	915	14	929
Total investment liabilities	127,076	1,963	129,039
Pending trades receivable	8,395	130	8,525
Pending trades payable	26,400	407	26,807
Net investments	$ 526,752	$ 12,614	$ 539,366

(CAD millions)	As at March 31, 2021		
	base CPP	additional CPP	Total[1,2]
Cash and cash equivalents	$ 14,432	$ 100	$ 14,532
Equities			
Public equities	173,682	1,401	175,083
Private equities	157,789	1,273	159,062
Total equities	331,471	2,674	334,145
Fixed income			
Bonds	95,474	3,086	98,560
Other debt	31,072	250	31,322
Money market securities	142	1	143
Total fixed income	126,688	3,337	130,025
Absolute return strategies	28,776	232	29,008
Infrastructure	39,634	320	39,954
Real estate	38,395	309	38,704
Investment receivables			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	7,070	57	7,127
Derivative assets	3,607	29	3,636
Other	2,735	35	2,770
Total investment receivables	13,412	121	13,533
Total investments	$ 592,808	$ 7,093	$ 599,901
Investment liabilities			
Debt financing liabilities	39,676	321	39,997
Securities sold under repurchase agreements and cash collateral received on securities lent	32,885	265	33,150
Securities sold short	22,097	178	22,275
Derivative liabilities	2,980	24	3,004
Short-term secured debt	1,224	10	1,234
Other	2,036	16	2,052
Total investment liabilities	100,898	814	101,712
Pending trades receivable	3,052	25	3,077
Pending trades payable	3,968	32	4,000
Net investments	$ 490,994	$ 6,272	$ 497,266

1. Presented using the same basis as the Consolidated Schedule of Investment Portfolio, which is different from that of the Consolidated Balance Sheet. Refer to the Consolidated Schedule of Investment Portfolio for further details.
2. Certain comparatives have been reclassified to conform to the current year's presentation.

18.4 Net income of base CPP and additional CPP

Details of net income of CPP Investments' base CPP and additional CPP accounts are as follows:

	For the years ended					
	March 31, 2022			March 31, 2021[1]		
(CAD millions)	**base CPP**	**additional CPP**	**Total**	base CPP	additional CPP	Total
Income:						
Interest, dividends, and other income	**$ 11,532**	**$ 115**	**$ 11,647**	$ 8,836	$ 48	$ 8,884
Net gains on private investments	**407**	**5**	**412**	1,362	13	1,375
Net (losses) gains on public and other investments	**(7,799)**	**(418)**	**(8,217)**	32,979	63	33,042
Net gains on investment holding subsidiaries	**32,005**	**471**	**32,476**	43,198	302	43,500
	36,145	**173**	**36,318**	86,375	426	86,801
Expenses:						
Personnel	**1,000**	**13**	**1,013**	932	6	938
General and administrative	**408**	**7**	**415**	380	4	384
Management fees	**20**	**–**	**20**	18	–	18
Performance fees	**37**	**1**	**38**	23	–	23
Transaction-related	**317**	**4**	**321**	185	1	186
Taxes	**229**	**3**	**232**	271	1	272
Financing	**(134)**	**(2)**	**(136)**	1,030	6	1,036
	1,877	**26**	**1,903**	2,839	18	2,857
Net income and comprehensive income	**$ 34,268**	**$ 147**	**$ 34,415**	$ 83,536	$ 408	$ 83,944

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

Ten-Year Review[1]

($ billions)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	For the year ended March 31									
CHANGE IN NET ASSETS										
Net income	**34**	84	12	32	37	34	9	41	30	16
Net contributions	**8**	3	6	4	2	4	5	5	6	6
Increase in net assets	**42**	87	18	36	39	38	14	46	36	22
NET ASSETS	**539**	497	410	392	356	317	279	265	219	183

($ billions)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Equities	**146**	145	113	130	140	120	104	90	69	59
Private Equities	**170**	153	117	106	81	67	54	49	41	32
Fixed Income	**40**	48	48	39	38	48	46	63	59	52
Credit	**86**	67	51	36	22	18	17	17	11	9
Real Estate	**49**	43	46	48	46	40	37	31	26	20
Infrastructure	**48**	41	35	33	29	24	21	15	13	11
NET ASSETS	**539**	497	410	392	356	317	279	265	219	183
Net Assets – base CPP	**527**	491	408	392	356	317	279	265	219	183
Net Assets – additional CPP	**12**	6	2	0[2]	–	–	–	–	–	–
NET RETURN (%)										
base CPP	**6.9%**	20.5%	3.1%	8.9%	11.5%	11.8%	3.4%	18.2%	16.0%	9.7%
additional CPP	**2.8%**	11.6%	4.2%	5.0%	–	–	–	–	–	–
TOTAL FUND	**6.8%**	20.4%	3.1%	8.9%	11.5%	11.8%	3.4%	18.2%	16.0%	9.7%

1. The net asset table aligns with the Asset Class Mix within the Management's Discussion & Analysis.
2. Net assets for additional CPP were $423 million.

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