2016 ANNUAL REPORT

Canadian Commercial Workers Industry Pension Plan

PLAN HIGHLIGHTS

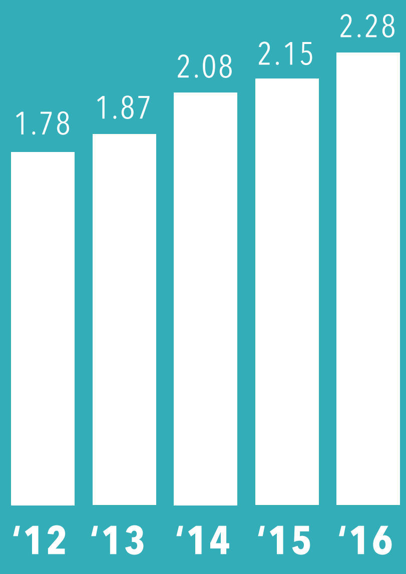
275,000 members

180 participating employers

18 months into new funding framework

New SIPP adopted

4 new investments in real estate, infrastructure and global equity



Net Assets (in billions)

A MESSAGE FROM THE BOARD OF TRUSTEES

On balance, 2016 was an encouraging year for the Canadian Commercial Workers Industry Pension Plan, with the Plan achieving a 6.7% rate of return, exceeding its actuarial discount rate of 6%. The Plan also made progress toward reaching its new target asset mix, adopted during 2015.

While the Plan continues to face significant headwinds, such as a challenging investment environment and ever-increasing member longevity, 2016 represented the first full year under its new funding framework, and we are optimistic that the changes implemented during 2015 will lead to an improvement in the Plan's financial position going forward.

As the Plan's assets continue to grow and evolve, we remain committed to ensuring that the administration, investment management, and governance functions adapt accordingly, providing members with the highest possible levels of service and pension security.

We are pleased to present the Plan's results for 2016, and we look forward to sharing continued positive results in the future.

Investments

MARKET OVERVIEW

As has been the case over the past few years, 2016 was a tale of two halves. Heightened economic and political concerns led to strong bond and weak equity markets during the first half of the year, as investors sought the safety of government and longer dated bonds. The second half of the year saw a greater appetite for risk, and equity markets, as the US election was held and the fall-out from Brexit started to dissipate.

The Canadian equity market, the S&P TSX Composite Index, was one of the strongest in 2016, returning more than 21%. This was much stronger than many other developed markets, notably the US equity market, which returned 8% and the European equity market which lost 2%. The Emerging Markets saw improved returns, returning almost 8%. Unlike 2015, Canadian investors did not benefit from currency movements, as the Canadian dollar started the year at 72 cents and ended it at 74 cents. The Canadian dollar performed similarly against other major currencies, such as the Yen and the Euro.

During the first half of 2016, longer dated Canadian government bonds were among the best performing. This was reversed in the second half of the year, especially when investors bid up bond prices, concerned that President Trump's agenda and the implications from Brexit would be inflationary. Mid-term bonds returned just 1.7% in 2016, whereas longer dated bonds returned 2.5%. Bonds issued by corporations were among the best performing, returning 3.7%, as the relatively higher yields (when compared to government bonds) were attractive to yield hungry investors.

A rising oil price and benign economy helped spur on the Canadian economy in the second half of 2016, which was supported by relatively low inflation (1.5% as at December 2016). The Bank of Canada did not raise rates during 2016, as unemployment remained range bound at between 6.8% and 7%. While the price of oil increased to over $50 during the year, oil producing provinces such as Alberta and Saskatchewan continued to see rising unemployment. Despite a lower dollar than a few years ago, exports have not increased as expected. Most economists do not believe the Bank of Canada will increase rates in the near term, despite the US Federal Reserve's 25 basis point increase in December 2016 and 2-3 promised increases during 2017.

$1 Billion
invested in Canada

$1.3 Billion
invested globally

GLOBAL DIVERSIFICATION

The Trustees and their advisors seek out investment opportunities both at home and abroad in an effort to reduce concentration risk in any one market. Foreign holdings are diversified by country and industry sector.

ANNUALIZED RETURNS (PERIODS ENDING DECEMBER 31)

Total Portfolio	1 Year	4 Years	10 Years
CCWIPP	6.7%	7.9%	4.9%
Actuarial Discount Rate†	6.0%	6.0%	6.4%

PORTFOLIO REVIEW

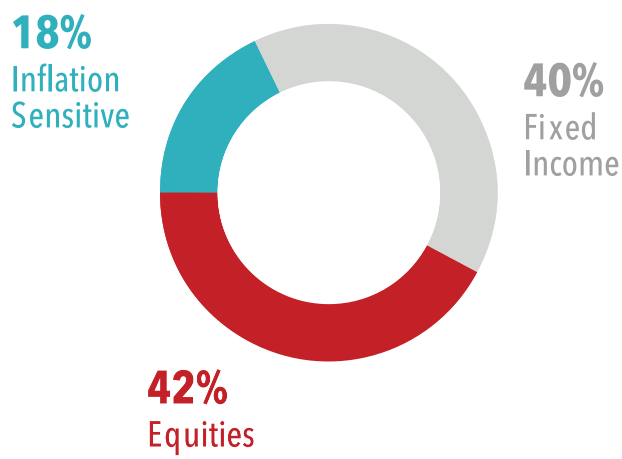
Over the four years ending December 31, 2016, the Plan has returned an annualized rate of return of 7.9%, exceeding the Plan's 6% actuarial discount rate (or the rate of return deemed necessary to meet pension obligations as they come due) by 1.9% per annum.

2016 performance was driven by allocations to Canadian equities and private equity, as well as strong performance from the investment managers employed in these categories. Canadian equities were the top performing asset class in 2016, returning 27.4% to the Plan, with private equity investments producing a return of 13.7%. Global equity and fixed income returns were much weaker, with both returning 2.2%. The Plan's allocation to hedge funds detracted value in 2016, returning -3.2%.

SIGNIFICANT INVESTMENT ACTIVITIES

The Trustees met four times in person in 2016 as well as held teleconference meetings to review the Plan's asset mix, performance, manager arrangements, and investment policy. All managers are performing as expected and no performance-related changes were made during 2016.

The Trustees continue to implement the asset mix adopted from the asset liability study completed in 2015, with the aim of enhancing the Plan's probability of achieving a 6% return each year. This involved shifting away from separate US and international equity mandates, leading to the engagement of two new global managers, Wellington Management and Marathon Asset Management. Additional investments in infrastructure and real estate assets were made through Macquarie and Brookfield, respectively. Real estate and infrastructure assets are attractive as they generate a current cash yield of between 4% and 6%. The Trustees also increased the Plan's investment in private equity through Clairvest Equity Partners, as privately held companies benefit from being able to take a longer-term view than publicly traded companies.



TARGET ASSET MIX

The chart above outlines the Plan's strategic asset mix. Assets are broadly diversified and include both publicly traded and privately held assets within each category.

LOOKING AHEAD

In the near term, manager searches are being conducted to satisfy underweight classes in the Plan's target asset mix. Additionally, a number of the Plan's private equity investments mature in 2018 and 2019 and these assets will have to be reinvested at that time. Over the longer term, the Trustees will continue to monitor the Plan's asset mix and investment managers for ongoing performance and suitability.

†The Plan's actuarial discount rate was 7% until 2007, 6.75% from 2008 to 2010, 6.5% from 2011 to 2012, and reduced to 6% in 2013. The ten-year annualized return is benchmarked against a blended actuarial discount rate for the applicable years.

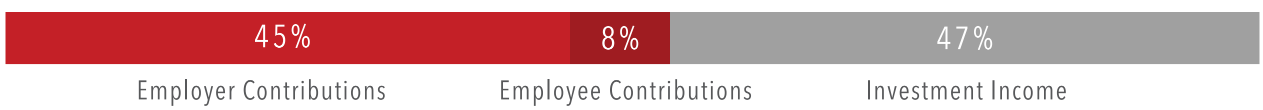
Plan Funding

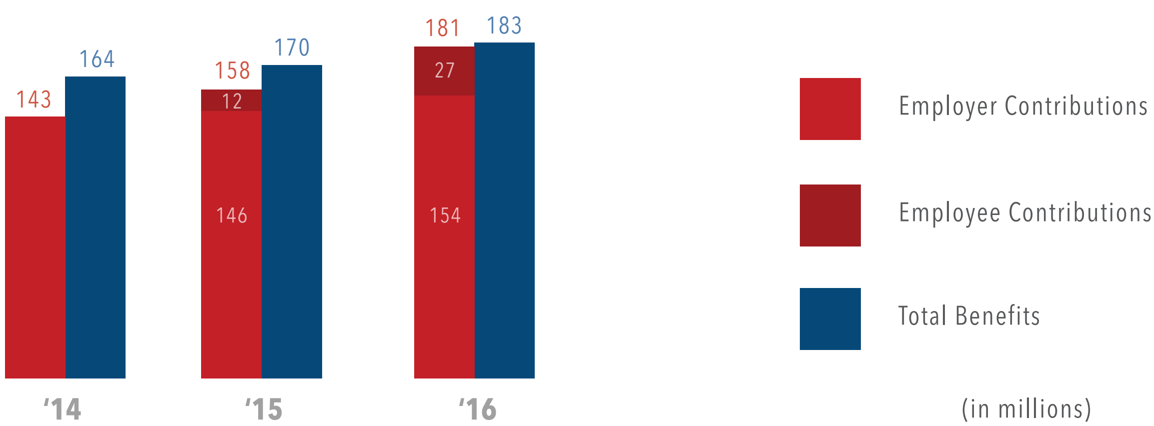
FUNDED STATUS

For a number of years the combination of a challenging investment climate, regulatory changes, and increased life expectancy of members contributed to a funding deficiency in the Plan, meaning that contributions and investment income have been insufficient to support benefit levels. Effective July 1, 2015, the Trustees made significant changes to strengthen the Plan, including increased employer contributions, the introduction of employee contributions, a reduction to pension benefits credited to active and deferred members and pensioners, and new benefit scales going forward.

Eighteen months into this new funding framework, it remains too early to accurately assess the effect the restructuring has had on the financial position of the Plan. The most recent actuarial valuation, as at December 31, 2015, indicated a going-concern funded status of 73% and a wind-up funded status of 42%, meaning that, had the Plan been wound up at that time, accrued benefits would have had to be reduced. However, there is no intention to wind up the Plan, which continues to be managed with a long-term time horizon on the assumption that it will remain active for many years to come. Additionally, the Plan continues to qualify as a Specified Ontario Multi-Employer Pension Plan, allowing for a more favourable funding framework to be applied. Actuarial and investment strategies continue to be employed in an effort to improve the sustainability of the Plan.

FUNDING SOURCES





CONTRIBUTIONS VS. BENEFITS

Prior to July 1, 2015, contributions to the Plan were made exclusively by the participating employers. With a mid-year introduction of employee contributions, 2015's figures represent six months under the new funding framework.

MEMBERSHIP

275,000
Total members

28,568
Retired members, surviving spouses and beneficiaries

2,102
Newly retired members

Governance

POLICY CHANGES

The Plan is governed by a Trust Agreement, which sets out the powers and duties of the Trustees and defines the relationship between the various stakeholders, and a Plan Text, which outlines members' entitlements. Changes made to the Plan's governing documents are communicated to members via their Annual Benefit Statements.

The Trustees also maintain a Statement of Investment Policies and Procedures for the Plan (the "SIPP") that, among other things, establishes its investment guidelines, management structure, and environmental, social, and governance-related investment prohibitions. The SIPP is reviewed annually to ensure that it remains responsive to the needs of the Plan, with the most recent rewrite having been completed during 2016.

COMPLIANCE

The Plan is required to comply with both provincial and federal legislation that governs pensions. The Trustees continuously monitor and enhance compliance practices, as necessary, and retain an external Compliance Officer responsible for quarterly compliance reporting. The Plan was fully compliant with its SIPP and all applicable regulatory requirements during 2016.

REGULATORY REFORM

The Plan is currently regulated by the Financial Services Commission of Ontario ("FSCO"). During 2016 provincial legislation was enacted establishing the framework for the creation of the Financial Services Regulatory Authority ("FSRA"), a new pensions and financial services regulator intended to ultimately replace FSCO. An independent corporation (or *Crown agency*), FSRA will be operated at arm's length from but accountable to government, governed by a board of directors composed of industry experts, and tasked with strengthening oversight of pension plans in an effort to improve protections for plan beneficiaries. At this stage, more information on the proposed regulator's mandate and governing principles is required before the Trustees are able to determine the full impact of FSRA's implementation on the Plan. It is expected that further details will become available during 2017.

PROFESSIONAL SERVICES

ACTUARIAL
Benchmark Decisions Ltd.
Conduent

ADMINISTRATION
Prudent Benefits Administration Services Inc.

AUDIT
BDO Canada LLP

COMPLIANCE/INVESTMENT CONSULTING
Ellement Consulting Group

CUSTODIAL/PENSION PAYMENTS
RBC Investor & Treasury Services

LEGAL COUNSEL
Koskie Minsky LLP
Loopstra Nixon LLP

REAL ESTATE ADVISORY
Property Management/Leasing: Avison Young
Appraisal: CBRE
Consulting: Southern Cross Developments