



Green Bond Impact Report 2021





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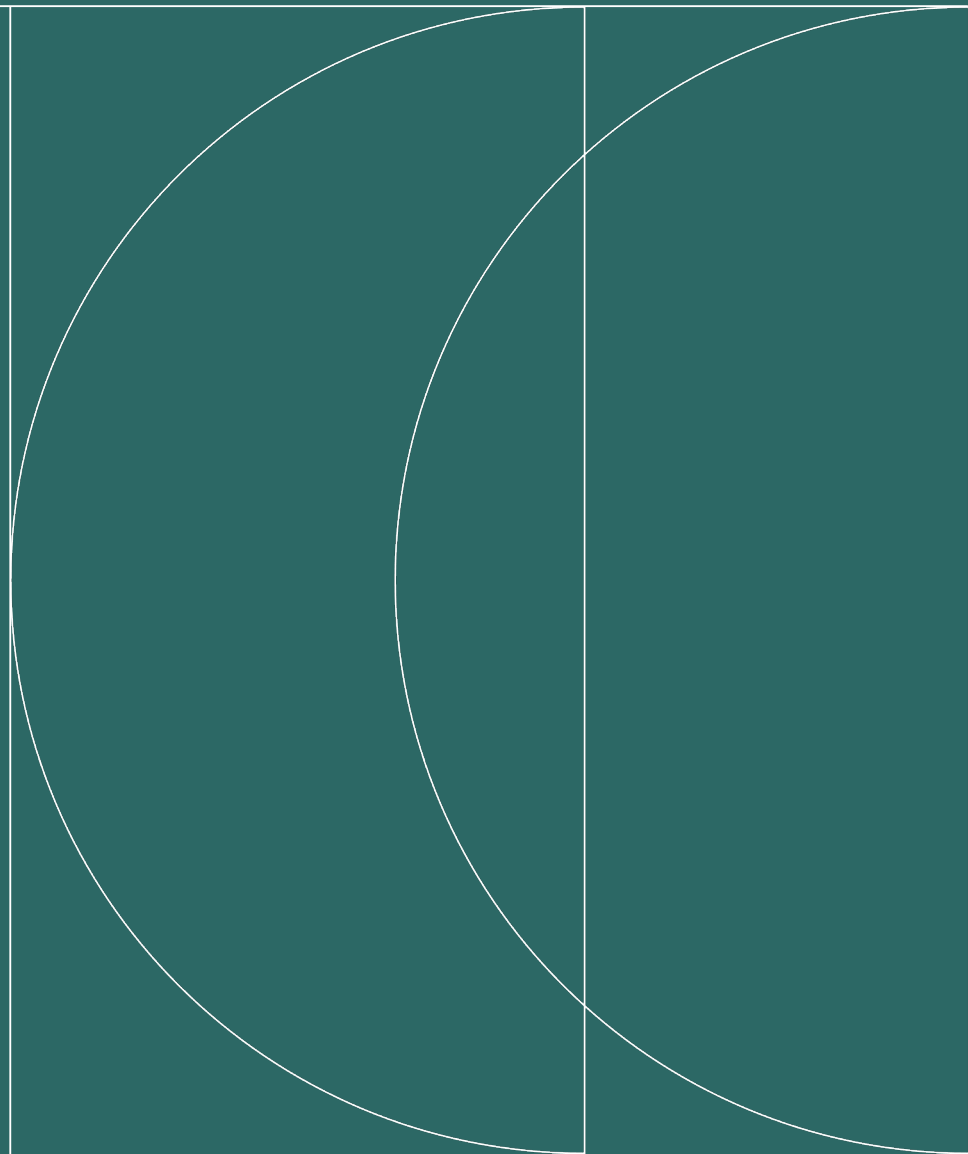
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Our commitments to sustainability





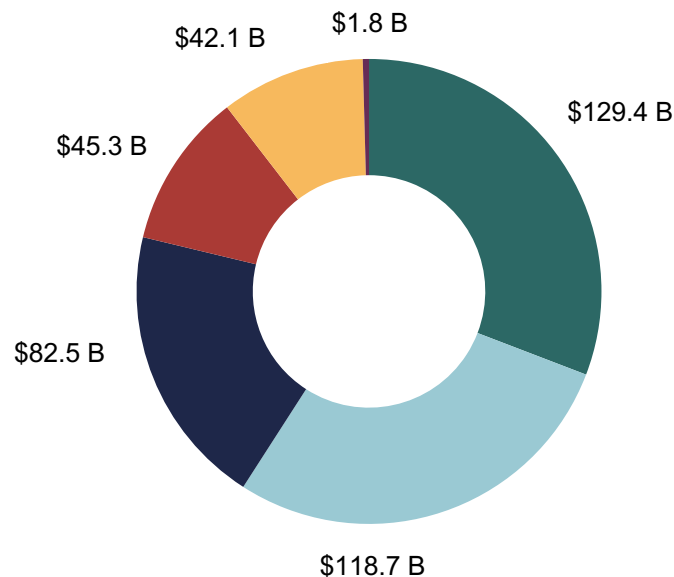
CDPQ is a global investment group

\$419.8 B
 US\$332.3 B

In net assets
 as at December 31, 2021

By asset class
as at December 31, 2021

- Fixed Income
- Equity Markets
- Private Equity
- Infrastructure
- Real Estate
- Other Investments



as at December 31, 2021

8.9%

5-year
annualized return

\$141.0 B

investment results
over 5 years

9.6%

10-year
annualized return

\$241.0 B

investment results
over 10 years

AAA

credit rating



Building on extensive ESG experience



Sustainable investment: A fundamental performance driver

Environment

An investment strategy to address climate change with ambitious and concrete targets in the short, medium and long term

- Lower our portfolio's carbon intensity by **60%** in 2030¹
- Increase our low-carbon assets to **\$54 B** by 2025²
- Support decarbonization of companies in the heaviest-emitting sectors with a **\$10 B** transition envelope
- Complete our exit from oil production by the end of **2022**

A net-zero
portfolio
by 2050

Social

Contribute to a fairer society

- Focus on equity, diversity and inclusion within our teams
- Promote industry-wide diversity
- Counter abusive tax planning

Governance

Demand responsible governance practices from our portfolio companies

- Analyze ESG factors in all of our investment activities
- Anticipate technology risks

¹ Carbon intensity in tCO₂e/M\$

² Investments in renewable energy, clean transportation and other low-carbon project categories compatible with the CBI's *Climate Bonds Taxonomy (March 2021)*

Exercising leadership
within the industry and
our portfolio companies





CDPQ, one of the first global investors to make climate change a priority

Our first climate strategy, deployed in 2017, helped position us as a leader in the fight against climate change. We set ambitious targets so we could take quick and structured action.

In 2019, we also decided to make a strong commitment: achieve a net-zero portfolio by 2050, with a focus on decarbonizing the real economy.

Since then, we significantly exceeded our intermediary targets, so in 2021 we announced a new and ambitious strategy based on four essential and complementary pillars to meet the major challenges of the transition.

The four vital pillars for the transition



\$54 B

in green assets
by 2025



60%

reduction in our
portfolio's carbon
intensity by 2030
compared to 2017



\$10 B

transition envelope
to decarbonize the
heaviest carbon-emitting
sectors



2022

complete our exit
from oil production



Our climate actions in 2021

49%

reduction in carbon intensity since 2017¹

CAD 39 B

low-carbon assets^{1,2}

CAD + 21 B

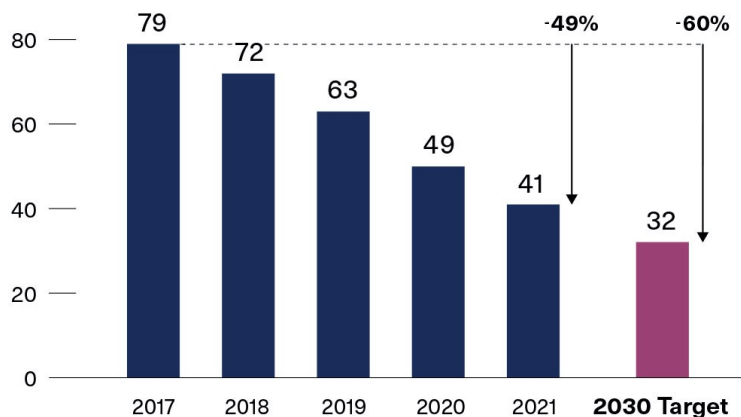
low-carbon assets¹ since 2017

Leadership

engaging our partners on our priorities

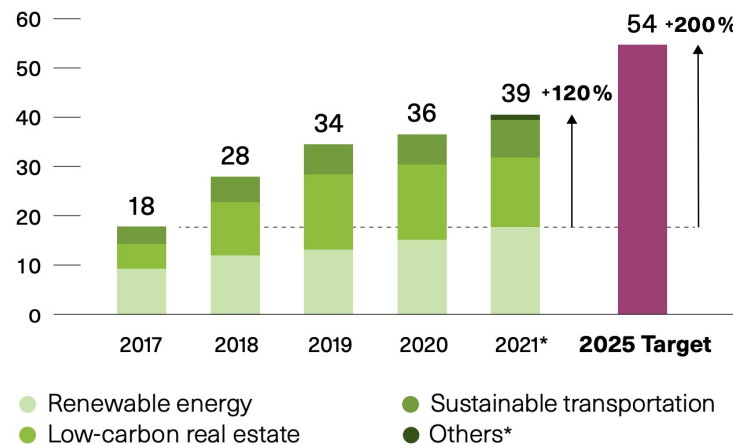
THE PORTFOLIO'S CARBON INTENSITY

(in tCO₂e/M\$)



LOW-CARBON INVESTMENTS

(in billions of dollars)



¹ As at December 31, 2021

² Investments in renewable energy, clean transportation and other low-carbon project compatible with the CBI's Climate Bonds Taxonomy

* Includes the new sectors from CBI's green taxonomy.



We exercise strong climate leadership through several initiatives

UN-convened Net-Zero Asset Owner Alliance

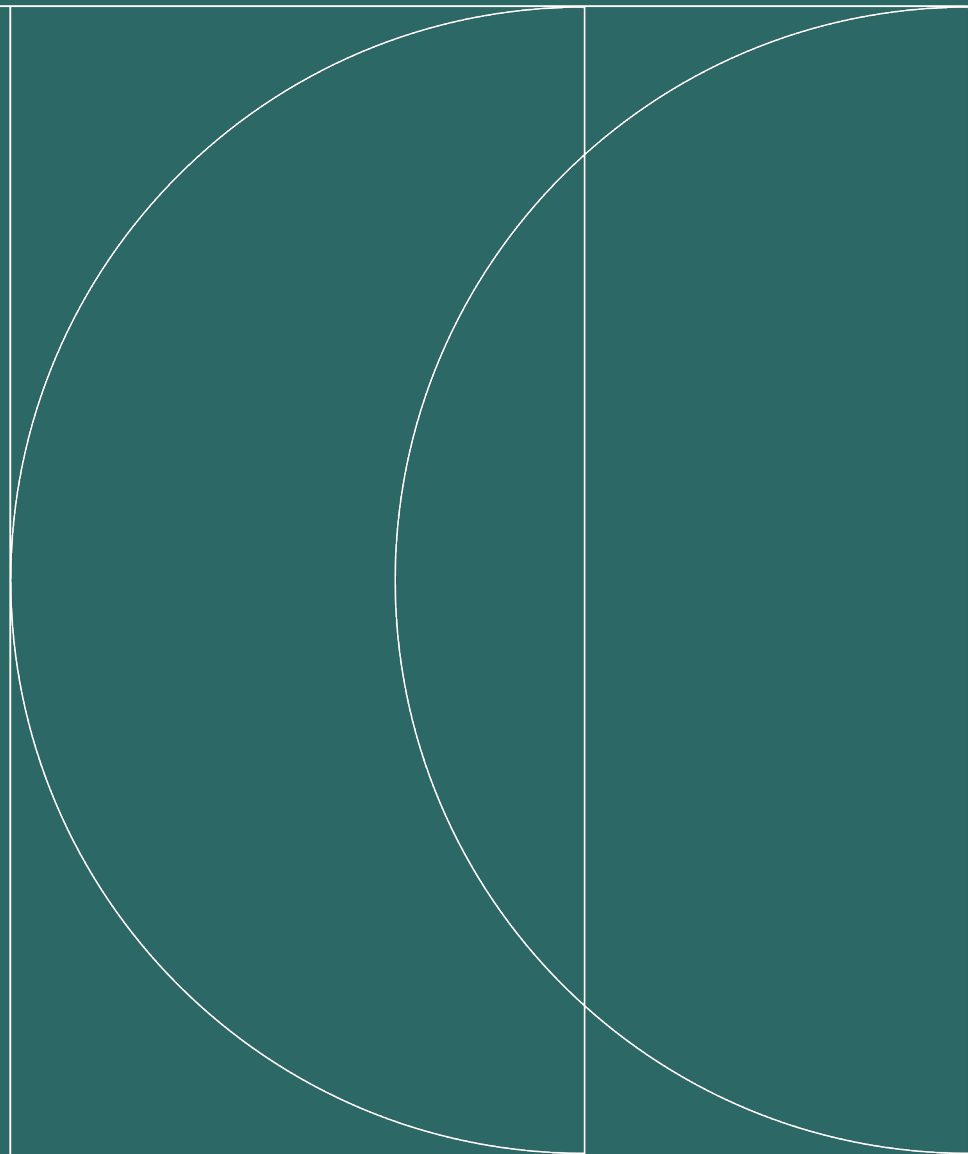
- More than 70 global investors with USD 10.4 T in AUM
- Measures to align investors' portfolios with a 1.5°C scenario, pursuant to Article 2.1c of the Paris Agreement
- Emphasis on transitioning the real economy
- CDPQ has been part of the Steering group since its foundation

Investor Leadership Network (ILN)

- 13 global investors with USD 9 T in AUM
- Efforts to facilitate and accelerate collaboration on strategic issues related to sustainability and long-term growth, such as climate change
- CDPQ is co-leading the CEO Council and the CIO Roundtable, and actively participating in various executive and advisory committees

With our partners, we make a difference wherever we do business

Our Green Bond Framework









Overview of our Green Bond Framework



Review

- Second Party Opinion of the framework by Sustainalytics
- Limited Assurance Report of the allocation of net proceeds by EY

Our sustainable investment objectives

Eligible investment categories	Environmental objectives
Renewable energy	 Increasing low-carbon, renewable power production
Clean transportation	 Contributing to the reduction of GHG emissions from road and rail transportation
Energy efficiency	 Increasing energy savings contributing to the reduction of GHG emissions
Pollution prevention and control	 Fostering pollution reduction and the development of a circular economy
Sustainable water and wastewater management	 Improving efficiency of water distribution and of the water recycling services contributing to the quality of natural environment
Forest, agricultural land and land management	 Delivering substantial carbon sequestration capacity, reducing GHG emissions, and improving climate resilience

Allocation and impact metrics






Green Bond Register

First Green Bond Issuance

Issuance	US\$1,000,000,000 1.000% Senior Notes, issued by CDP Financial Inc. under the Senior Note Program on May 25, 2021 and maturing May 26, 2026 ("Green Bond 1") CADEPO 1% 05/26
Pricing Date	05/18/2021
ISIN	US125094AV47 (144A) USC23264AL58 (REGS)
CUSIP	125094AV4
Issue Size	USD 1.0B
Reoffer Spread	MS + 10 bps
Order Book	> 3.1B



Investment Financed	Réseau Express Métropolitain (REM)
Eligible Investment Category	Clean Transportation
Eligible Investment	Réseau Express Métropolitain (REM)
SDG	



Allocation and use of net proceeds*

100% of net proceeds were allocated to the Réseau express métropolitain (REM)

2021 Net Proceeds	
• Green Bond 1 (USD 998.4M)	CAD 1,226M
Total Net Proceeds (CAD)	CAD 1,226M



2021 Use of Net Proceeds	
• REM – Before Issuance (Lookback)	CAD 589M
• REM – After Issuance	CAD 637M
Cumulative Use of Net Proceeds	CAD 1,226M



Unallocated Net Proceeds (Dec 31, 2021)	CAD 0M
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*Net proceeds were allocated in alignment with CDPQ's [Green Bond Framework](#)

Use of proceeds

Réseau express métropolitain (REM)



Background

- One of the largest automated transit networks in the world, developed from A to Z by CDPQ Infra, a subsidiary dedicated to developing greenfield projects
- Québec's largest public transit project in 50 years, the REM is a light rail system that will include 26 stations spread over 67 km, with the first departures slated for 2022
 - Linking downtown Montréal, the South Shore, the West Island, the North Shore and the airport, the project will contribute \$3.7 billion to GDP and create 34,000 jobs during construction, and 1,000 direct and indirect jobs once in service
 - CDPQ Infra's first project

Investment thesis

- An integrated, efficient and reliable service that meets the needs of users in the Greater Montréal area
- By managing the project from start to finish, CDPQ is improving process efficiency, shortening delivery time and executing work to the highest standards
- By building up its technical and operational expertise, notably with the construction of the second-deepest station in North America, CDPQ is expanding its capabilities, which could be leveraged in future investments

CDPQ'S role

- CDPQ Infra serves as the project's principal contractor, responsible for its planning, financing, completion and operation



Industry

Passenger transportation

Region

Canada

Initial investment

2016

CDPQ's stake

73.3% (REM)

Partners

Gouvernement du Québec; Canada Infrastructure Bank; Hydro-Québec; Autorité régionale de transport métropolitain (ARTM)

Estimated cost

CAD 6.9 B

Key impact metrics

Réseau express métropolitain (REM)



Climate change



- 680,000 tons of GHG emissions avoided over 25 years
- 42,120 users can use the REM during rush hour (6:00 a.m. to 9:00 a.m.)
- 250,000 trees planted during construction to offset the GHG emissions estimated at 87,000 tons

Economic development



- Creation of 34,000 direct and indirect jobs in Québec during the construction phase
- Creation of 1,000 permanent jobs
- Contributes CAD 3.7 B to the GDP

Compensation for natural environment impacted by construction



- Wetland restoration
- Reforestation
- Enhancement of status wildlife habitats
- Relocation of status flora
- Creation of a fish spawning ground

Sustainable development



- Promotes sustainable mobility
- Reduces noise and air pollution caused by traffic



Industry

Passenger transportation

Region

Canada

Initial investment

2016

CDPQ's stake

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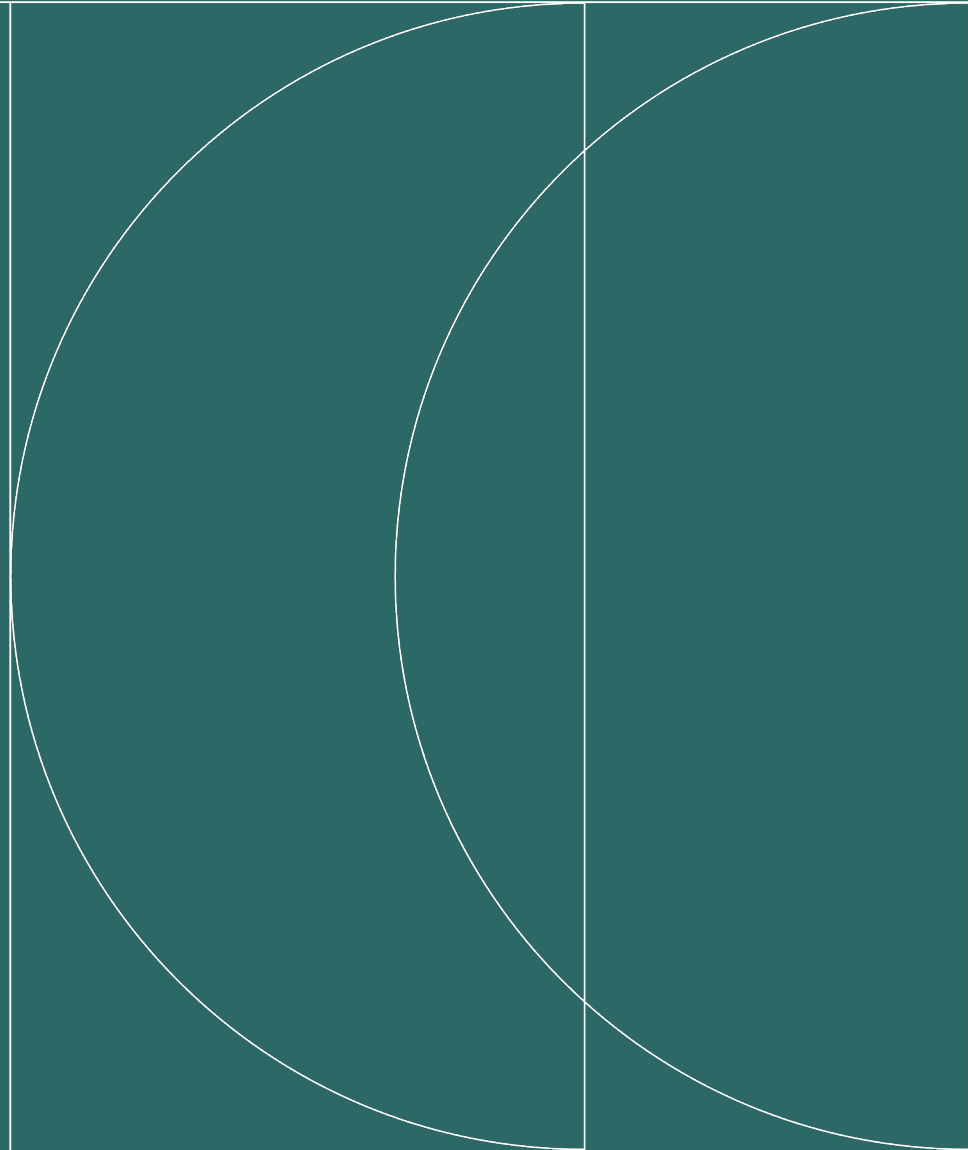
Partners

Gouvernement du Québec; Canada Infrastructure Bank; Hydro-Québec; Autorité régionale de transport métropolitain (ARTM)

Estimated cost

CAD 6,9 B

Appendices





Key links

CDPQ

[Investor relations](#)

[Sustainable investing report](#)

[New climate strategy](#)

[Our depositors](#)

Investments and Performance

[Total portfolio](#)

[Annual reports](#)

[Risk management](#)

Governance

[Laws, regulations and policies](#)

[Board of Directors](#)

[Executive Committee](#)

Green Bonds

[Second Party Opinion - Sustainalytics](#)

[Limited Assurance Report of the allocation of net proceeds by EY](#)

[REM GHG report \(in French only\)](#)