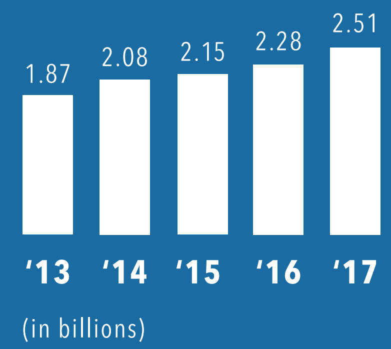
2017 ANNUAL REPORT

Canadian Commercial Workers Industry Pension Plan
Registration No. 0580431

HIGHLIGHTS

NET ASSETS



GLOBAL DIVERSIFICATION

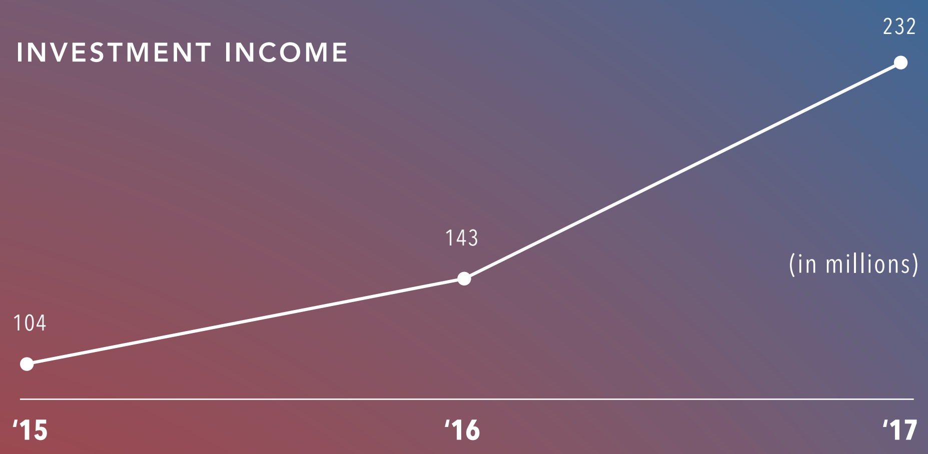
$1 Billion
invested in Canada

$1.5 Billion
invested globally

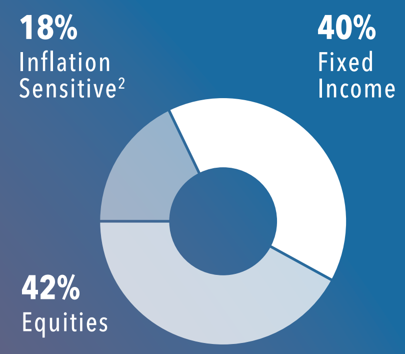
ANNUALIZED RETURNS

Total Portfolio	1 Year	4 Years	10 Years
CCWIPP	10.2%	8.8%	5.2%
Actuarial Discount Rate[1]	6.0%	6.0%	6.3%

INVESTMENT INCOME



TARGET ASSET MIX



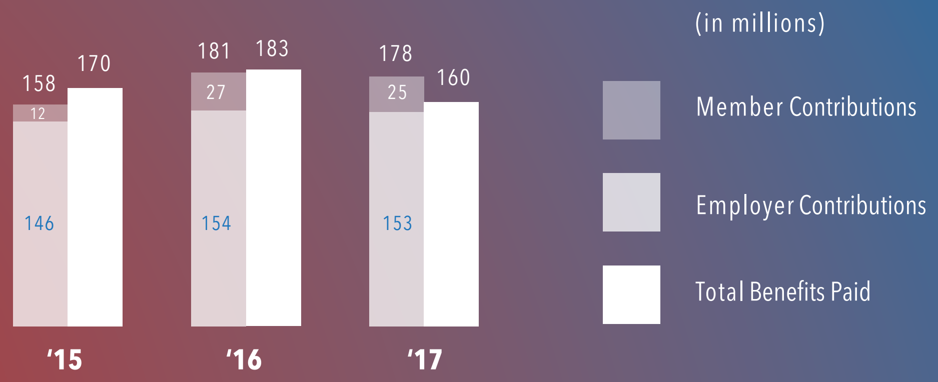
MEMBERSHIP

275,000
Total members

29,087
Retired members, surviving spouses and beneficiaries

1,885
Newly retired members

CONTRIBUTIONS VS. BENEFITS PAID



2017 IN REVIEW

A MESSAGE FROM THE BOARD OF TRUSTEES

The past year was one of measured progress toward our goal of ensuring the long-term viability of the Canadian Commercial Workers Industry Pension Plan. With that goal in mind, we took further steps in 2017 to strengthen the Plan's financial position, including policy changes, asset mix refinements, and the retention of new investment management firms.

The Plan's investment portfolio generated a 10.2% rate of return for the year, exceeding (on an absolute basis) its 2016 return by 3.5% and its passive benchmark by 2.3%. The 2017 return also exceeded the Plan's actuarial discount rate by 4.2%, marking the fourth time in the last five years that the Plan outperformed this long-term funding requirement.

While overcoming the challenges facing the Plan will require continued patience and perseverance, we remain optimistic that the difficult decisions of the past few years, coupled with a continued and enhanced focus on sound governance, prudent investing, and diligence in controlling costs, will ultimately result in lasting sustainability for the Plan.

We are pleased to present the Plan's results for 2017, and we sincerely look forward to sharing continued positive results in the future.

INVESTMENTS

THE MARKETS

Investor sentiment was negative going into 2017, as concerns regarding the results of the U.S. election and the U.K.'s *Brexit* process dominated headlines. In the U.S., there was a degree of hesitance surrounding the new administration's fiscal and taxation policies, as well as the NAFTA trade negotiations, which would take place throughout 2017. Despite the uncertainty that surrounded the U.S. government and its direction, markets rallied on improving economic activity and tax reform. With the economy doing well and unemployment below 5%, the U.S. Federal Reserve raised the benchmark rate by 75 basis points during 2017 to 1.5%.

The U.K. economy gained modest strength during 2017, despite commencing the arduous process of "divorcing" itself from the European Union. In Japan, economic reforms instituted by Prime Minster Abe helped propel the domestic economy into positive and accelerating territory. In fact, 2017 saw coordinated global growth for the first time in many years, which translated into positive equity market returns as investor sentiment turned positive during the year.

Global equity markets responded positively to the supportive growth environment. Emerging market equities were the best performing region, returning 29% to Canadian investors. Likewise, despite the appreciation of the Canadian dollar versus the U.S. dollar, U.S equities returned 14% to Canadian investors. Developed international equity markets reacted positively to improving economic fundamentals, returning 17%.

At home, the Canadian equity market, represented by the S&P TSX Composite Index, had a solid year, returning 9.1%, on rising material prices and financial service company profits. The Canadian dollar experienced mixed results in 2017, appreciating against the U.S. dollar and the Japanese Yen, while depreciating against the Euro and the U.K. pound. The largest move was against the U.S. dollar, which saw the Canadian dollar start 2017 at 74 cents and end the year at 80 cents.

The Bank of Canada raised interest rates twice in 2017 on improving economic fundamentals, bringing the benchmark interest rate to 1.00%. Despite the two increases of 25 basis points each, rates remain at historic lows. The Canadian economy was strong enough and inflation relatively subdued (at 1.9%) to support additional interest rate increases but there was some hesitancy to do so until the NAFTA negotiations have concluded. Bond markets were mixed in 2017. Mid-term bonds returned just 2.5% in 2017, whereas longer dated bonds returned 7.0% and bonds issued by corporations returned 3.4%.

Crude oil prices rose to just over US$60 per barrel in 2017, a US$10 increase. This helped unemployment improve in Alberta, which saw its rate decrease by 2.4% to 6.9%. Unemployment fell by 1.2% across Canada to 5.7%, led by British Columbia.

OUR PORTFOLIO

The Plan's assets are broadly diversified and include both publicly traded and privately held assets within each category. 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 both country and industry.

Over the four years ending December 31, 2017, the portfolio returned an annualized rate of return of 8.8%, exceeding the Plan's 6% actuarial discount rate (or the rate of return deemed necessary to meet pension obligations as they come due), on an absolute basis, by 2.8% per year.

Portfolio performance in 2017 was strong across many different asset classes – public and private equities, private debt and hedge funds – all of which contributed to the Plan's total return and outperformance versus the actuarial discount rate. Strong performance from the Canadian and global equity managers, in particular, drove the Plan's results in 2017. Global equities were the top performing asset class, despite the appreciation of the Canadian dollar versus the U.S. dollar, returning 16.4% to the Plan. Canadian equities finished the second half of 2017 strongly, with a return of 10.5%. Private equity, infrastructure, private debt and hedge fund returns were also strong, returning 15.5%, 9.3%, 7.4%, and 7.1%, respectively, contributing positively to the Plan's overall return. Real estate[3] and fixed income returns were also positive, returning 6.7% and 5.7% respectively.

INVESTMENT ACTIVITIES

During the year, the Trustees met quarterly to review the Plan's asset mix, performance, manager arrangements, and investment policy. All managers continue to perform as expected and no performance-related changes were made during 2017.

Changes to the investment portfolio in 2017 included a reduction to the Plan's allocation to Canadian and global equities and the retention of new Canadian and global real estate managers, Greystone Managed Investments and CBRE Global Investors, respectively. Real estate assets are attractive as they generate a current cash yield in addition to long-term capital appreciation.

LOOKING AHEAD

In the near term, manager searches are being conducted to satisfy the private debt underweight 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, with the aim of enhancing the Plan's probability of achieving a 6% return each year.

FUNDING

FUNDED STATUS

For a number of years the combination of a challenging investment climate, regulatory changes, and increasing life expectancy contributed to a funding deficiency in the Plan, meaning that contributions and investment income have been insufficient to support benefit levels. In 2015, the Trustees made significant changes aimed at strengthening the Plan, which included:

- increased employer contributions;
- the introduction of member contributions;
- a reduction to pension benefits credited to active members, deferred members, and pensioners; and,
- new benefit scales going forward.

While it remains too early to accurately assess the effect of the restructuring on the financial position of the Plan, the most recent actuarial valuation, as at December 31, 2016, indicated a going-concern funded status of 77% and a wind-up funded status of 45% – improvements over the previous year of four and three percentage points, respectively. Nonetheless, this means 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 is 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. Lastly, actuarial and investment strategies continue to be employed in an effort to improve the sustainability of the Plan.

FUNDING SOURCES

In 2017, employer contributions to the Plan amounted to $153 million, while member contributions totalled $25 million. An additional $232 million in income was generated by the Plan's investment portfolio. After subtracting benefit payments and expenses, total assets available for benefits grew by approximately $232 million in 2017.

GOVERNANCE

GOVERNING DOCUMENTS

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 Text are communicated to members.

POLICIES

The Trustees maintain a Funding and Benefit Policy, which sets out the framework for maximizing the likelihood that Plan assets are sufficient to meet the scheduled benefits, and a Statement of Investment Policies and Procedures (the "SIPP") that, among other things, establishes the Plan's 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. A comprehensive rewrite was undertaken during 2016, with minor updates having been completed in 2017.

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 2017.

REGULATORY REFORM

The Plan is currently regulated by the Financial Services Commission of Ontario ("FSCO"). However, during June 2017 the Financial Services Regulatory Authority ("FSRA"), a new, independent regulatory agency, was established by provincial legislation. The government has indicated that FSRA is intended to enhance financial protection for consumers and modernize the regulation of pension plans and financial services. FSRA is expected to assume functions currently delivered by FSCO by April 2019. More information on the current status of the transition to FSRA is available at www.fsrao.ca.

[1] The Plan's actuarial discount rate was 6.75% from 2008 to 2010, 6.5% from 2011 to 2012, and 6% from 2013 until the most recent actuarial valuation as of December 31, 2016. The ten-year annualized return is benchmarked against a blended actuarial discount rate determined using the actuarial discount rate for the applicable years.

[2] Composed of the following asset classes (and target allocations): real estate (8%), infrastructure (5%), and hedge funds (5%).

[3] Excluding the Plan's direct investment in Citi Plaza.

INVESTMENT PARTNERS

Auven Therapeutics
Brookfield Asset Management
CBRE Global Investors
CIBC Asset Management
Clairvest Equity Partners
Greystone Managed Investments
Leith Wheeler Investment Counsel
Macquarie Infrastructure and Real Assets
Marathon Asset Management
Royalty Pharma
Wellington Management Company
Winton Group

PROFESSIONAL SERVICES

ACTUARIAL Benchmark Decisions Ltd., Conduent HR Consultants
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
REAL ESTATE ADVISORY **Property Management/Leasing:** Avison Young
Brokerage: CBRE
Consulting: Southern Cross Developments