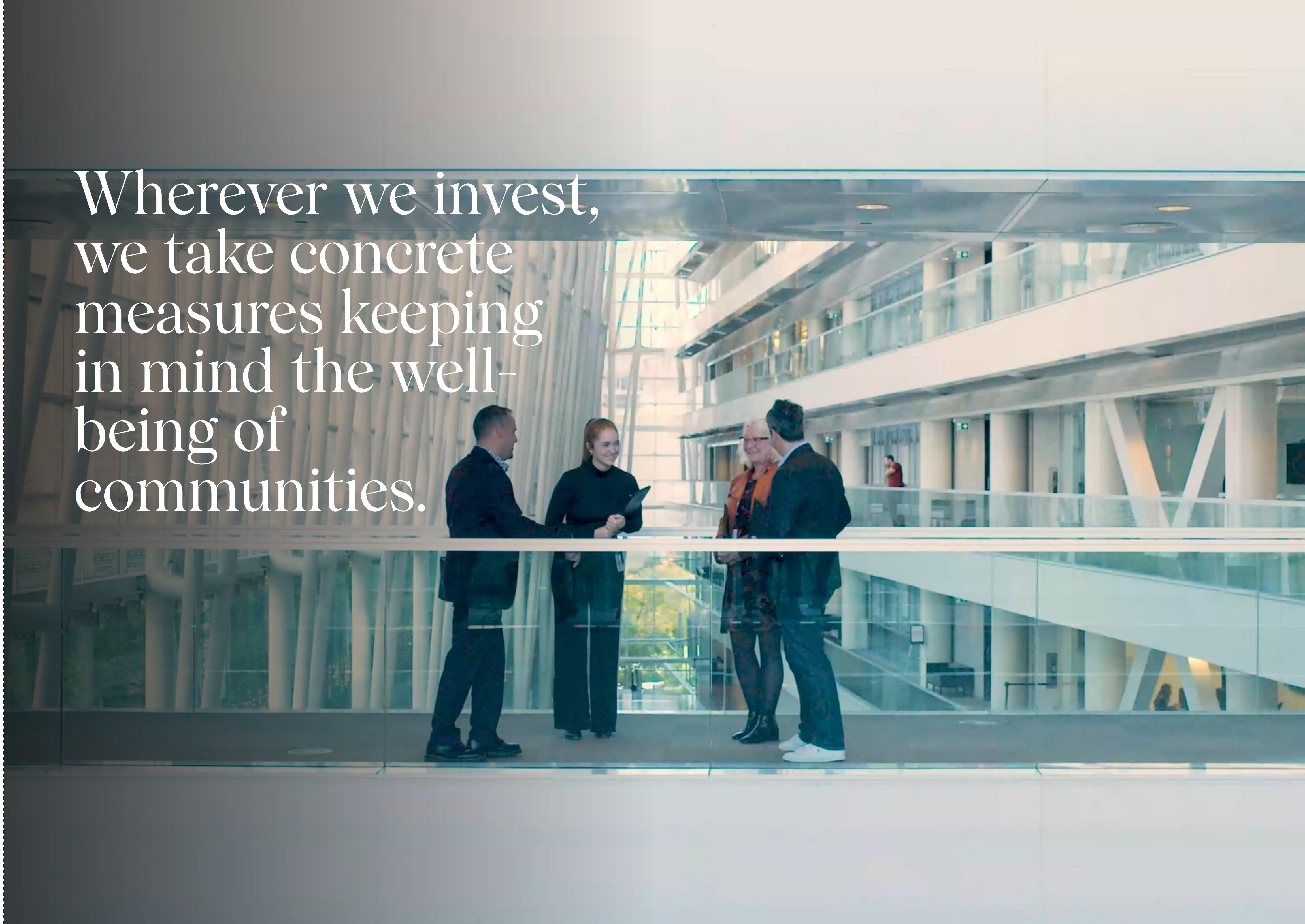
2022 SUSTAINABLE INVESTING REPORT

VIEW THE REPORT



Wherever we invest, we take concrete measures keeping in mind the well-being of communities.

Message from the President and Chief Executive Officer

In an environment characterized by simultaneous crises, like we are seeing now, the fact that many investors are turning to environmental, social and governance (ESG) factors to improve their asset management has given rise to a false debate.

"As a manager of public funds, building a more equitable and sustainable world is not a choice. It is a responsibility that goes with our fiduciary duty."

Taking concrete actions, for today and tomorrow

At CDPQ, we want to be among those who are taking concrete steps for present and future generations. We have a fiduciary duty toward our depositors, and together we share an ambition to act in the interests of the community.

We have convictions, but we are also pragmatic in our approach. Taking ESG factors into account allows us to better assess the long-term viability of a company and better understand the risks it faces. We also have short-, medium- and long-term targets to create value and ensure superior returns for our depositors.

Clear priorities

Our teams maintain an ongoing dialogue with our portfolio companies to improve their practices and support their performance through the application of rigorous criteria. Our efforts are focused on certain priorities—including the climate, diversity and taxation—to maximize our impact across all our areas of activity.

We acted early and decisively to address climate change, which represents a great risk to our companies. As a result, we now have one of the world's largest portfolios of assets in renewable energy generation. It has delivered excellent returns for our depositors over the past five years, generating higher performance than companies in oil production. Our exit from this sector is essentially completed.

We also believe there can be no doubt that our companies and external managers gain from supporting greater diversity and promoting inclusion within their teams. When they do, they benefit from diverse and complementary perspectives when assessing risks and identifying opportunities. And now, in these times of economic uncertainty, the need is greater than ever to promote equal opportunities through our activities.

Lastly, as a global investor, having our portfolio companies adopt a tax structure that respects communities is fundamental to our sustainable asset management approach. This is why we are one of the few fund managers in the world who committed to carrying out a systematic portfolio review from a tax perspective. We based that review on specific criteria, including the minimum tax rate recommended by the OECD and supported by the G20.

Solid value

Beyond the initiatives we are putting in place, we were recognized for our leadership as a global investor, in particular in terms of sustainable investing. Among several awards received during the year, we were named 2022 Fund of the Year, ahead of some 400 sovereign wealth funds and public pension funds analyzed by Global SWF. Our contribution to the development of Québec's sustainable economy was also recognized. In addition, our rigorous governance and climate action have earned us the number one ranking among pension funds in the World Benchmarking Alliance's Financial System Benchmark.

"Of course, it's demanding to be a successful and responsible investor. But we believe that's what it takes to fulfill our dual mandate."

In Québec and around the world, we are recognized as an innovator that can use our constructive capital and our network of international partners to create solutions to the challenges that markets and communities face. And every day, our approach is guided by our responsibility to the six million Quebecers who entrust us with their savings.

Charles Emond
President & Chief Executive Officer

Deploying constructive capital

We believe that investing sustainably means generating a positive impact for the communities where we are present. Our teams keep us focused on our long-term objectives. Above all, we remain true to our dual mandate of offering optimal performance to meet the needs of our depositors, while contributing to the development of a strong Québec economy.

$402 B Net assets as at December 31, 2022

Sustainability, at the heart of our priorities

Our approach to sustainable investing is based on integrating ESG factors and the positive impact that this can have on companies at every stage of their growth. This is why our teams take this into account in all our investment decisions regardless of the asset class. In this way, we make our approach a mechanism for risk management, value creation and innovation.

$78.4 B

Total assets in Québec

$100 B

Our ambition for our assets in Québec by 2026

Concerted efforts

Through the expertise of our teams, we are known for being a key partner in sustainable investing. We are able to create promising projects, links and partnerships, both in Québec and around the world, on the strength of our teams' combined skills, diversified experience and deep knowledge of the markets and our vast business network. These benefits enhance our influence and advance ESG practices.

We have targeted those issues on which we have the most impact today, and that allow us to generate positive and sustainable benefits for all our companies:

- Climate change
- Diverstiy, equity and inclusion
- Taxation
- Cybersecurity

In addition, our teams have established rigorous analytical processes at all stages of the investment cycle and for all asset classes. The risks, opportunities and specific features of each industry are studied in detail. This allows us to conduct regular monitoring and act quickly if concerns arise about a company's practices.

FIGURE 1

OUR SIX SUSTAINABLE INVESTING LEVERS OF INFLUENCE

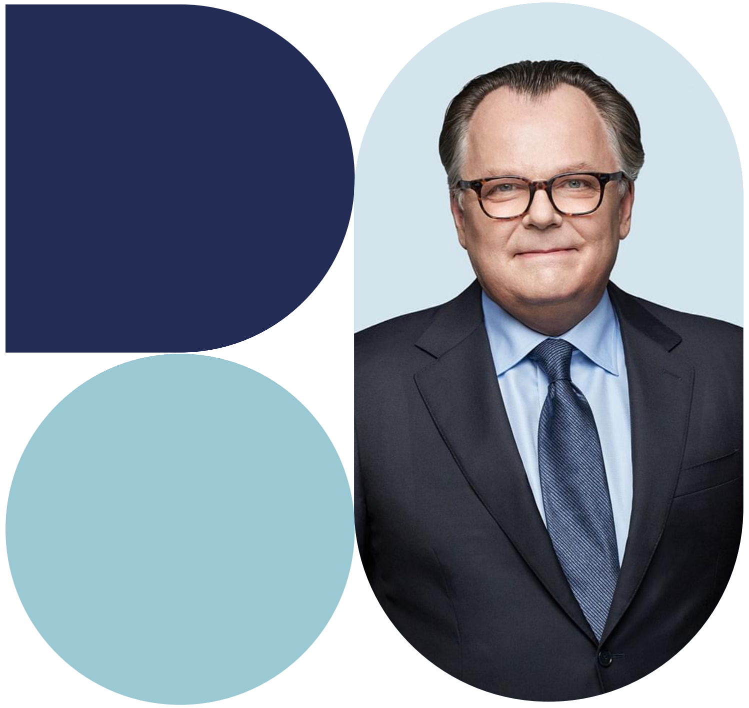
1	2	3	4	5	6
Strategic projects	**Leadership**	**Support**	**ESG integration**	**Dialogue and engagement**	**Shareholder voting**
Deployment of strategies, policies and initiatives to affirm our ambition in sustainability	Outreach initiatives in Québec and abroad as well as involvement in collaborative platforms alongside our peers and the financial ecosystem	Advisory role for our teams regarding sustainable investing opportunities and for our nominee directors and operating partners to enhance understanding of ESG issues	Assessment of ESG performance integrated into the investment analysis and decision-making process	Ongoing dialogue with our portfolio companies and external managers to promote ESG best practices and value creation	Exercise of our right to vote as a shareholder in accordance with our sustainability convictions and priorities

Tangible results

We regularly improve our internal processes to continue innovating and achieve our ambitious goals, while also taking into account the investment environment. We have deployed new tools in several areas, including:

- An analysis process that is focused on materiality, i.e. the tangible impacts of ESG factors, and value creation for each portfolio
- New technological solutions to generate ESG analyses more efficiently, provide a better portrait of our public companies' practices and enhance agility on our teams
- An analysis grid, developed in collaboration with Coop Nitaskinan, that targets issues to be considered when Indigenous (First Nations and Inuit) perspectives must be taken into account

For CDPQ, 2022 was rich in initiatives and progress, and the many awards we received underscore our impact in Québec and internationally. Every day, our teams' work, our alignment with our portfolio companies and external managers, our ability to support the growth of Québec companies internationally and our leadership in sustainable investing all serve one single, unifying objective—to deploy our constructive capital.



Message from the Global Head of Sustainability

I am extremely proud of our achievements over the past year. Through a combination of our diversified expertise and the market knowledge of our teams, we innovated and found practical solutions that address the financing of climate measures on a global scale. Our transition envelope and blended finance are examples of a range of solutions for working collectively, with various stakeholders, to catalyze efforts toward achieving ambitious targets.

I can see that, around the world, CDPQ's leadership shines. Our attendance at major events such as COP27 and COP15 and our participation, alongside our peers, in a number of global initiatives on ESG matters, are helping achieve progress on these critical issues. The synergy that emerges from these concerted international actions creates a spirit of collaboration and trust that is increasingly favourable to sustainable investing.

This suggests that solid progress will be made in 2023. Our teams will continue to propose various avenues for creating value for the communities where we invest. And we believe that our proactive engagement with our portfolio companies is a path to continued success.

For us, this is a promising way to build a sustainable future.

Marc-André Blanchard
Executive Vice-President and Head of CDPQ Global and Global Head of Sustainability

2022 Highlights

Sustainable Development Goals

We pursue six United Nations Sustainable Development Goals

5 GENDER EQUALITY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

Environment

We fight climate change every day

+$29 B

in low-carbon assets since 2017

$47 B

in low-carbon assets, including $12 billion in Québec

53%

reduction in the portfolio's carbon intensity compared to 2017

+$300 B

in low-carbon assets or in low-intensity sectors

Social

We help build stronger communities

45%
of employees at CDPQ are women

24%
of our employees in Québec identify as a member of one of the following three groups:

- visible minorities
- ethnic minorities
- Indigenous peoples

29%
of our nominee directors are women

136
pre-investment notices on tax practices

52%
of our public companies in active management have at least 30% of women on their Boards of Directors, an increase of 27% in 2 years

Governance

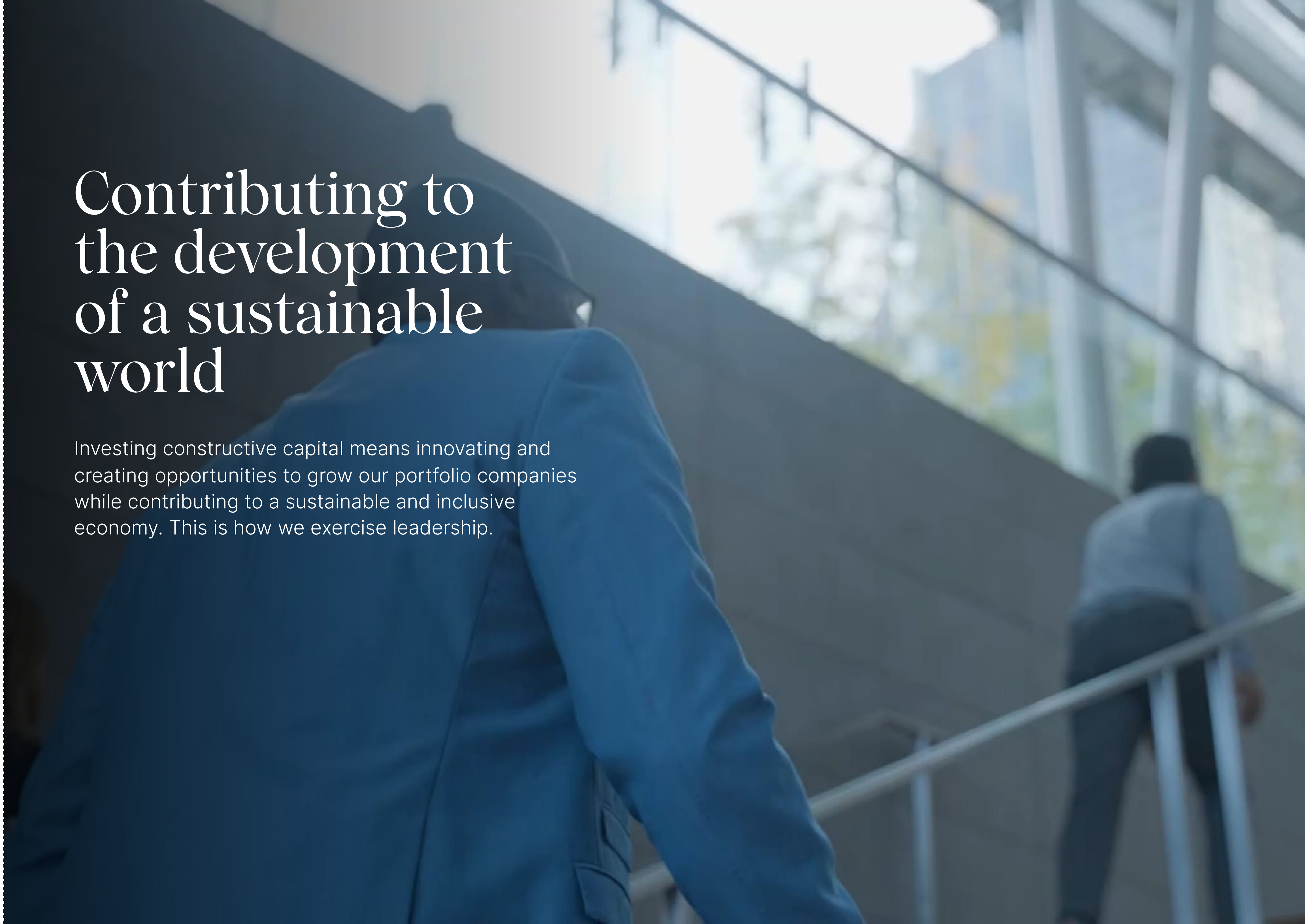
We are focused on promoting a strong governance structure

303
discussions to raise awareness on ESG factors among our portfolio companies

325
technology risk analyses

54,337
resolutions voted on at

5,537
shareholder meetings held by our portfolio companies



Contributing to the development of a sustainable world

Investing constructive capital means innovating and creating opportunities to grow our portfolio companies while contributing to a sustainable and inclusive economy. This is how we exercise leadership.

01 What sets us apart

On several occasions this year, we have stood out for our expertise, rigour and innovative sustainability practices.

Fund of the Year

CDPQ was named 2022 Fund of the Year by Global SWF, a global reference that analyzes the activities of approximately 400 public investment funds worldwide. The award highlighted our impact on Québec's economic development, our leadership among sovereign and public investors and our local and international actions to advance sustainable investment.

Financial System Benchmark

CDPQ was ranked first among pension funds in the World Benchmarking Alliance's (WBA) new international ranking, which is focused on three areas: governance and strategy, planetary boundaries and societal conventions. In particular, the WBA highlighted the transparency of our portfolio's carbon intensity disclosure and the rigour of our internal governance processes.

Best Places to Work

In 2022, CDPQ was ranked among the best places to work in the world, across all sectors, by Best Places to Work. Our Singapore office also received this recognition. This ranking is a reference for identifying and recognizing the best places to work around the world. Similarly, our London office was recognized as a Great Place to Work. These awards underscore our teams' ongoing efforts to build an inclusive and collaborative organizational culture.

IPE Real Assets & Infrastructure Global Investor Awards

This year, CDPQ won in several categories of the awards, which evaluate the achievements of institutional infrastructure investors. We received the following awards:

- Direct Strategy
- Energy Transition
- ESG/Sustainability
- Natural Capital
- Transport

CFA Institute Asset Manager Code

CDPQ was the first Canadian pension fund to adopt the CFA Institute Asset Manager Code. This global association of investment professionals sets the standard for ethical and professional responsibility. In adopting the code, we confirmed our commitment to continuously improve our governance rules in step with the changes in industry best practices.

02
Our initiatives to mobilize our portfolio companies and external managers

We help advance best practices in sustainable investing, and we encourage our portfolio companies and external managers to implement them. The complete list of the initiatives in which we are involved can be found at the end of this section.

Institutional Limited Partners Association (ILPA)

By joining the Diversity in Action initiative of ILPA, a group of international asset managers, we have committed to taking concrete actions, such as collecting and assessing diversity, equity and inclusion (DEI) related data from our external managers. We have taken part, along with other members, in various round tables and advisory board meetings to discuss DEI. We are also involved in the ESG Data Convergence Initiative, for which ILPA serves as official Secretariat, to promote ESG data disclosure in private markets.

Standards Board for Alternative Investments (SBAI)

We are actively involved in the SBAI, a global alliance of asset managers that promotes responsible practices. In 2022, we participated in several meetings of the Culture & Diversity Working Group. CDPQ was also the subject of a case study published in an SBAI report entitled Increasing Diversity in Allocator Portfolios. Among other things, the organization highlighted our focus on DEI matters in our analyses of externally managed investment opportunities, our enhanced operational due diligence process with respect to DEI and ESG considerations, as well as the extensive review we conducted of the DEI practices of our external managers around the world.

30% Club

We have renewed our commitment to the Canadian Chapter of the 30% Club in the context of the evolution of its pledge. The organization, which has a target of 30% representation of women on the Boards and executive teams of S&P/TSX-listed companies, has now set another target to increase the presence of underrepresented groups. Alongside this organization, we take part in several meetings to promote diversity best practices to our portfolio companies, and we have also taken part in a collaborative engagement effort — see the Constellation Software case study.

RDV Innovation

In 2022, CDPQ invited several portfolio companies recognized for their DEI and climate actions to attend in a roundtable discussion to share best practices on these issues. The discussion included a review of the roles played by businesses and investors in creating more sustainable and inclusive communities. More than 130 leaders from our private equity firms attended the event, which provided an opportunity to share innovative initiatives, practical recommendations and courses of action.

03
Our influence among our peers and in the industry

During 2022, we pursued our engagement with several major international initiatives.

Investor Leadership Network (ILN)

Co-founded by CDPQ in 2018 and co-chaired by our organization since its inception, this group of 12 global institutional investors works on addressing climate change and on fostering sustainable infrastructure and diversity in investment.

This year, the ILN released three publications: The Inclusive Finance Playbook, a guide of inclusion metrics in finance; The Net Zero Investor Playbook, a climate report; and a series of recommendations entitled Blended Finance, MDB Optimization and Private Capital Mobilization.

In addition, we have been actively involved in the infrastructure fellowship program at York University's Schulich School of Business. This program has been completed by 33 senior officials responsible for infrastructure planning in 18 growth markets. We also organized round tables with pioneering companies on DEI issues and co-led several research projects.

Net-Zero Alliance

(United Nations-Convened Net-Zero Asset Owner Alliance)

CDPQ is a founding member of this initiative launched by the United Nations in 2019 and sits on its Board. The 85 institutional investor members of the Net-Zero Alliance have committed to achieving a net-zero portfolio by 2050 by supporting the decarbonization of the real economy to meet the goals of the Paris Agreement.

In 2022, the Net-Zero Alliance released its second report, which details the progress made toward net zero by investors according to four targets: commitment, emissions reductions by portfolio and by sector, as well as transition financing. Beyond these targets, the report highlights the Alliance's efforts to promote changes that would foster a just transition, including a government-set carbon price and standardized climate data disclosures.

Sustainable Markets Initiative (SMI)

Since 2021, CDPQ has been a member of the Sustainable Markets Initiative, an international business coalition of more than 200 institutions and companies that supports the transition to a more sustainable economy. We take part in the Asset Managers and Asset Owners Task Force alongside other major actors from around the world. We have also worked closely with several industry players, including the International Civil Aviation Organization (ICAO), on a roadmap to promote carbon neutrality in the airline industry.

Lastly, in 2022 we joined SMI's Terra Carta initiative, which aims to provide companies with guiding principles for building a sustainable future by 2030.

B20 Summit

As part of Indonesia's presidency of the G20 in 2022, CDPQ co-chaired the B20 Finance and Infrastructure Task Force, which led to the release of a series of recommendations focused on accelerating infrastructure financing.

Global Investors for Sustainable Development Alliance (GISD)

We are members of this alliance of leaders in international finance. Formed by the United Nations Secretary General, the GISD seeks to facilitate and accelerate the deployment of capital to achieve Sustainable Development Goals (SDGs). We have taken part in promoting reforms of the multilateral banking system alongside business stakeholders.

Disclosure standards

In 2022, the Securities and Exchange Commission (SEC) and the International Sustainability Standards Board (ISSB) held consultations on recent developments in ESG and climate disclosure standards. CDPQ brought together a group of Canadian peers to develop joint responses to this critical issue. Our goal: to promote more rigorous criteria on the quality of information available to institutional investors.

We pursue six United Nations Sustainable Development Goals

United Nations Conferences of the Parties on Climate Change (COP27) and Biodiversity (COP15)

We are convinced that investors and businesses, along with public institutions and governments, have essential roles to play in fostering a just transition. This is why we believe it is important to actively participate in major international events. This year, we supported initiatives and shared our expertise on several occasions at COP27 and COP15.

COP27

In November 2022, CDPQ took part in several meetings and events at COP27 on climate change, held in Sharm El-Sheikh, Egypt. This allowed us to further explore the issue of the climate emergency with actors from the financial sector, peers and partners.

CDPQ was invited to join important discussions on the role of institutional investors as drivers of the transition. We took part in various events alongside Québec peers such as Fondaction, our Canadian peers such as the OMERS and CPP Investments and international and multilateral actors such as the World Bank and several specialized United Nations agencies.

COP15

In December 2022, we took part in this international conference held in Montréal. We took advantage of this opportunity to bring together key players to discuss biodiversity and how the financial sector can be involved in implementing actions to protect and restore nature.

CDPQ took this opportunity to announce four new commitments on biodiversity. They reflect the three pillars of our approach:

- Assess our portfolio
- Create partnerships to develop our intervention framework
- Raise awareness among businesses

Development of biodiversity indicators

CDPQ has launched an innovative research project that brings together universities, financial actors and non-governmental organizations. In collaboration with Fondaction, the Canadian Parks and Wilderness Society (CPAWS Quebec) and Biodiversité Québec, over the next few months we will be developing biodiversity indicators specific to Québec regions and investors.

Taskforce on Nature-related Financial Disclosures Forum (TNFD Forum)

CDPQ has joined this multidisciplinary advisory group of over 1,000 organizations from around the world. The TNFD Forum supports the development of a common management and disclosure framework on nature-related risks for businesses and financial institutions. Our participation will allow us to speak with specialists to deepen our knowledge and foster better decision making, while encouraging capital allocations to more environmentally friendly activities.

Farm Animal Investment Risk and Return (FAIRR)

We are a member of FAIRR, a globally recognized organization that facilitates cooperation among investors on ESG issues related to the food sector. In the interests of encouraging efforts to protect biodiversity, we have taken part in sending letters of commitment to targeted companies to raise their awareness on the impacts they have on nature and to encourage them to adopt best practices.

Framing the Future for Nature by S&P Global Sustainable1

CDPQ supports this initiative, which brings together more than 270 international organizations to share perspectives and ideas on accelerating the development of data intelligence on finance, biodiversity and nature-related risks. We are therefore participating in Framing the Future for Nature, a pilot program to implement the TNFD framework on a portion of our portfolio, which will lead us to combine geospatial data on biodiversity with S&P Global's in-depth information about local business activities.

04
Our commitment to the community

Beyond our investments, we are committed to supporting non-profit organizations that have concrete and direct impacts on the community. We consider this one more way to generate positive benefits for communities.

CDPQ supported more than 200 organizations working in our four priority philanthropic sectors:

- Communities, including the fight against poverty, school perseverance and access to culture
- Health care
- Fight against climate change
- Universities

Coop FA

We support Coop FA's *Carbone Scol'ERE* educational program, which inspires students across Québec to adopt environmentally responsible behaviours. This program was also run in classrooms in various Indigenous communities, in collaboration with the First Nations of Quebec and Labrador Sustainable Development Institute. An initial pilot project was deployed in a few classrooms, which allowed for the educational methods to be adapted and to design workshops that reflect the reality of Indigenous communities.

Sustainable Growth Initiative

We are a founding partner, alongside McGill University, of a new hub dedicated to providing businesses with concrete solutions for building a more sustainable economy. Through research-to-action projects, engagement workshops, global student competitions and knowledge sharing, the initiative will seek practical solutions to the economic challenges and environmental and social impacts that businesses face every day.

La Fondation Autiste & majeur

We support a research-to-action project led by the Institut universitaire en déficience intellectuelle et en trouble du spectre de l'autisme in collaboration with the foundation, whose objective is to help integrate young adults with an autism spectrum disorder into the labour market.

Centraide of Greater Montreal

We contribute to the DEI Fund, a new initiative launched in 2022 by Centraide to encourage the adoption of inclusive practices in community settings as a way to better meet the needs of marginalized groups.

Initiatives and partnerships

CDPQ participates in and works closely with numerous groups to advance sustainable investment practices.

NAME	MISSION	TARGETED REGION	SECTOR
30% Club	Organization that targets having 30% women and the increased presence of other underrepresented groups on Board of Directors and management teams of companies listed on the S&P/TSX Composite Index	Canada	S
UN-convened Net-Zero Asset Owner Alliance	Coalition of investors committed to a net-zero economy	Global	E
Association of Quebec Women in Finance (AFFQ)	Network and place for discussion dedicated to the professional advancement of women in finance	Québec	S
Responsible Investment Association (RIA)	Association that contributes to the growth and development of responsible investment	Canada	ESG
Canadian Investor Statement on Diversity & Inclusion	Canadian Investor Statement on Diversity & Inclusion	Canada	S
Asia Investor Group on Climate Change (AIGCC)	Group of Asian investors working to create awareness on climate change among financial players	Asia	E
Asian Corporate Governance Association (ACGA)	Organization dedicated to implementing sound corporate governance practices	Asia	G
Canadian Coalition for Good Governance (CCGG)	Coalition of Canadian investors that seeks to encourage corporate governance best practices	Canada	G
Carbon Disclosure Project (CDP)	Initiative on environmental disclosure	Global	E
CDP Science-Based Targets Campaign	Coalition that seeks to encourage companies to set targets for reducing greenhouse gas (GHG) emissions	Global	E
Catalyst	Organization that helps create inclusive workplaces for women	Global	S
Ceres	Organization promoting sustainable finance	Global	E

NAME	MISSION	TARGETED REGION	SECTOR
EDGE+ Certification	Certification that measures DEI in the workplace	Global	S
CFO Leadership Network - Accounting for Sustainability (A4S) Initiative	Group of chief financial officers from international organizations involved in sustainable finance	Global	ESG
Chambre de commerce LGBT du Québec	Organization that represents and supports the LGBT business community in order to foster success among its members and encourage their recognition in different socio-economic groups and by governments	Québec	S
Climate Action 100+	Campaign to raise awareness among large corporate GHG emitters	Global	E
Climate Bonds Initiative (CBI)	Organization that develops standards and raises awareness on the importance of green bonds	Global	E
Collège des administrateurs de sociétés (CAS)	Francophone institution dedicated to training Board members	Québec	G
Sustainable Finance Action Council	Federal government advisory committee on sustainable finance issues	Canada	ESG
Quebec Business Council on the Environment (CPEQ)	Organization that represents the business sector on questions related to the environment and sustainable development	Québec	E
Council for Cyber and Business Security of the Conference Board of Canada	Discussion group focused on best practices in cybersecurity	Canada	G
CEO statement of Canada's eight largest pension fund managers	Statement calling on companies and investors to encourage sustainable and inclusive economic growth	Canada	ESG
Écotech Québec	Organization that maximizes opportunities to develop and deploy clean technologies	Québec	E
Farm Animal Investment Risk & Return (FAIRR)	Investor network working on ESG issues in the food sector	Global	ESG
Focusing Capital on the Long Term (FCLTGlobal)	Organization that conducts research and develops tools to encourage long-term investments	Canada	ESG

NAME	MISSION	TARGETED REGION	SECTOR
Finance Montréal	Organization dedicated to developing the financial sector	Québec	ESG
Statement by the Quebec Financial Centre for a Sustainable Finance	Charter of commitments by stakeholders in the Québec financial sector, initiated by Finance Montréal, in favour of finance based on responsible principles	Québec	ESG
Glasgow Financial Alliance for Net Zero (GFANZ)	Coalition of leading financial institutions that aims to accelerate the transition to a net-zero global economy by 2050	Global	E
Global Investors for Sustainable Development Alliance (GISD)	Organization committed to increasing long-term financing and investment in sustainable development in line with UN goals	Global	ESG
Institute of Corporate Directors (ICD)	Organization that encourages excellence on Boards of Directors to strengthen corporate governance	Canada	G
Institute for governance of private and public organizations (IGOPP)	Research and training institute that aims to improve public and private organization governance	Québec	G
Institutional Investors Roundtable	Collaborative network of pension funds and sovereign wealth funds	Global	ESG
Institutional Limited Partners Association - ILPA	Group of international asset managers committed to working together to improve industry practices, particularly on ESG and DEI issues	Global	ESG
Diversity in Action Initiative	Initiative aimed at advancing DEI in private equity	Global	S
ESG Data Convergence Initiative	Initiative that aims to foster a convergence on ESG measures in private markets	Global	ESG
BlackNorth Initiative	Initiative to end systemic racism against the Black community and persons from visible minorities	Canada	S
United Nations Environment Programme – Finance Initiative (UNEP FI)	UN program to catalyze action in the financial community on environmental issues	Global	E
International Corporate Governance Network (ICGN)	Group of investors that promotes sound governance principles	Global	G
International Sustainability Standards Board (ISSB) - IFRS Foundation	Organization that is developing a global framework and disclosure standards for ESG factors	Global	ESG
The A Effect	Initiative that seeks to drive female ambition	Québec	S
Women in Governance	Organization that supports women’s leadership and career advancement	Canada	S
Legal Leaders for Diversity and Inclusion	Organization that promotes diversity in the legal community	Canada	S

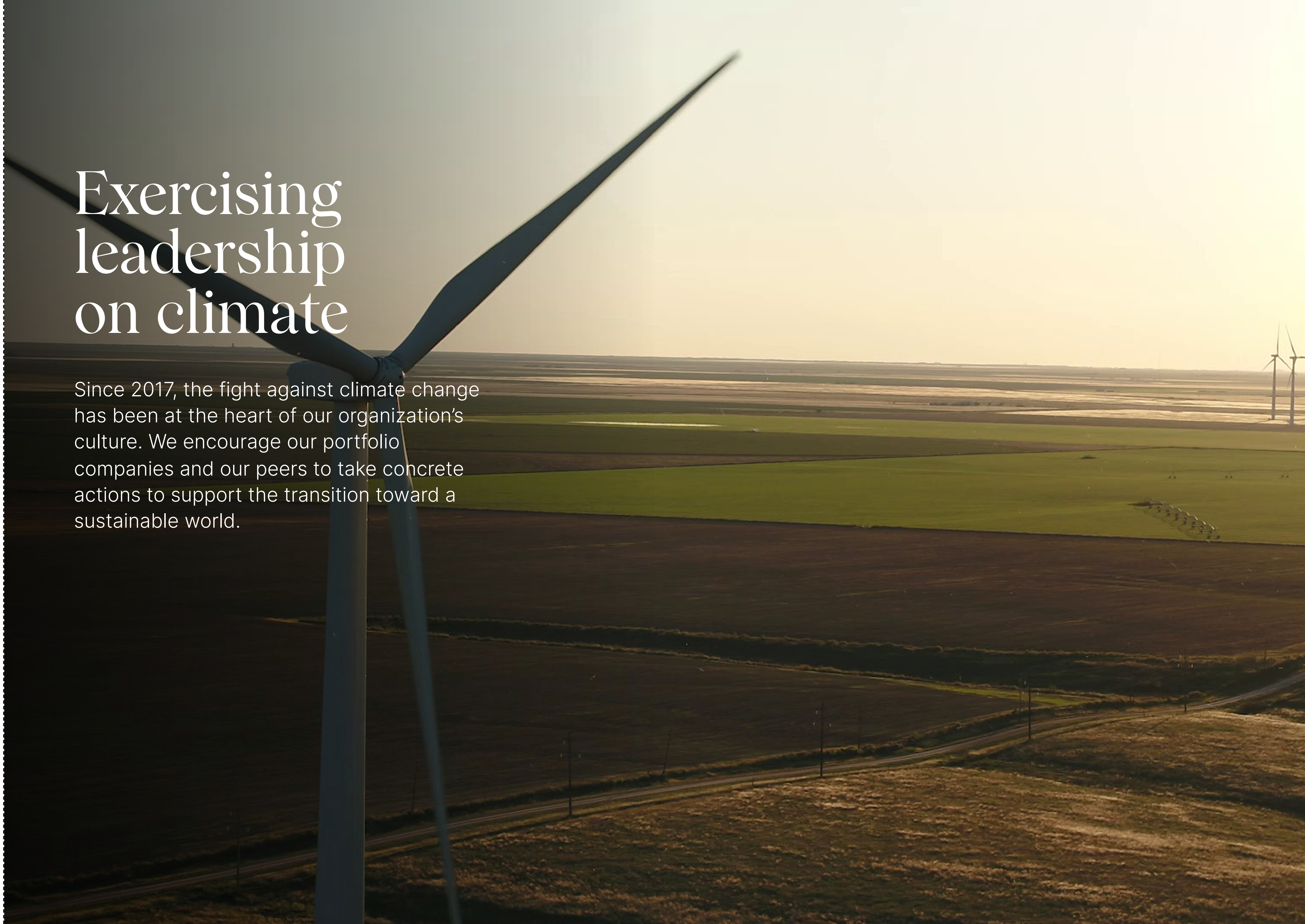
NAME	MISSION	TARGETED REGION	SECTOR
The Prosperity Project	Organization created to stop COVID-19 from setting back women	Canada	S
Les Cheffes de file	CDPQ initiative to propel the growth of women-owned businesses	Québec	S
Montréal Climate Partnership	Coalition of Montréal organizations working to fight climate change	Québec	E
Pension Investment Association of Canada (PIAC)	Forum for Canadian pension plans to share information and knowledge	Canada	G
Powering Past Coal Alliance (PPCA)	Coalition of governments and businesses working to end the use of coal	Global	E
Pride at Work Canada	Organization that empowers employers to build workplaces that celebrate all employees	Canada	S
Principles for Responsible Investment (PRI)	Organization responsible for the UN's sustainable finance principles	Global	ESG
Financial sector statement on biodiversity for COP15	Commitment of international financial institutions to support biodiversity conservation and restoration through their investments	Global	E
Rep Matters	Initiative whose mission is to support Black entrepreneurs and offer networking opportunities	Canada	S
Investor Leadership Network (ILN)	International coalition of investors involved in sustainable finance	Global	ESG
Joint Engagement Letter on Diversity	Engagement by the members of the ILN toward DEI	Global	S
Réseau des femmes d'affaires du Québec (RFAQ)	Organization that promotes the growth of women-owned businesses through coaching and mentoring to help them access new markets	Québec	S
SASB Standards	International standards for companies to disclose their sustainability information	Global	ESG
Say on Climate	Initiative to promote consultative voting on corporate climate plans	Global	E
Standards Board for Alternative Investments (SBAI)	Organization to improve responsible practices, partnerships and knowledge on alternative investments	Global	ESG
Sustainable Markets Initiative (SMI)	Coalition of financial players involved in the fight against climate change and in protecting biodiversity	Global	E
Terra Carta	Initiative to provide companies with a roadmap to 2030 to build an ambitious and sustainable future	Global	E
Task Force on Climate-related Financial Disclosures (TCFD)	Task force that supports asset owners and fund managers in their climate change disclosure strategies	Global	E

NAME	MISSION	TARGETED REGION	SECTOR
Taskforce on Nature-related Financial Disclosures (TNFD Forum)	Consultative group collaborating on disclosure and management of nature-related risks	Global	E
Tobacco-Free Finance Pledge	Coalition to encourage the financial community to withdraw from the tobacco industry	Global	ESG

SEE NEXT SECTION – **ENVIRONMENT**

Exercising leadership on climate

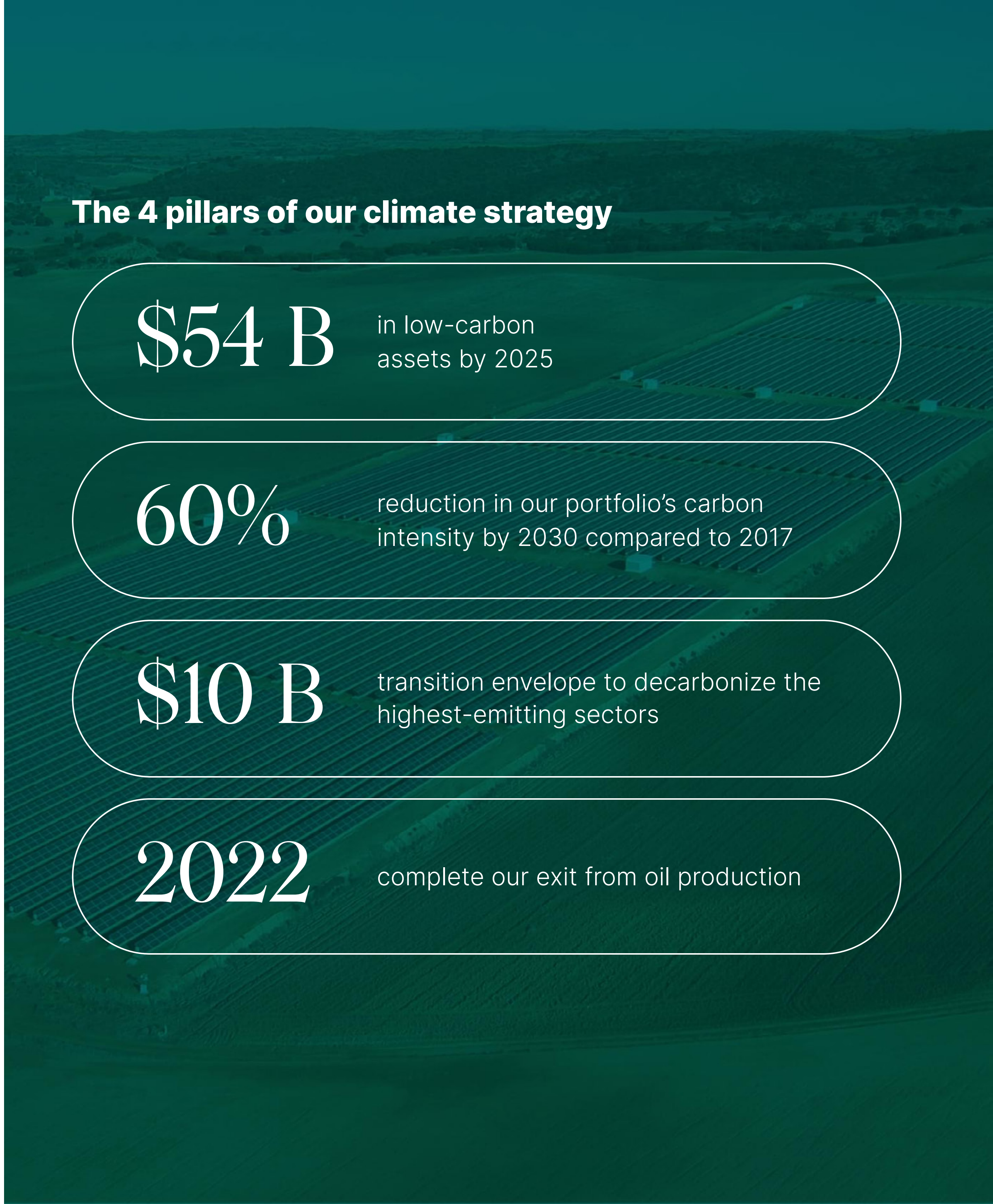
Since 2017, the fight against climate change has been at the heart of our organization's culture. We encourage our portfolio companies and our peers to take concrete actions to support the transition toward a sustainable world.



Guided by the ambition of our second climate strategy, adopted in 2021, we are continuing our efforts to help decarbonize the real economy and limit the impacts of climate change. To that end, we are investing our constructive capital in sustainable projects. We also leverage our expertise to move the industry forward and accelerate the transition.

Our objective

Achieve a net-zero portfolio by 2050



The 4 pillars of our climate strategy

$54 B in low-carbon assets by 2025

60% reduction in our portfolio's carbon intensity by 2030 compared to 2017

$10 B transition envelope to decarbonize the highest-emitting sectors

2022 complete our exit from oil production

01
Our low-carbon assets

Over the years, CDPQ has become an international leader in sustainable investment. We have focused our efforts on three areas in particular: 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.

Our target for 2025

$54 billion in low-carbon assets

Our low-carbon assets are defined according to the Climate Bonds Initiative (CBI) taxonomy, one of the most rigorous in the world. As at December 31, 2022, the value of our low-carbon assets totalled $47 billion, up $29 billion over five years (Chart 2). These investments are making a direct contribution to the decarbonization of the real economy.

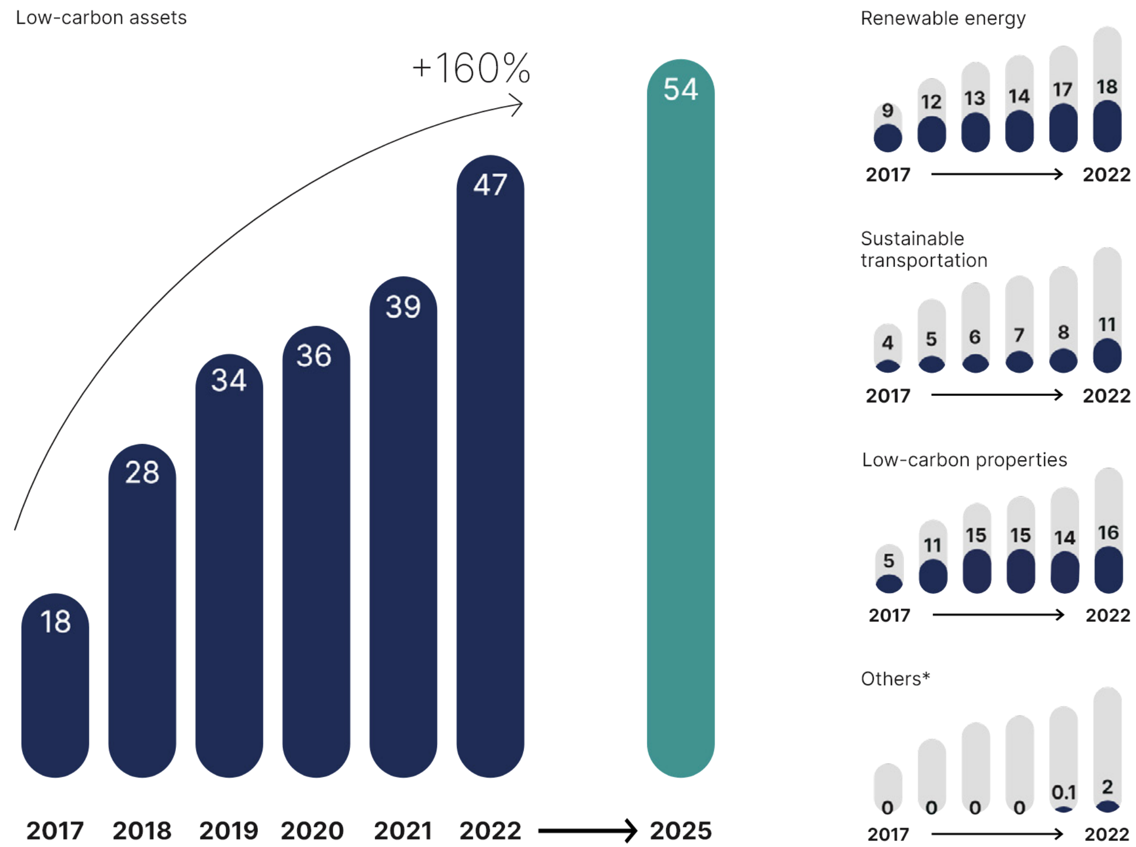
$12 B in low-carbon assets in Québec

In addition to our low-carbon assets, nearly $37 billion is invested in companies with a science-based decarbonization target certified by the Science Based Target Initiative (SBTi). As a result, we have over $84 billion in assets aligned with the Paris Agreement.

$84 B in assets aligned with the Paris Agreement

CHART 2

CDPQ is on track to meet its **target** of $54 billion in low-carbon assets (in $B)



* Includes the new sectors from CBI's taxonomy.

Low-carbon assets in our global portfolio

$18 B
Starting Point
2017

$47 B
Value
2022

$54 B
Target
2025

In 2022, our investment teams added several assets located around the world to our low-carbon portfolio.

- New investment
- Leader in locomotive leasing services in France and Europe
- Has the largest fleet on the continent, of which 75% is electric, to deliver low-emission transportation solutions

- CDPQ's first infrastructure investment in Japan
- Japanese leader in the renewable energy sector
- Owns solar, agri-solar, wind, hydroelectric and biomass facilities

- New investment
- Québec-based building engineering firm with expertise in energy efficiency
- Designs sustainable public, commercial and multiresidential buildings across Canada

- CDPQ's first investment in green hydrogen
- European pioneer in synthesizing green hydrogen-based fuels
- Develops and operates green hydrogen and e-fuel production facilities worldwide

Our green bonds

In November 2022, CDPQ issued a second green bond—the first in Canadian dollars—in an amount of $1.25 billion. This represents another important milestone in our financing program in support of our sustainable investing strategy.

This debt issue is aligned with our climate commitments and a framework based on industry best practices. It also allows us to diversify our funding sources globally by leveraging our sustainable assets, such as the Réseau express métropolitain (REM).

This second issue brings the value of our green bonds to over $2.5 billion since the program's launch in 2021.

Our investments in climate innovations

Through various partnerships with S2G Ventures, Energize Ventures and bp ventures, we have targeted new investment opportunities. We have paid particular attention to two innovation sectors: the energy transition (cleantech) and sustainable agri-food (agtech).

In 2022, in collaboration with S2G Ventures, we led a USD 125-million financing round in Soli Organic. This agriculture company uses controlled environments to grow fresh food in indoor vertical farms. Its production methods allow it to grow products that are certified organic by the United States Department of Agriculture (USDA).

We are also closely monitoring developments in our past investments, including:

- Benson Hill: This U.S. ingredient supplier has achieved ProTerra certification, which highlights best practices in sustainable agriculture.
- Jupiter: This specialist in the assessment and management of risks related to physical climate impacts has seen a sharp increase in requests for its analyses.
- BTR Energy: This software developer for electric vehicle networks in the U.S. now benefits from new regulations by the Environmental Protection Agency (EPA) through its Renewable Fuel Standards (RFS) program.

02
Our carbon intensity per dollar invested

Each year, we measure our portfolio's carbon emissions per dollar invested using the methodology recognized by the UN-convened Net-Zero Asset Owner Alliance. This 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.

Our target for 2030

Reduce the carbon intensity of our portfolio by 60% compared to 2017

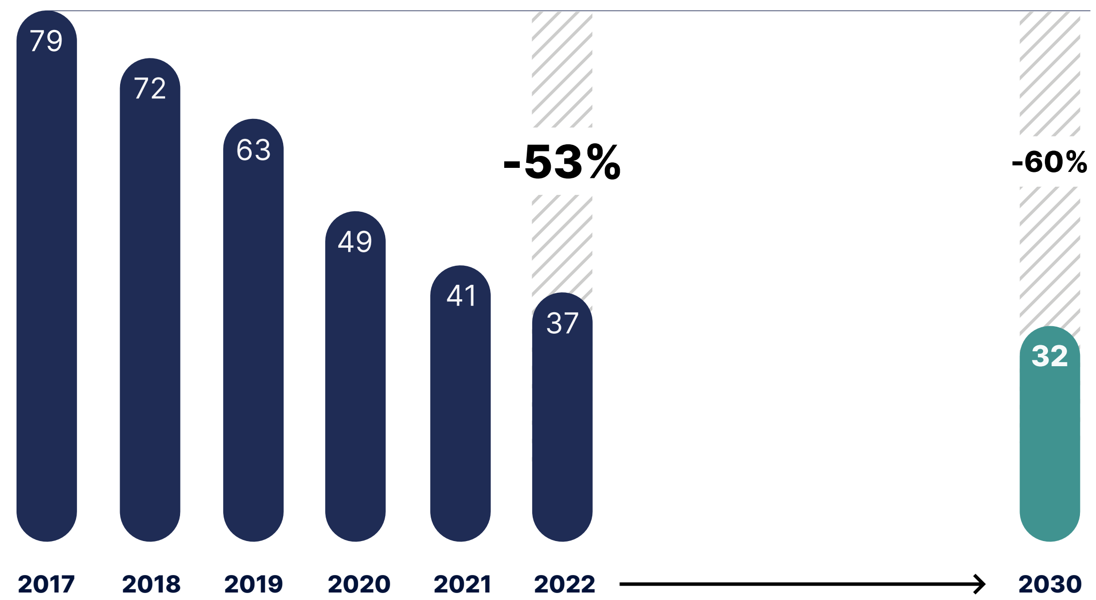
In 2022, the carbon intensity of our portfolio decreased by 53% compared to our 2017 starting point.

It was 37 tCO_2e/M$ at December 31, 2022, compared to 79 tCO_2e/M$ on the same date in 2017 (Chart 3). This decrease was largely due to our low-carbon assets, the decarbonization efforts of our portfolio companies and our exit from oil production and refining. The details of the carbon intensity calculation, which covers the entire corporate portfolio but excludes the transition envelope, can be found in Appendix 2.

Our efforts have put us on track to meet our 2030 goal. However, the trend in carbon intensity is not necessarily linear and could be influenced by various factors, such as asset values and investment opportunities in the transition sectors.

CHART 3

CDPQ records a sustained decrease in its portfolio's carbon intensity (in tCO_2e/M$)



Total portfolio carbon intensity

2017	2022	2030
79 tCO_2e/M$ invested	37 tCO_2e/M$ invested	32 tCO_2e/M$ invested
Starting Point	Value	Target

Our portfolio includes a variety of assets with low carbon emissions, including low-carbon assets (12%) and investments in low-intensity sectors (67%) such as finance, health and telecommunications. They represent only 21% of the total footprint of our portfolio (Chart 4).

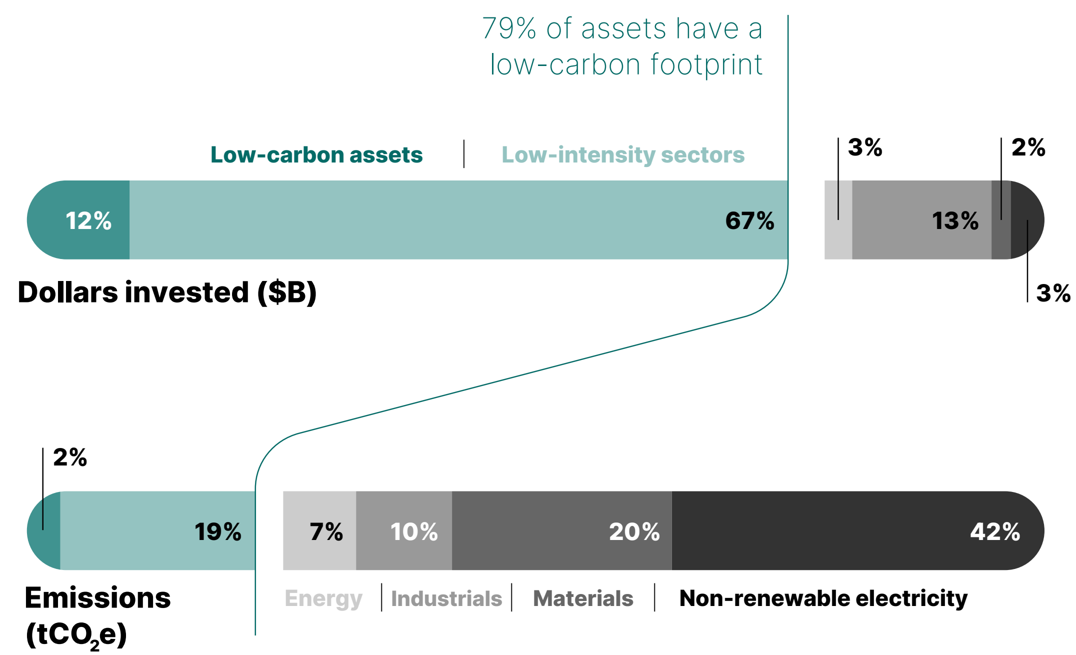
+$300 B

in low-carbon assets or in low-intensity sectors

Our assets in the highest-emitting sectors represent only 21% of our portfolio. However, some of these sectors are necessary for the manufacturing of key components for the transition.

CHART 4

A minority of investments is responsible for the majority of the portfolio's carbon footprint



03
Our actions to accelerate the transition

CDPQ considers that the transition of the highest-emitting industries is a key component of the fight against climate change. This is why we offer companies constructive and innovation-based support to assist them on their decarbonization journey.

Our commitment

A $10-billion envelope to decarbonize the highest-emitting sectors

In 2022, we completed three transactions that meet the criteria of the transition envelope. These investments were evaluated by our teams and reviewed by independent external experts to validate the rigour of their respective decarbonization plans and to ensure alignment with the Paris Agreement. The selected companies had to meet specific standards set by the CBI or the SBTi:

- Have a proven decarbonization strategy
- Have an implementation plan
- Disclose their progress, both internally and externally

KKR - Albioma SA

CDPQ supported KKR's acquisition of Albioma SA, a French energy producer that operates more than 1 GW of thermal, solar and geothermal energy facilities worldwide. This transaction will accelerate the energy transition strategy already begun with the conversion of its coal-fired power plants to primarily residual biomass power plants. Albioma SA has set itself a goal of abandoning coal by 2025 and plans to generate 100% of its electricity from renewable energy by 2030.

AES Indiana

We reinvested in this U.S. electricity provider that generates, transmits and distributes electricity to more than 500,000 residential, commercial and industrial customers in Indiana, USA. This transaction will allow the company to finance two investment plans: one to optimize its transmission and distribution operations, and the other to replace coal-fired generation units with renewable energy by the end of 2023. This is a doubly effective strategy that will allow the company to decarbonize both its operations and the energy it supplies to customers.

Apraava Energy

We reinvested in this Indian electricity provider. The transaction will ensure the implementation of a plan to increase the company's renewable energy generation capacity to reduce its reliance on coal combustion. Apraava Energy has also adopted an ambitious decarbonization objective inspired by the SBTi methodology.

As a result of these first three transactions, the carbon footprint of the transition envelope is 0.6 $MtCO_2e$, or a carbon intensity of 1,489 $tCO_2e/M\$$. This validates the importance of this capital for companies' decarbonization processes and explains why the footprint of this envelope is accounted for separately from the rest of CDPQ's portfolio – see Appendix 2.

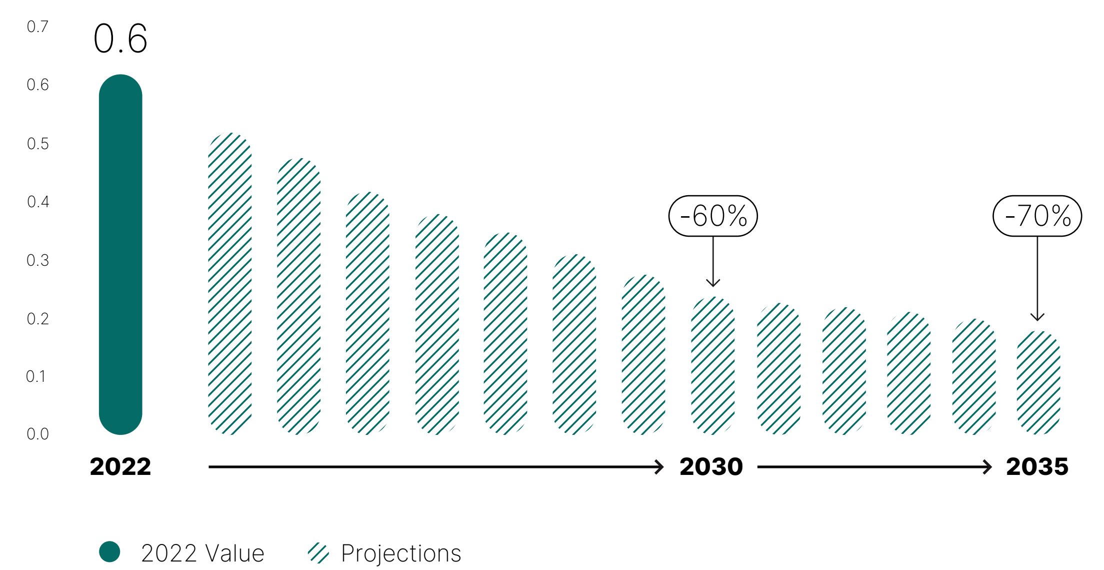
Moreover, this footprint is subject to the same external review as that of the portfolio, and it evolves according to the trajectories of its constituent companies and their implementation of decarbonization plans aligned with the Paris Agreement (Chart 5).

Based on the decarbonization plans of these three companies, the footprint of these investments could decrease by almost 60% by 2030 and close to 70% by 2035.

This demonstrates how CDPQ deploys its capital to reduce the transition risk of these companies and help decarbonize the planet, while generating attractive returns.

CHART 5

Projected evolution in the transition envelope's footprint (in $MtCO_2e$)



04
Our plan for fossil fuels

Oil production is a sector that does not meet either our long-term goals or our sustainability requirements. With this in mind, we announced in 2021 our intention to divest from our assets in this sector. Our teams ensure that this commitment is fulfilled while ensuring that our depositors' returns are protected through promising investments in transition energies. Thus, we also finalized our exit from the coal mining industry and we support our companies' transition to more sustainable energy sources.

We are also tracking our exposure to natural gas, an industry still necessary to meet today's energy needs.

Our commitment

Complete our exit from oil production by the end of 2022

Our assets in the oil sector

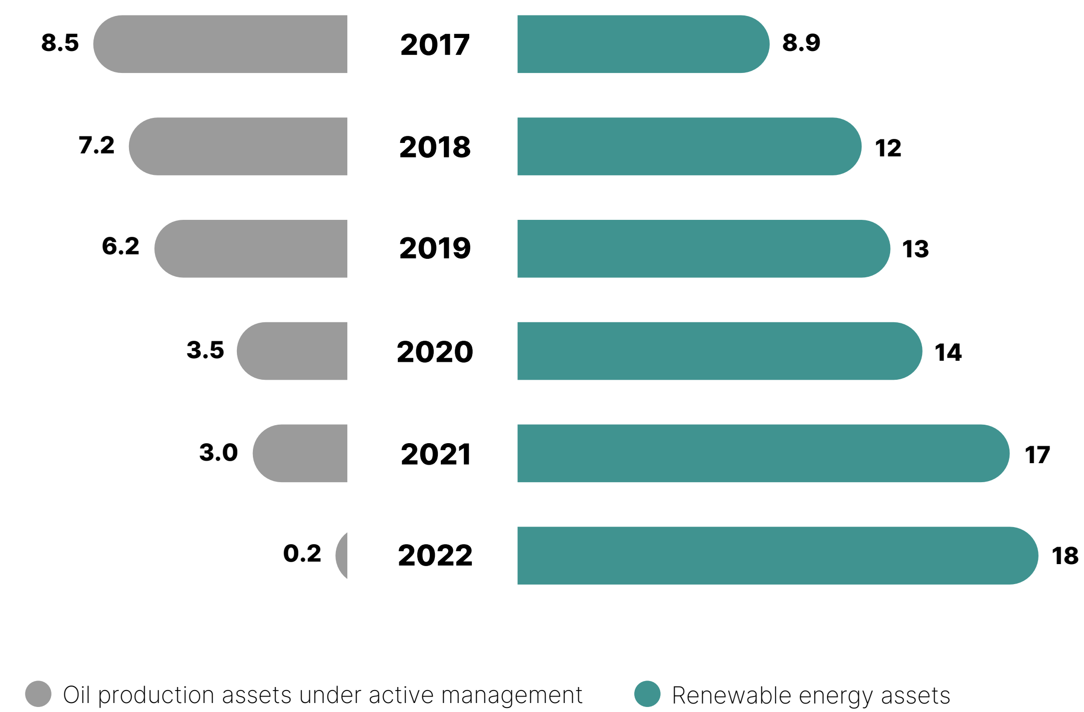
In 2022, we continued our orderly exit from oil production and refining assets (Chart 6).

As at December 31, 2022, we had only $0.2 billion in assets under active management in this sector, or 0.05% of our net assets.

Our exit from the sector is essentially completed. We only have a single investment left, which we will divest from in the course of 2023.

CHART 6

Renewable energy assets represent a growing share of our portfolio, while oil production is now practically absent (in $B)



Coal

We have completed our exit from coal mining, as it is one of our investment exclusions (Chart 7). Since 2017, we have divested from all of our assets under active management in this sector.

We are making clear demands on portfolio companies in the thermal coal-fired power generation sector to implement a concrete transition process.

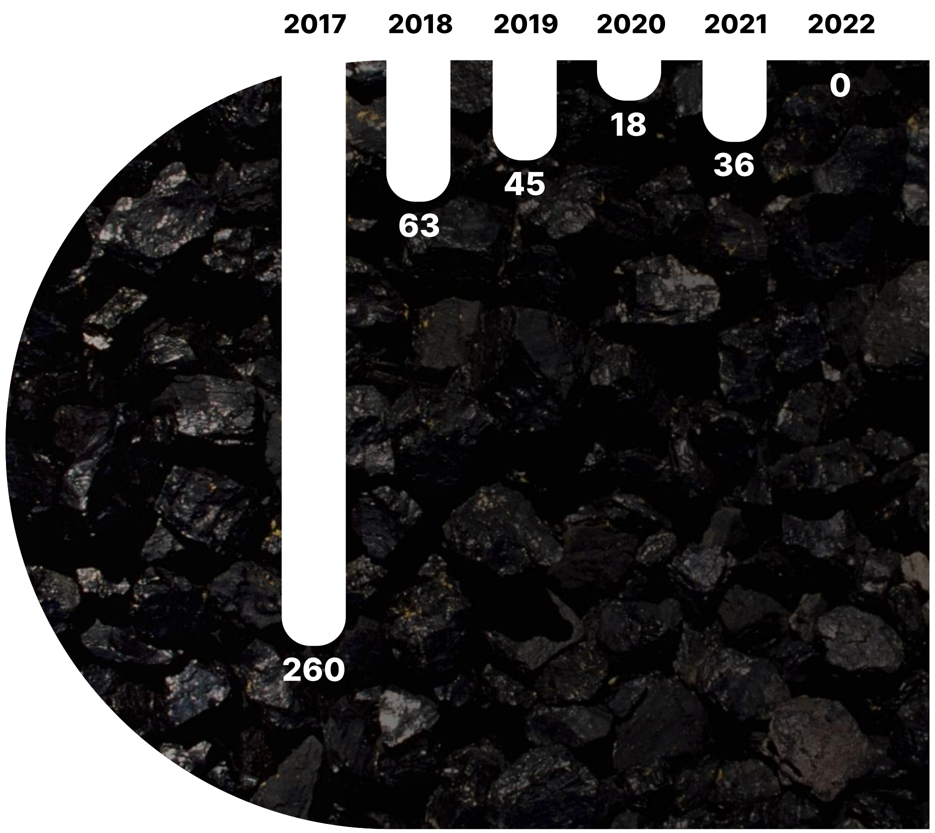
To that end, we encourage the companies in our portfolio that are currently using coal to upgrade their facilities to use renewable sources of energy. Our three transition envelope transactions are examples of companies committed to deploying more sustainable energy solutions.

As a member of the Net-Zero Asset Owner Alliance, CDPQ has made strong commitments regarding coal in 2020:

- No new thermal coal projects
- Progressive elimination of most of our assets fuelled by thermal coal in industrialized countries by 2030
- An almost complete elimination of our assets in this sector, worldwide, by 2040

CHART 7

Evolution of our actively managed exposure to coal mining (in $M)



Natural gas

For now, we consider natural gas a necessary energy source for the transition and an alternative to more polluting energies, such as coal. At the same time, we continue to raise awareness among our portfolio companies, encouraging them to adopt best practices and meet our high sustainability requirements.

Énergir

We are the majority shareholder of Énergir, a Québec-based energy company that distributes natural gas, renewable natural gas and electricity.

Énergir has made several concrete changes in recent years, including the implementation of a detailed decarbonization plan for 2030, and it recently adopted an ESG policy. This will enable the company to become a North American leader in sustainability and accelerate the energy transition where it operates.

Case study

Climate engagement

In 2022, we voted against the re-election of the Board members of 10 companies to underscore their lack of ambition on decarbonization. These individuals are responsible for sustainability and climate-related issues on their Boards.

These companies have been targeted by Climate Action 100+, an investor group that promotes best practices in terms of climate strategies among the highest greenhouse gas (GHG) emitters. This type of initiative aims to encourage them to integrate climate risks into their activities by demonstrating the importance of these factors in the successful long-term operations of an organization.

Case study

Berkshire Hathaway

We continued our efforts, begun in 2020, to raise the company's awareness on ESG issues. Since then, Berkshire Hathaway has assigned responsibilities on its Board of Directors for managing climate-related issues, and one of its subsidiaries, Berkshire Hathaway Energy, has set a net-zero target for 2050. Despite this progress, much remains to be done to ensure that the company adopts best practices.

This is why, at the 2022 annual meeting, we filed, in partnership with Brunel Pension Partnership Limited, represented by EOS at Federated Hermes, the California Public Employees' Retirement System (CalPERS), and the State of New Jersey Common Pension Fund, a new shareholder proposal requesting that the company set GHG emissions reduction targets as well as disclosure targets for their climate risks for the entire conglomerate, in accordance with the framework of the TCFD.

Case study

Fiducie agricole REM

With an initial budget of $2.9 million, this initiative launched in 2017 by our subsidiary CDPQ Infra in partnership with the Union des producteurs agricoles (UPA), led to the creation of the REM agricultural trust. The goal of this social utility trust is to acquire land and lease it to the next generation of farmers or others as a way to protect this heritage in perpetuity, while limiting urban sprawl around the REM terminal in Brossard.

An initial 11 hectares of land was acquired at this location in spring 2022, followed by another 33 hectares in Carignan in December, for a total of 44 hectares of protected land. A call for projects from farmers will be launched in the coming months.

SEE NEXT SECTION – **SOCIAL**

Building strong communities

In the current economic climate, social issues remain a source of concern around the world. More than ever before, we must foster greater social inclusiveness.

We are determined to ramp up collaboration with our stakeholders around a shared goal: to create more inclusive and equitable communities.

We are taking concrete action to provide an inclusive work environment in which our talents can flourish. We engage in dialogue on social issues with our portfolio companies and our external managers.

Our commitment is also reflected in our desire to invest in assets that employ tax best practices.

Our conviction

An ecosystem that promotes diversity in all its forms encourages the emergence of a higher-performing economy that is both fairer and more inclusive.

The three pillars of our social commitment

01. Fostering an inclusive workplace and our people's development

02. Supporting our portfolio companies and external managers on issues involving diversity, equity and inclusion (DEI)

03. Adopting tax best practices

01
Our inclusion and talent development initiatives

We are focused on our most valuable asset: our people. That's why we strive to attract, develop and retain talent from diverse backgrounds in terms of gender, sexual orientation, culture, age and experience. We firmly believe that diversity enhances the quality of our decision making and optimizes our risk management. It also strengthens our teams' commitment and opens our perspectives on business opportunities.

Our objective

Provide an equitable and inclusive workplace in which our talent can flourish.

In a continuous improvement approach and based on prior-year results, we undertook various new DEI initiatives:

- Our Equity, Diversity and Inclusion Policy was enhanced by adding the following:
  - 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, a global reference, was renewed and now includes notions of intersectionality of gender and ethnocultural diversity
- Three affinity groups were created to offer our talent from diversity groups various 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

To foster a more inclusive culture, 122 people from various teams are members of CDPQ's DEI Ambassadors Network. In 2022, this network organized a range of activities focusing on issues of inclusion and unconscious bias.

Professional development activities were also offered to all our teams:

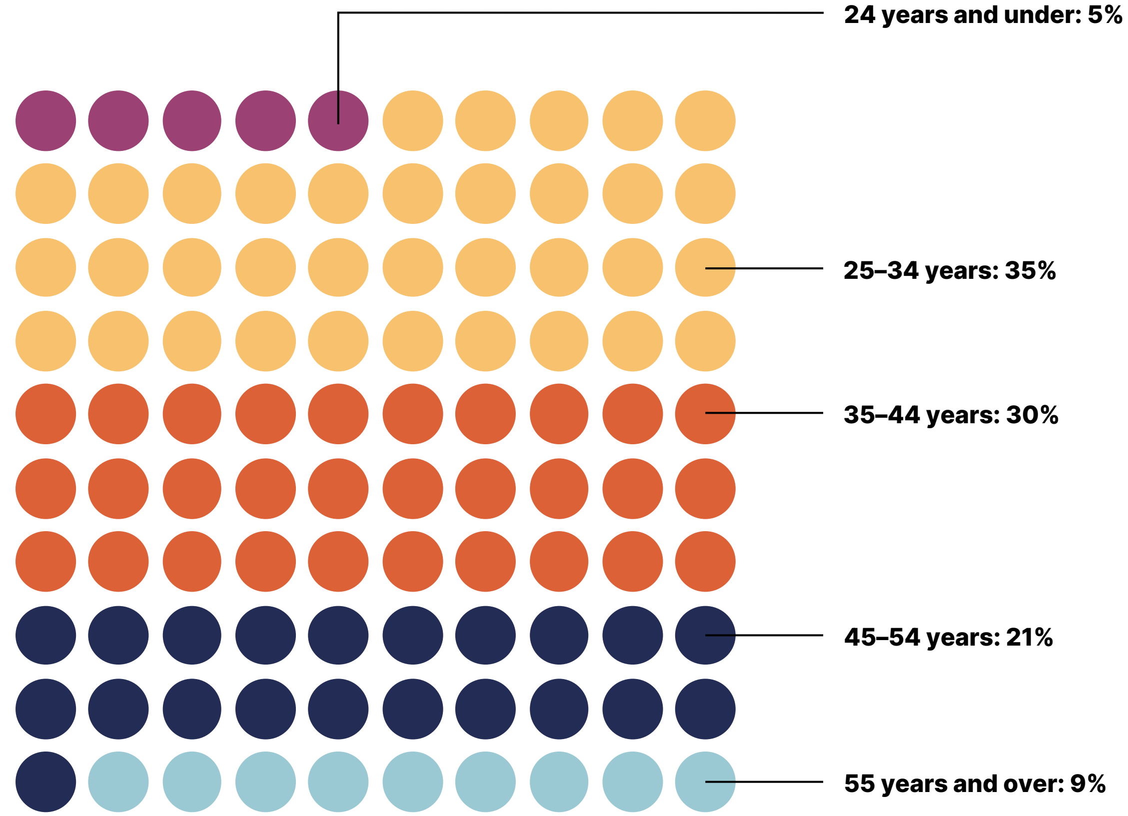
170 people were mentored internally (of whom 51% were women and 21% members of ethnocultural minorities)

100% of our team leaders underwent inclusive leadership training

We are actively working to attract and retain new talent: 40% of our employees are under age 35 (Figure 8).

FIGURE 8

A wide diversity of ages and experience among our employees



Enhanced DEI ambitions

To foster gender and ethnocultural diversity at all levels of our organization, we set targets to be reached by 2025.

In addition, under the Act respecting the Caisse de dépôt et placement du Québec, our Board of Directors must include at least 40% women and at least one member representing the diversity of Québec society. The Board's share of women currently stands at 46%, while 38% of its members stated that they belong to one of the diversity groups representing the various components of Québec society.

Results as at December 31, 2022

Result		Ambition for 2025
39%	of Executive Committee members are women	40%
45%	of employees at CDPQ are women	47%
27%	of investment positions at CDPQ are held by women	34%
24%	of Québec employees identify as members of one of the following groups: visible minorities, ethnic minorities or Indigenous peoples	26%

02 Our support for portfolio companies and external managers

We are convinced that DEI creates value for our portfolio companies, as well as for communities and the economy as a whole. We are also using our influence to advance these issues. We aim to boost the representation and inclusion of women and ethnocultural minorities at all levels in organizations.

Our objective

Promote DEI and encourage our portfolio companies and external managers to do the same

Promoting greater Board diversity

Diversity of gender, as well as of background, experience and opinion, is a truly valuable resource that makes our organizations stronger.

Since 2020, we have actively encouraged our portfolio companies to appoint more women to their Boards and to consider diversity in all its forms when appointing new Board members.

In accordance with our Policy Governing the Exercise of Voting Rights of Public Companies, we ask our public companies to have women represent at least 30% of the Board.

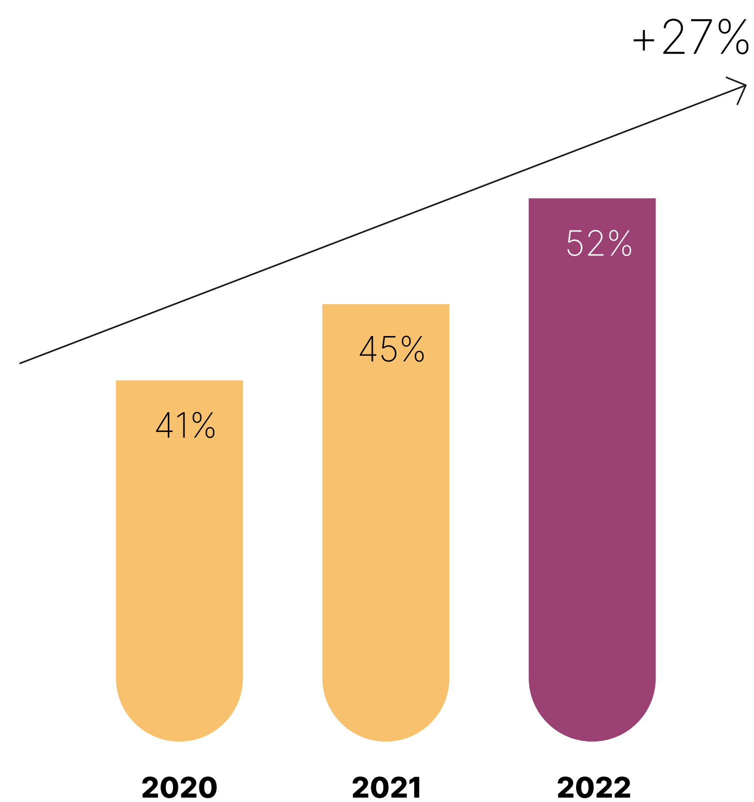
Over the year, we continued our engagement activities in this regard by:

- Raising awareness of DEI issues among 53 portfolio companies and 60 external managers
- Witnessing 20 companies and external managers make concrete undertakings in this matter
- Voting against Board appointments in the case of 272 companies that did not reach the threshold of 30% women without mitigating circumstances

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 (Chart 9).

CHART 9

Actively managed public companies where women make up at least 30% of the Board



Promoting diversity among our nominee directors

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, the level of women among our nominee directors was 29%.

CDPQ appointed 89 new nominee directors over the past year. They included 33 women, accounting for 37% of total appointments.

Raising awareness among our external managers

In addition to working closely with our portfolio companies, we entrust a portion of our asset management to external managers. This collaboration is governed by agreements and a rigorous selection process.

This year, our teams proactively identified external managers from diversity groups as potential candidates for investment mandates – see the Avante case study. We also confirm their priorities and analyze the evolution of their sustainable investment practices.

In 2022, we developed collaboration plans on ESG matters, in particular DEI issues, with various external managers. We also continued our discussions on DEI issues and agreed on diversity goals with several managers. They pledged to:

- Measure team diversity by compiling data by employment category, as well as in the boardroom
- Put in place a diversity action plan, including indicators and quantifiable objectives
- Share their progress on the diversity and inclusion plan with our teams at least once a year, so we can provide appropriate guidance

03
Our efforts to promote the adoption of tax best practices

We regard it as our duty, as well as that of the companies in which we invest, to adhere to rigorous tax principles and to pay our fair share of taxes. This is a necessary condition for contributing to the funding of social programs tailored to the needs of our communities.

Our objective

Ensure compliance with fair and rigorous tax principles in all our activities

We analyze each investment opportunity by paying special attention to a set of criteria, as set out in our International taxation commitment. It includes the following criteria:

- Investments must be subject to a consolidated tax rate of at least 15%, no matter where they are made
- When taking part in investment funds or platforms created to support the relationship with partners, CDPQ ensures that the structure or the partnership is consistent with the guidelines set out in the Base Erosion and Profit Shifting (BEPS) initiative
- When there is a limited number of investors, we influence our partners by encouraging them to set up the investment structure outside of low-tax jurisdictions

---

We are one of the only investors in the world to have made such a commitment.

This commitment is also in line with the agreement reached by 136 countries and the G20, based on the recommendations issued by the Organisation for Economic Cooperation and Development (OECD) in 2021.

In 2022, our teams issued 136 pre-investment notices based on these criteria to determine whether CDPQ should proceed with a transaction. Of those notices:

7 were unfavourable and we did not proceed with the investment due to inadequate tax practices

5 required an intervention from our tax team to influence these companies to adopt better tax practices, thus enabling us to approve the investment

Follow-up on the 2021 review of our actively managed investments being monitored

Following an exhaustive portfolio analysis in 2021, 13 companies with a tax rate of less than 15% were on our list to be monitored. In 2022, an in-depth review of those investments, which included calls with members of the companies' management teams, was carried out to gain a better understanding of their tax strategies, risk profiles and viable long-term effective tax rates, while emphasizing the importance that CDPQ places on tax matters. Based on these discussions, we concluded that:

9 could be removed from our monitoring list either because they showed no indication of abusive tax planning or they had already been sold in the normal course of our investment strategy

1 should continue to be monitored due to its tax rate of less than 15%, which, even if justified, would require monitoring of its evolving tax situation

3 did not meet our criteria, so we therefore decided to proceed with an orderly divestment from one company and to engage in dialogue and continuous monitoring in the other two cases, which are illiquid assets

Annual review of our assets

Again in 2022, our teams carried out a wide-ranging tax analysis of virtually all our assets under active management. More than 1,800 investment files were reviewed to ensure compliance with a consolidated tax rate of at least 15%, regardless of the jurisdiction. Of all those files, 11 require a more extensive review. We will continue our analysis and monitoring of these companies in 2023 to ensure that tax best practices are applied.

Case study

Constellation Software

As a member of the 30% Club, we took part for the first time, alongside Desjardins and Healthcare of Ontario Pension Plan (HOOPP), in an engagement activity with Constellation Software, a leading international provider of software and services for the public and private sectors. Our goal was to encourage the company to adopt a DEI policy and targets, to increase the share of women in senior management positions and to disclose data on ethnocultural representation.

The company, whose Board is already comprised of 33% women, confirmed its willingness to continue improving how it measures and discloses DEI data and to strengthen the integration of gender and ethnocultural diversity in its processes, on both its Board and Executive Committee. We shared various tools and resources with their teams to support their efforts.

Case study

Avante

We supported the growth of this private credit manager, which places DEI at the very heart of its mission. Founded by two women, Avante leverages a team of private equity experts, 80% of whom are women and ethnocultural minorities, to seize new investment opportunities.

Seeking to actively promote diversity and inclusion, the firm organizes numerous networking events and conferences with the goal of supporting the success of women from a variety of backgrounds. Avante also launched two major initiatives: an internship program, in partnership with other asset managers, which supports and encourages undergraduates from diverse backgrounds to consider careers in finance, as well as a network of female corporate directors and senior executives that provides private equity teams and corporate Boards with a diversified talent pool.

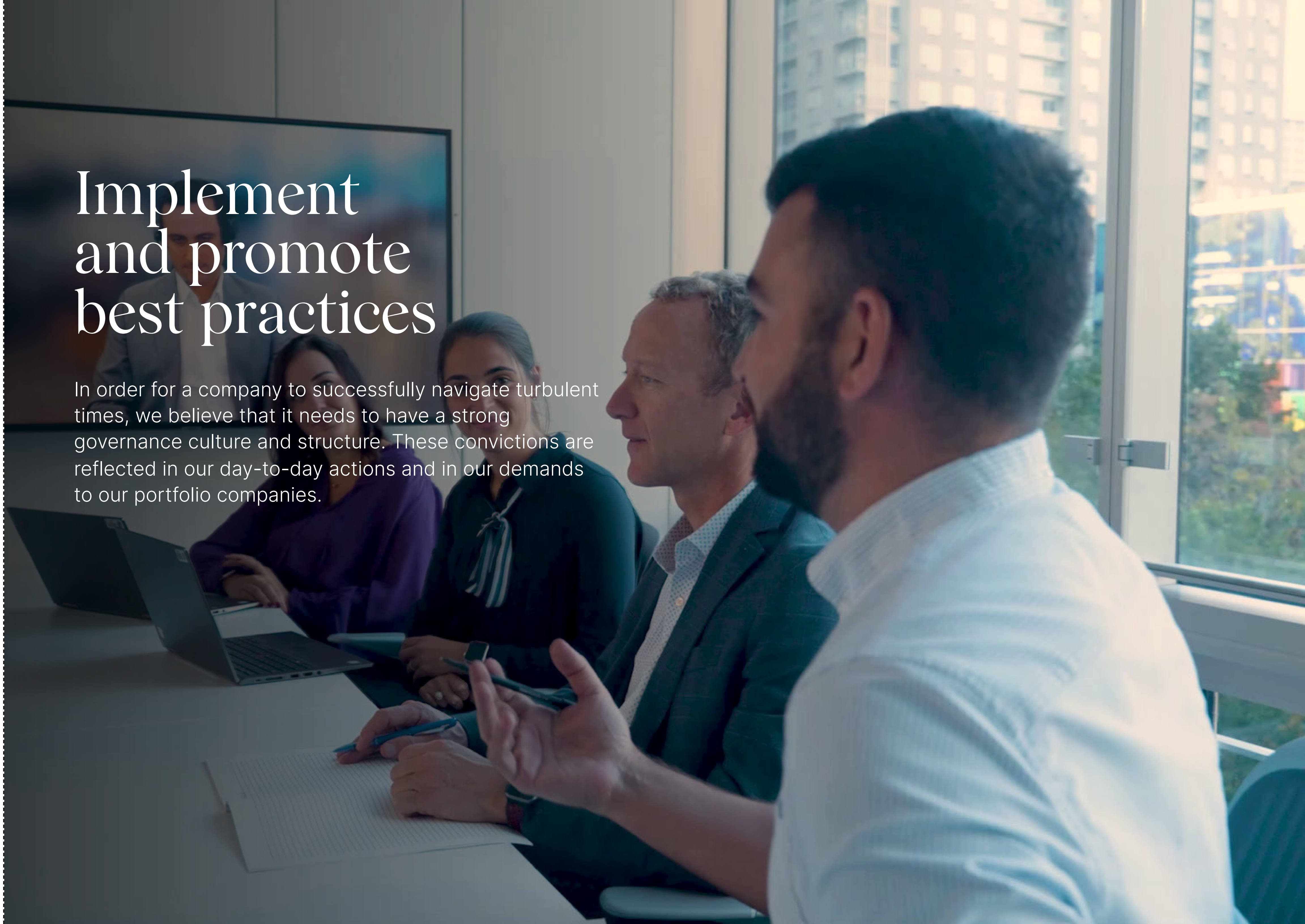
Case study

Encourage the development of sustainable mobility

This sector offers significant growth prospects and a long-term opportunity. That is why we work closely with our sustainable mobility portfolio companies to develop initiatives that will generate multiple benefits for communities.

We support public transportation leaders, including Student Transportation of America, North America's third-largest provider of school transportation services. For this sector, different approaches are discussed and then tailored to each company's specific reality, whether that involves electric vehicle acquisition, fleet electrification or diesel-to-natural-gas transition if electrification is not possible.

CDPQ also continued its work on the REM, its automated, electric public transit initiative—Québec's largest such project in 50 years. Designed to offer an innovative, environmentally responsible and people-focused solution, the REM also helps to drive economic growth. The REM's South Shore branch is expected to be commissioned in spring 2023.



Implement and promote best practices

In order for a company to successfully navigate turbulent times, we believe that it needs to have a strong governance culture and structure. These convictions are reflected in our day-to-day actions and in our demands to our portfolio companies.

Corporate performance and sustainability depend in part on robust ethical practices, sound risk management and the integration of ESG factors into business strategies and internal processes.

We apply strict governance rules to all our activities, in line with our principles of integrity and responsibility. We encourage our portfolio companies to do the same by adopting best practices in their organizations. Lastly, we closely monitor technology risks in order to protect our institution and our portfolio companies.

Our conviction

Sound governance is essential for good performance and optimal risk management.

Three pillars of our actions

01. **Apply sound governance principles**

02. **Support our portfolio companies in implementing best practices**

03. **Promote rigorous management of technology risks**

01
Our principles of sound governance

Several laws, regulations and policies govern all of CDPQ's activities. We apply robust governance rules, paying particular attention to integrity, ethics and compliance issues.

CDPQ is governed by three bodies (Figure 10):

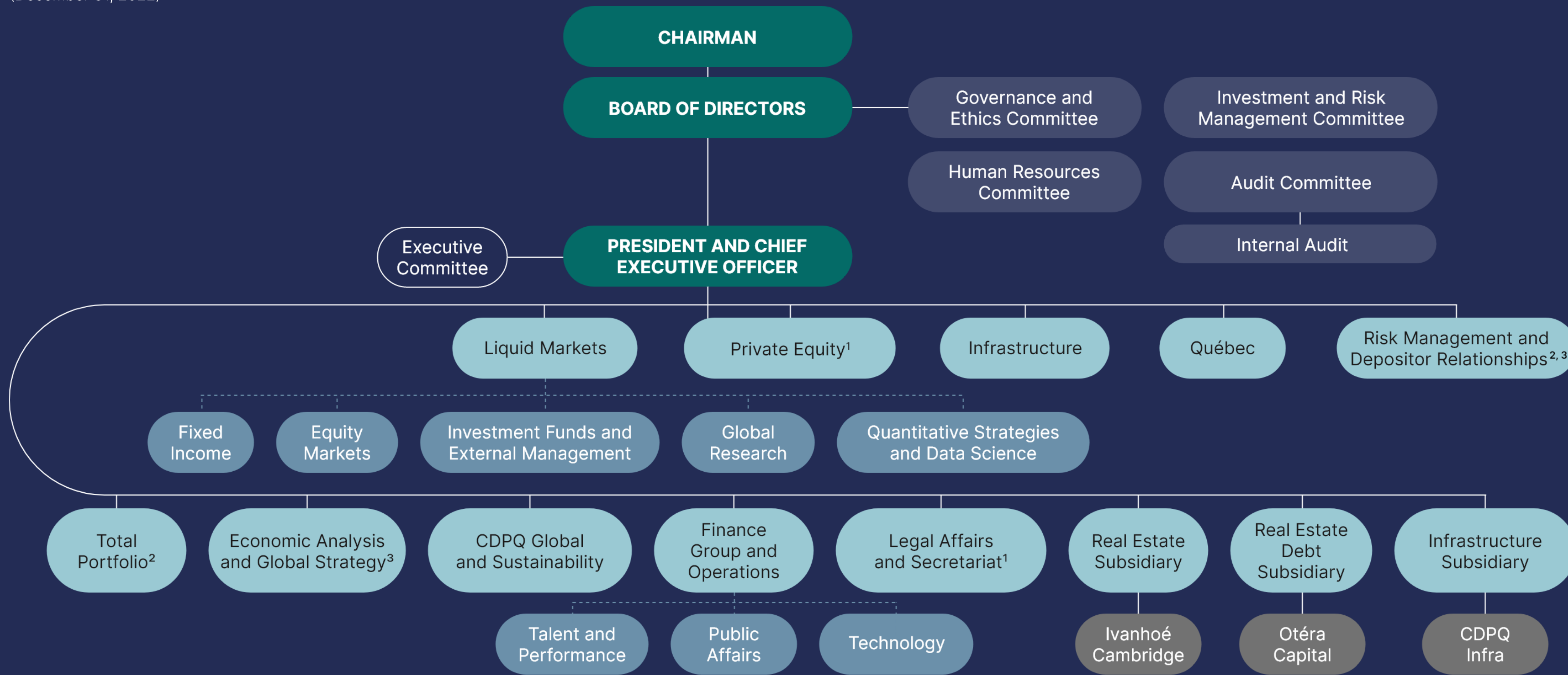
- The Board of Directors
- The Executive Committee, composed of the President and Chief Executive Officer and senior executives from various units
- The Executive Committees of the subsidiaries and their Boards of Directors

These bodies have experienced members who work on developing appropriate strategies and action plans. This allows us to fulfill our dual mandate of generating long-term returns for our depositors while contributing to Québec's economic development.

FIGURE 10

ORGANIZATIONAL STRUCTURE

(December 31, 2022)



1. In March 2023, the names of these two EVP groups became International Private Equity and Legal Affairs, Compliance and Secretariat.
2. In January 2023, the names of these two EVP groups became Risk Management and Depositors and Total Portfolio.
3. In January 2023, Economic Analysis, Global Strategy and Depositor Advisory Services were combined with Depositors and Total Portfolio.

Our governance in sustainable investing

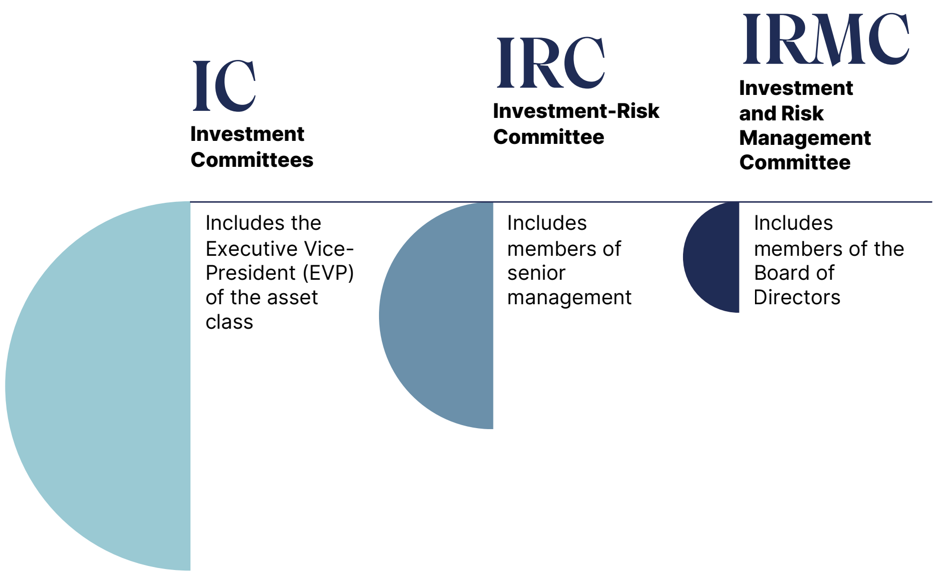
CDPQ relies on its Policy on Sustainable Investing to ensure that ESG principles are actively taken into account in its portfolio management. The Sustainability team develops this policy, which is then approved by the Executive Committee, followed by the Board of Directors. The policy applies to all asset classes and is adapted to the business environments of our portfolio companies and external managers.

Investment opportunities are submitted to several committees, based on certain thresholds, the targeted sector and the results of our ESG analyses. These committees may then authorize them or reject them (Figure 11). Investment committees (ICs) constitute the first level of approval and receive the largest volume of files to be analyzed. Some of the files are then presented to the Investment-Risk Committee (IRC), which consists of members of senior management. Lastly, the Investment and Risk Management Committee (IRMC) analyzes a limited number of files that meet specific criteria. The IRMC is composed of members of the Board of Directors.

In addition, to ensure oversight of our sustainable investing governance, the Executive Committee reports annually to the Governance and Ethics Committee of the Board of Directors, based on sectoral strategic plans and our climate strategy.

FIGURE 11

A rigorous process for assessing investments



02
Our advisory role with portfolio companies

Throughout the year, we follow up with our portfolio companies on sustainability issues. Our teams pay close attention to disclosure, ESG strategy oversight, Board composition, business risk management and executive compensation.

We use the following levers of influence to support our portfolio companies in their adoption of best practices:

- Strategic support
- Dialogue and engagement
- Shareholder voting

Strategic support

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. This is an integral part of our responsibility as a long-term investor, and it is a commitment that we reaffirmed when we signed Finance Montréal's Statement by the Quebec Financial Centre for a Sustainable Finance.

We have:

- 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—including Previan and Pomerleau—see the case studies

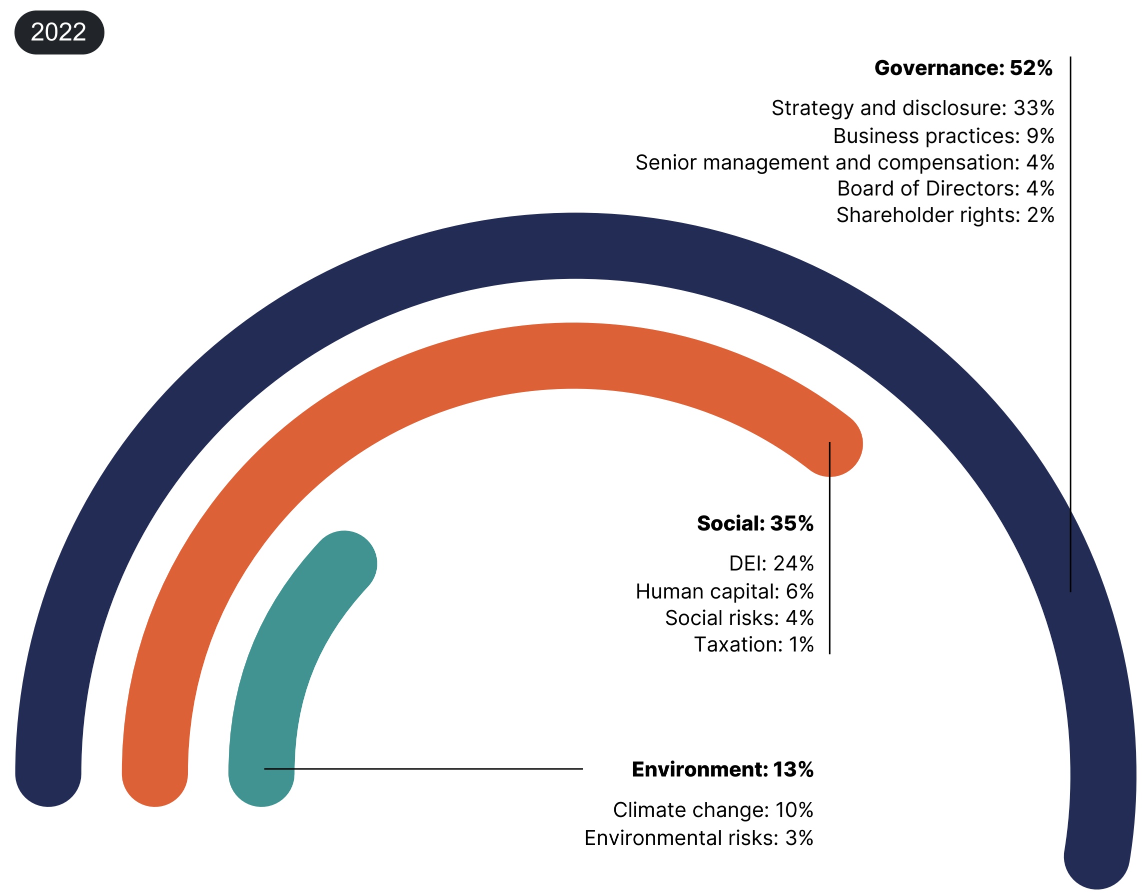
Dialogue and engagement

CDPQ maintains an open dialogue with its portfolio companies and external managers to stay aligned on the issues to be monitored and the strategies to be developed. We use these meetings with Board members and management teams to present our priorities and provide recommendations on various topics, such as Board composition, risk management, and the integration of ESG factors into their business strategy (Figure 12).

In 2022, we organized 303 discussions with 175 portfolio companies to raise awareness on ESG issues. We did the same with 63 external managers. This open and constructive dialogue led some of them to make concrete commitments and improve their practices.

FIGURE 12

Topics addressed with our portfolio companies and external managers



Shareholder voting

Shareholder voting is a preferred lever we use at shareholder meetings in accordance with our Policy Governing the Exercise of Voting Rights of Public Companies. This policy is updated regularly, based on developments in governance best practices and changes in our priorities.

In 2022, during our proxy voting season:

54,337 resolutions were voted on, including shareholder proposals (Figure 13) and management proposals, on several topics

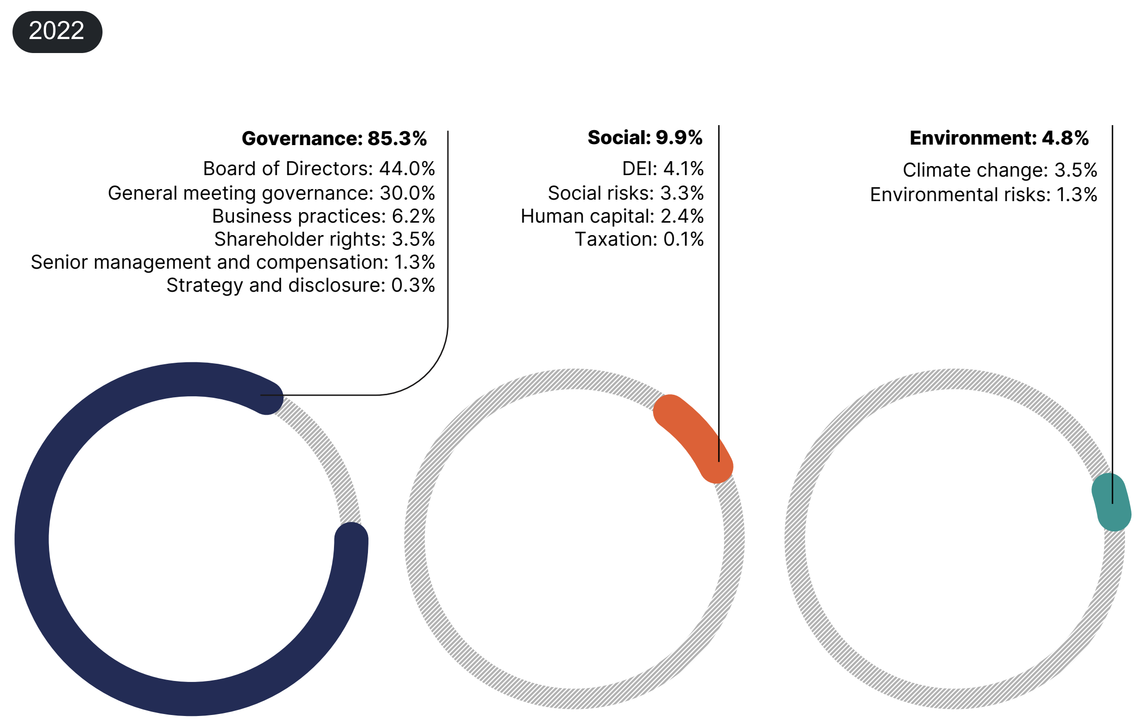
5,537 shareholder meetings were held by our portfolio companies

Several topics were addressed, including:

- Appointments to the Board of Directors
- Climate change disclosure
- Compensation of senior management
- Social issues, including DEI-related disclosures

FIGURE 13

The various topics targeted by the shareholder proposals on which we were called upon to vote



The strategic role played by our operating partners

As full members of our teams, our operating partners support our efforts to promote sustainable investing to the Boards of Directors of our portfolio companies by bringing our priorities to their attention. This approach is used in both Infrastructure and Private Equity, with a focus on assets for which CDPQ has a position of control or influence.

To that end, our operating partners work with management teams to establish priority areas and objectives, define underlying initiatives and ensure internal and external accountability. These discussions address key issues such as carbon footprint, climate resilience, management and disclosure practices, DEI, governance, cybersecurity and human capital management.

03
Our technology risk management

With the growing number of cyberattacks and the emergence of disruptive technologies, technological risks are constantly on the rise and pose a threat to our operations as well as those of our portfolio companies. In order to monitor and prevent these threats, we have several processes in place throughout our activities.

We perform sectoral analyses and conduct regular reviews of the risks in our total portfolio. We also conduct cybersecurity analyses of our portfolio companies and develop risk mitigation plans as required. We support our investment teams and play an advisory role with companies, both in terms of prevention and in responding to incidents. Furthermore, in some cases, our recommendations need to be implemented before an investment is made.

We periodically review our portfolio companies' exposure to disruptive technologies. We also assess their level of resilience within their industry as well as their digital maturity and how they are adapting to new technologies.

In 2022, we refined our analysis model in order to have an overall indicator that reflects the issues with significant impacts on a company's technology posture.

We also provided training internally and to our portfolio companies, external managers and operating partners on timely subjects such as the management of ransomware incidents and cyber insurance. This type of initiative is designed to promote the use of best practices. In several cases, we have seen significant progress in our portfolio companies, particularly in terms of cybersecurity. This has reduced the level of risk.

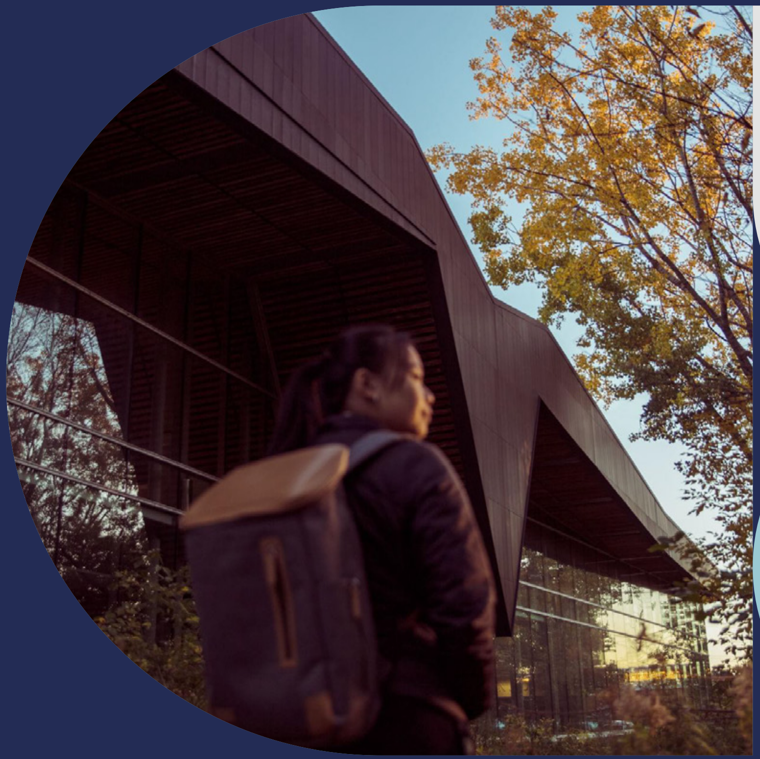
In 2022, our teams performed 325 technology risk analyses.

Case study

Pomerleau

Pomerleau, one of Canada's largest construction companies, released its first ESG report last year. The report mentions the call made by CDPQ and other major public contracting authorities to accelerate the construction industry's shift toward more sustainable practices.

This year, we continued to work with the management of the Pomerleau Capital subsidiary to help them develop a sustainable investing policy. Our teams shared the best practices we have observed among our external managers and portfolio companies, as well as our approach to infrastructure investment.



Case study

Grupo Diagnóstico Aries

We supported Grupo Diagnóstico Aries, one of the fastest-growing medical diagnostic services groups in Mexico, in developing its ESG strategy. We met with their teams on several occasions in 2022 to present our approach, vision and expectations, emphasizing the most important ESG factors in the health care industry.

These discussions enabled the company to develop the foundations of its ESG strategy and provided the necessary tools and processes to move forward. We plan to continue working closely with the company in 2023 as it further implements its ESG initiatives into its operations.

Case study

Previan

Based in Québec City, this leading industrial technology group (formerly Eddyfi/NDT) is focused on using sophisticated diagnostic tools to better monitor the condition of infrastructure. Previan develops sensors, robots, software and specialized services to create a safer world for people, businesses and nature.

Since 2021, we have supported the company as it develops its ESG strategy and the resulting disclosures. We have shared our views as an investor on the appropriate disclosure measures to put in place. We have had opportunities to discuss a number of topics, including our approach to sustainable investing, ESG evaluations and sector-specific priorities, as well as industry best practices. Previan subsequently developed an ambitious ESG action plan with enhanced governance practices and a 1% commitment, under which the company will use its foundation to give back 1% of profits, 1% of equity, and 1% of employee time. This year, the company also published its first ESG report to present the progress made.

APPENDIX 01

Our ESG indicators

CDPQ discloses the results of its actions related to ESG factors through various documents: the Sustainable Investing Report (SIR), the Sustainable Development Report (SDR) and the Annual Report (AR).

	INDICATOR	TARGET OR ACTION	2022 DISCLOSURE	2022 SOURCE	2021 DISCLOSURE
1	Value in billions of $ of low-carbon assets	$54 billion in low-carbon assets by 2025	$47 B (including $12 B in Québec)	SIR Section E SDR Orientation 1	$39 B
2	Value in billions of $ of Paris Agreement aligned assets	Support for assets with a strategy aligned with the Paris Agreement	$84 B ($47 B CBI and $37 B SBTi)	SIR Section E	N/A
3	Portfolio's carbon intensity in tCO_2e/M$ invested and as a percentage	60% reduction by 2030 from 79 tCO_2e/M$ invested in 2017	37 tCO_2e/M$ 53% reduction compared to 2017	SIR Section E SDR Orientation 1	41 tCO_2e/M$ 49% reduction compared to 2017
4	GHG reduction target aligned with the objectives of the Paris Agreement limiting warming to 1.5°C	2030 target for intensity reduction aligned with the Paris Agreement	60% reduction in carbon intensity by 2030 Net-zero portfolio by 2050	SIR Section E SDR Orientation 1	60% reduction in carbon intensity by 2030 Net-zero portfolio by 2050
5	Engagements with portfolio companies to encourage them to set targets aligned with the 1.5°C objective	Member of the Climate Action 100+ initiative and commitment to our portfolio companies	10% of our discussions with portfolio companies tackled climate change	SIR Section G	10% of our discussions with portfolio companies tackled climate change
6	Fossil fuel targets in line with the science	Exit from oil production by the end of 2022 Exit from thermal coal production by 2040	Exit from oil production under active management essentially completed Exit from coal mining under active management completed	SIR Section E Climate Strategy	Exit from oil production by the end of 2022

INDICATOR		TARGET OR ACTION	2022 DISCLOSURE	2022 SOURCE	2021 DISCLOSURE
7	Work toward zero waste in our main business office	Achieve a waste reclamation rate of 60% for Édifice Jacques-Parizeau by 2025	71%	SDR Orientation 3	61%
8	Redistribute or recycle outdated IT equipment from our main business office	Redistribute or recycle 100% of outdated computer equipment	All CDPQ's IT equipment was re-used internally in 2022. The redistribution rate is therefore 100%.	SDR Orientation 3	In 2021, 100% of the obsolete IT equipment was redistributed to two social reintegration organizations specializing in equipment recycling: Insertech Angus and Entreprise-École RECYPRO d'Argenteuil.
9	Reduce our main business office's carbon footprint	Reduce emissions at Édifice Jacques-Parizeau by 55% by 2030 compared to 2017	18% reduction since 2017. The remaining emissions are offset annually to achieve carbon neutrality. The building has also received, for a third consecutive year, the Canada Green Building Council's Zero Carbon Building Standard – Performance. This certification recognizes an energy-efficient building that produces, or procures, sufficient carbon-free renewable energy to offset the annual emissions associated with its operation.	SDR Orientation 3	N/A
10	Share of women on the Board of Directors	40% share of women on the Board of Directors	46%	SIR Section S	46%
11	Share of women on the Executive Committee	40% share of women on the Executive Committee by 2025	39%	SIR Section S SDR orientation 2	39%
12	Share of women at CDPQ	47% share of women in the organization by 2025	45%	SIR Section S	N/A
13	Share of women in investment positions	34% share of women in investment positions at CDPQ by 2025	27%	SIR Section S	25%

INDICATOR		TARGET OR ACTION	2022 DISCLOSURE	2022 SOURCE	2021 DISCLOSURE
14	Employees in Québec who identify as a member of one of the following three groups: visible minorities, ethnic minorities or Indigenous peoples	26% of employees in Québec who identify as a member of one of the following three groups: visible minorities, ethnic minorities and Indigenous peoples by 2025	24%	SIR Section S SDR Orientation 2	24%
15	Percentage of public companies in active management in our portfolio with at least 30% women on their Boards of Directors	Ambition to achieve 100%	52%	SIR Section S SDR Orientation 2	45%
16	Share of women in CDPQ's nominee director positions	30% share of women in CDPQ's nominee director positions by 2023	29%	SIR Section S SDR Orientation 2	29%
17	Commitment to diversity, inclusion and the absence of discrimination	Policy on workplace equity, diversity and inclusion in force	Policy updated in October 2022	Policy – Workplace Equity, Diversity and Inclusion	Policy in force adopted in April 2021
		Annual action plan for persons with disabilities	Policy updated in May 2022	Annual Action Plan for Persons with Disabilities 2021–2022	Current plan adopted in April 2021
		Statement on equal access to employment	100% of team leaders received training on inclusive leadership 122 persons from various teams are members of the EDI Ambassadors Network	CDPQ Statement on Equal Access to Employment	
18	Existence of information on coaching employees and current mentoring programs	Mentoring program	170 people were mentored internally (of which 51% were women and 21% were colleagues representing ethnocultural diversity)	SIR Section S	Nearly 150 people participated in the mentoring program

INDICATOR		TARGET OR ACTION	2022 DISCLOSURE	2022 SOURCE	2021 DISCLOSURE
19	Support for professional development and career management	Strategy in place to attract, retain and develop employees	122 people from various teams are members of the EDI Ambassadors Network 170 people were mentored internally 100% of team leaders received training on inclusive leadership	SIR Section S Your career at CDPQ	Our teams were offered development activities this year
20	Presence of channels through which employees can raise issues	Fraud and corruption prevention and detection policy Hotline for employees to report a breach of ethics or a law being broken	Policy in force adopted in October 2020 Policy in force adopted in April 2021	Policy – Fraud and Corruption Prevention and Detection Policy Against Harassment and Other Types of Misconduct	Policy in force adopted in October 2020
21	Number of workplace accidents	Support for overall occupational health and safety	No accidents	Global Health and Safety team	No accidents
22	Public commitment to respect personal data and a general policy on personal data	Information Management and Security Policy	Policy updated in June 2022	Information and Technology Asset Security Policy	Policy in force adopted in 2015
23	Presence of a commitment for the payment of a fair share of income taxes	Commitment to exercise leadership in international taxation and disclosure of income taxes paid by country	Commitment on international taxation and disclosure of income taxes paid by country published in 2020	International Taxation Commitment SIR Section S	Commitment on international taxation and disclosure of income taxes paid by country published in 2020
24	Number of pre-investment notices on tax practices	Pre-investment tax practices analysis of transactions	136 pre-investment notices on tax practices, of which 7 were unfavourable	SIR Section S	N/A
25	Number of investment files analyzed to ensure compliance with a minimum tax rate	Analysis of our assets under active management to ensure compliance with a minimum consolidated tax rate of 15%	more than 1,800 investment files	SIR Section S	more than 1,600 investment files
26	Existence of policy against corruption and bribery and analysis of the related risks	Fraud and Corruption Prevention and Detection Policy in place	Policy in force adopted in October 2020	Policy – Fraud and Corruption Prevention and Detection	Policy in force adopted in October 2020

INDICATOR		TARGET OR ACTION	2022 DISCLOSURE	2022 SOURCE	2021 DISCLOSURE
27	Commitment related to corporate professional ethics directives	Code of Ethics and Professional Conduct for Officers and Employees in force	Code of ethics updated in 2019	Code of Ethics and Professional Conduct for Officers and Employees	Code of ethics updated in 2019
		Code of Ethics and Professional Conduct for Directors in force	Code of ethics updated in 2021	Code of Ethics and Professional Conduct for Directors	Code of ethics updated in 2021
28	Measures implemented to promote ethical behaviour in the organization	Ethics training for employees	All employees agreed to respect the Code of Ethics and Professional Conduct	AR Compliance section	All employees agreed to respect the Code of Ethics and Professional Conduct
		Annual commitment by employees to respect the organization's ethical standards		Code of Ethics and Professional Conduct for Officers and Employees	
		Two mandatory training sessions for new recruits, one of which is on prevention and detection of corruption			
		One-to-one meeting with each new incoming manager to discuss various aspects of the Code			
29	Deployment and promotion of the master plan for the REM art program	Competition to select three artists who will create works integrated into the REM's architecture	The artists who will create the first three works in REM stations were announced in August 2022	SDR Orientation 3	Public announcement of the UniR program
30	Communication of human rights expectations	Statement released on equal access to employment	Inclusive culture, free from any discrimination, and formal adherence to the principles of diversity and equal access to employment	CDPQ statement on equal access to employment	Inclusive culture, free from any discrimination, and formal adherence to the principles of diversity and equal access to employment
31	Presence of verifications and internal audits of diversity indicators	EDGE Certification, a globally recognized corporate certification standard for gender equality in the workplace	EDGE+ certification renewed	SIR Section S	Steps taken to renew our EDGE certification

INDICATOR		TARGET OR ACTION	2022 DISCLOSURE	2022 SOURCE	2021 DISCLOSURE
32	Number of Quebec companies supported on the integration of ESG factors	Support to our portfolio companies in Québec on different ESG matters	9 companies	SIR Section G	N/A
33	Number of discussions held with companies on ESG factors	Discussions with our portfolio companies on various ESG issues	303 discussions	SIR Section G	248 discussions
34	Number of companies with which there were discussions of ESG factors	Discussions with our portfolio companies on various ESG issues	175 companies 63 external managers	SIR Section G	194 companies 51 external managers
35	Number of votes on proposals	Participation in votes on proposals	54,337 votes	SIR Section G	57,008 votes
36	Number of shareholder meetings at which we voted	Vote at the shareholder meetings of our portfolio companies	5,537 meetings	SIR Section G	5,762 meetings
37	Executive compensation system linked to achieving ESG targets	Variable compensation conditional to achieving climate targets	Since 2018, CDPQ has directly linked variable compensation for all its personnel to the achievement of climate targets	AR SIR Appendix 4	Since 2018, CDPQ has directly linked variable compensation for all its personnel to the achievement of climate targets
38	Number of ESG analyses performed	All potential transactions in active management are subject to an ESG analysis	759 analyses	SIR Section G	505 analyses
39	Technology risk assessments of our portfolio companies	Technology risk assessments are incorporated into all our investment decisions, and we monitor our total portfolio	325 technology risk analyses	SIR Section G	398 technology risk analyses, including close to 172 analyses of transactions
40	Presence of a lobbying policy	Policy Governing the Exercise of Voting Rights of Public Companies, which includes lobbying	Our policy on the principles governing the exercise of voting rights of public companies includes a section on lobbying	Policy Governing the Exercise of Voting Rights of Public Companies	Our policy on the principles governing the exercise of voting rights of public companies includes a section on lobbying
41	Presence of clear policies on the engagement made with portfolio companies on ESG issues	Policy on Sustainable Investing that includes a framework for engagement with portfolio companies	Policy on Sustainable Investing updated in August 2022	Policy – Sustainable Investing	Policy on sustainable investing updated in 2021

APPENDIX 02

Calculation of the intensity of CDPQ's portfolio

Calculation

$$\text{Calculation Total CDPQ portfolio intensity} = \frac{\Sigma \text{ emissions attributed to CDPQ } (tCO_2e)}{\text{CDPQ portfolio within the calculation perimeter (millions of CAD)}}$$

$$\text{Emissions attributed to CDPQ} = \text{Emissions of the asset } (tCO_2e) \times \frac{\text{LT capital supplied by CDPQ (millions of CAD)}}{\text{Total LT capital of the asset (millions of CAD)}}$$

LT Capital: Long-term capital used by a company to finance its production assets (fair market value of equity + long-term debt).

Emissions: Direct (Scope 1) and indirect (Scope 2) greenhouse gas (GHG) emissions converted into equivalent tons of CO_2 (tCO_2e), as defined by the GHG Protocol.

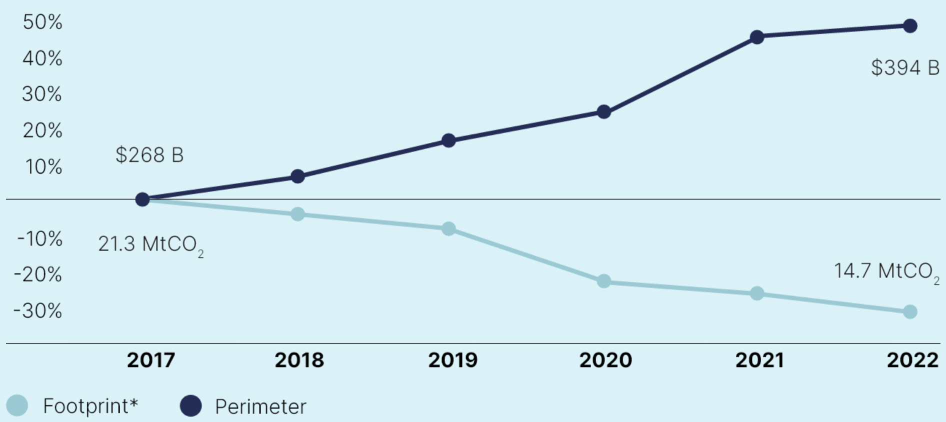
Calculation perimeter:

Includes a net value of investments[1] of $394 billion as at December 31, 2022, or 100% of corporate securities, including those of non-consolidated subsidiaries, in the form of shares, corporate and Crown corporation debt, securities held through market indexes or exchange traded funds (ETFs), externally managed investments, and securities lending and borrowing (Chart 14).

Excludes a net value of investments[2] of $179 billion, as at December 31, 2022, in government bonds, cash, warrants, certificates of deposit, derivative financial instruments, and securities purchased under reverse repurchase agreements (Figure 15).

CHART 14

Absolute portfolio footprint (in $MtCO_2$) within the calculation perimeter (in $B)



*Excluding the transition envelope

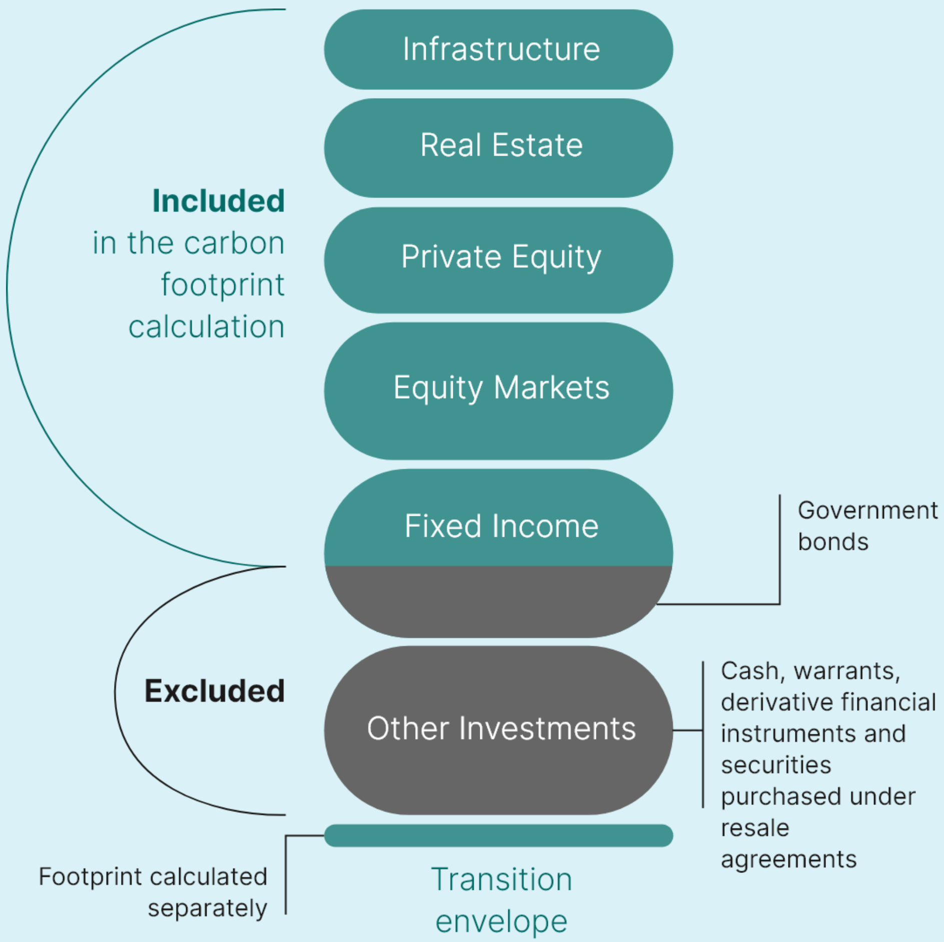
The investments considered in the footprint calculation are held in the following specialized portfolios: Equity Markets, Fixed Income, Private Equity, Infrastructure, Real Estate, and certain investments in shares held in Asset Allocation.

Transition envelope

Investments in the transition envelope are excluded from the calculation of the intensity of the total portfolio. The carbon intensity of these assets is calculated using the same methodology as that used for the portfolio, but it is independently monitored and disclosed, as well as externally verified. These assets are aligned with our objective to be net zero by 2050, and their decarbonization plans are certified by independent experts.

FIGURE 15

CDPQ calculates its carbon footprint on the vast majority of its portfolio



Sources of data

A) Direct interests

CDPQ primarily uses the Trucost database to collect emissions data on individual emitters. Combined with LT capital data from the Compustat and Bloomberg databases, this forms the foundation of our calculations of individual issuers' intensity and average sector intensity.[3]

Our approach is as follows:

CDPQ methodology

In order of priority:

1. Direct intensity calculated for the issuer
2. Direct intensity calculated for the parent of the issuer
3. Average sector intensity

Ivanhoé Cambridge methodology

In order of priority:

1. Direct intensity calculated for the property by Ivanhoé Cambridge
2. Average intensity of Ivanhoé Cambridge's portfolio

Please note that in certain instances, CDPQ uses judgment to override the intensity assigned through the typical methodology if more accurate or relevant data is available. For example, this may be the intensity disclosed by the issuer, the intensity of comparable issuers with same GHG profile, the average intensity of a sector that more accurately represents the issuer, or the intensity estimated using another reliable source.

B) Indirect interests

Where data is available, the intensity of funds is calculated according to the typical methodology applicable to direct holdings. Where data is not available, CDPQ uses the intensity of the fund disclosed by the manager or the average intensity of the sector or asset class appropriate to the nature of the fund.

1. CDPQ gross asset value, net of short positions (net negative positions are excluded).
2. CDPQ gross asset value, net of short positions (net negative positions are excluded).
3. CDPQ uses the most recently available emissions data from Trucost. For data quality purposes, CDPQ sets an internal threshold to determine when the most recent emissions data in the Trucost database are considered too outdated to use in our calculations of individual issuers' intensity and average sector intensity. Where available, CDPQ uses LT capital data as at December 31, 2022. Where LT capital data is not available as at December 31, 2022, CDPQ uses the most recently available data.

TABLE 16

Evaluation of the quality of the data used to calculate CDPQ's global footprint

Methodology developed by CDPQ and inspired by the Partnership for Carbon Accounting Financials (PCAF)

DATA QUALITY	DEFINITION	DATA TYPE	SHARE OF THE ABSOLUTE FOOTPRINT (%)
1	• Highest quality data • Disclosed by the company itself (audited or not) • Data type: - Trucost (S&P Global) - Obtained directly by CDPQ from companies (through engagement, sustainability report, etc.)	Disclosed	44%
2	• Very good data quality • Calculated and disclosed by the company itself, but incomplete • Does not cover all the company's operations and/or not aggregated in one place • Data type: - Partial, compiled and adjusted by Trucost based on the real economy - If considered too incomplete based on specific criteria, Trucost uses an estimate (Quality 4)	Disclosed	10%
3	• Good quality data • Deduced from reliable estimates, but without direct disclosure of the company's footprint • Data type: - CDPQ estimate based on production data provided by the company (through engagement) - CDPQ or Trucost estimate based on comparable companies in terms of revenues, geography and activities	Disclosed/estimated	22%
4	• Acceptable data quality • Data type: - Trucost estimate using specific models - Trucost calculates a sector proxy based on the company's revenues	Estimates	19%
5	• Lower quality data • Obtained from more global and/or relative estimates • Data type: - Estimate based on a sector proxy calculated by CDPQ based on the company's enterprise value (EV) - Average of funds	Estimates	5%

APPENDIX 03

Independent practitioner's assurance report

To the Management of the Caisse de dépôt et placement du Québec

Scope

We have been engaged by Caisse de dépôt et placement du Québec (the "Company" or "CDPQ") to perform a limited assurance engagement, as defined by Canadian Standards on Assurance Engagements, hereafter referred to as the engagement, to report on the carbon intensity of CDPQ's portfolio excluding the transition envelope, the carbon intensity of the transition envelope and the associated data quality table detailed in the accompanying Schedule (collectively, the "Subject Matter") for the year ended December 31, 2022 contained in CDPQ's 2022 Stewardship Investment Report (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by CDPQ

In preparing the Subject Matter, CDPQ applied the internally developed criteria described in the section "Environment: 03 - Our actions to accelerate the transition" and in Appendix 2 of the Report (the "Criteria"). The Criteria were specifically designed for the preparation of the Report. As a result, the subject matter information may not be suitable for another purpose.

CDPQ's responsibilities

CDPQ's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Canadian Standard on Assurance Engagements ("CSAE") 3410, Assurance Engagements on Greenhouse Gas Statements ("CSAE 3410"). This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our independence and quality control

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

EY also applies Canadian Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducting interviews with relevant personnel to obtain an understanding of the reporting processes and internal controls;
- Inquiries of relevant personnel who are responsible for the Subject Matter including, where relevant, observing and inspecting systems and processes for data aggregation and reporting in accordance with the Criteria;
- Assessing the accuracy of data, through analytical procedures and limited reperformance of calculations, where applicable; and
- Reviewing presentation and disclosure of the Subject Matter in the Report.

We also performed such other procedures as we considered necessary in the circumstances.

Inherent limitations

The Greenhouse Gas ("GHG") quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Non-financial information, such as the Subject Matter, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the Subject Matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques which can result in materially different evaluations and can impact comparability between entities over time.

Conclusion

Based on our procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter for the year ended December 31, 2022, is not prepared, in all material respects, in accordance with the Criteria.

Ernst & Young LLP[1]

March 28, 2023
Montréal, Canada

[1]FCPA auditor, public accountancy permit no. A114960

Schedule

Our limited assurance engagement was performed on the following Subject Matter for the year ended December 31, 2022:

PERFORMANCE INDICATOR	CRITERIA	REPORTED VALUE
Carbon Intensity of CDPQ's portfolio excluding the transition envelope	Internally developed Significant contextual information necessary to understand how the data has been compiled have been disclosed in the Report in Appendix 2.	37 tCO_2e/$M
Carbon Intensity of CDPQ's transition envelope	Internally developed Significant contextual information necessary to understand how the data has been compiled have been disclosed in the Report in the section "Environment: 03 - Our actions to accelerate the transition".	1,489 tCO_2e/$M
Data quality table	Internally developed Significant contextual information necessary to understand how the data has been compiled have been disclosed in the Report in Appendix 2.	Quality score 1: 44% Quality score 2: 10% Quality score 3: 22% Quality score 4: 19% Quality score 5: 5%

APPENDIX 04

Disclosure according to the Task Force on Climate-related Financial Disclosures (TCFD)

We follow the TCFD's recommendations on financial disclosures related to climate issues and present our progress annually.

APPLICATION OF THE RECOMMENDATIONS BY CDPQ

01 Board oversight of climate-related risks and opportunities

- Since 2017, our Policy – Sustainable Investing requires that we include climate change considerations in our investment analysis and approval process, as well as in integrating risks related to ESG factors. The Sustainability team develops this policy, which is then approved by the Executive Committee, followed by the Board of Directors.
- In addition, to ensure oversight of our sustainable investing governance, the Executive Committee reports annually to the Board of Directors, based on sectoral strategic plans, risk mapping and the Climate Strategy.
- In 2018, the Human Resources Committee of the Board of Directors took a strong step by linking the variable compensation of all employees, including the members of the Executive Committee, to the achievement of climate targets. We are one of the first global institutional investors to adopt such a measure.

02 Describe management's role in assessing and managing climate-related risks and opportunities

- The climate attributes (risks and opportunities) of investments are subject to the same governance as our other investment criteria. They are incorporated into the due diligence review of investments and into our portfolio monitoring. These issues are addressed in specific sections of the investment approval and reporting documents. Particular attention is paid to the physical risk incurred through real assets (infrastructure and buildings) as well as to transition risk.
- Working in collaboration with the entire organization, the Sustainability team closely monitors the annual climate targets of our specialized portfolios. These analyses are submitted to the various committees on which CDPQ executives sit, including the Investment-Risk Committee (IRC).
- In 2021, a transition risk analysis of the portfolio was carried out by the Sustainability team in collaboration with Risk Management for presentation to the IRC. This analytical framework is now used in the due diligence review of certain new investments.
- Close attention is paid to data quality. In 2021, a carbon certificate was added to our extra-financial data, which now benefits from controls similar to those applicable to financial data, including external verification.
- In 2022, we benchmarked our methodology against the calculation standard of the Partnership for Carbon Accounting Financials (PCAF), and in 2023, we will determine whether any adjustments need to be made. These efforts demonstrate the rigour of our carbon measurement methodologies and practices, which are subject to subsequent external verification.

03 Describe the climate-related risks and opportunities identified over the short, medium and long term

- In 2020, we began an innovative partnership with two Canadian peers and The Climate Service to co-develop Climanomics, a tool used to better understand, measure and report on physical climate risks in financial terms. We continued to use this tool after the firm was acquired by S&P Global in 2022.
- Today, our teams analyze the different types of physical climate risks over the short, medium and long term. The risks are taken into consideration for each new investment in real assets (infrastructure and real estate) as well as for some of our portfolio assets (more details can be found in Section 5. Management of physical risks).
- Our teams also analyze climate change transition risks. They are subject to both qualitative and quantitative analysis, and include:
  - Regulatory or political action (carbon pricing or subsidies)
  - Technological innovations
  - Market risks (changes in demand for certain products)
  - Lawsuits
  - Reputation risks
- An analysis is performed for each new investment opportunity, taking into account the materiality of the risk and the liquidity of the security. The analysis considers different time horizons, the company's business model and exposure to transition risk factors.
- In 2021, an analysis was conducted on the entire portfolio, assessing the impacts of transition risks on our portfolio companies (more details can be found in Section 6. Management of transition risks).
  - Short term: relatively low and specific risks in certain jurisdictions and companies, analyzed on a case-by-case basis
  - Medium term (<5 years): risks of a technological, regulatory or market-related nature or pertaining to carbon pricing, potentially affecting the competitiveness of carbon-intensive companies
  - Long term (>5 years): risks associated with high carbon intensity sectors for which lower carbon substitutes or disruptive technologies exist
- We remain abreast of methodologies used to quantitatively assess transition risk, and continue our work in this area
- There are many climate opportunities (more details can be found in Section 9. Seize opportunities). To ensure that they are taken into consideration, investment teams incorporate them into their annual strategic planning exercise. Internal discussion groups involving various portfolio managers are organized on the transition and related technologies. In this way, we continuously look for investment opportunities, both direct and through external partnerships.

04 Describe and assess the impact of climate-related risks and opportunities on operations, strategy and financial planning and how they factor into investment portfolios and strategies

- In 2017, CDPQ was one of the first major global institutional investors to adopt a climate strategy covering its entire portfolio. At that time, we set ambitious targets for acquiring low-carbon assets and reducing the carbon intensity of our portfolio.
- In 2018, the Human Resources Committee of the Board of Directors took a strong step by linking the variable compensation of all employees, including the members of the Executive Committee, to the achievement of climate targets. We are one of the first global institutional investors to adopt such a measure.
- To that end, many teams were mobilized, including:
  - Technology (accessibility and analysis of climate data)
  - Finance Group and Operations (data quality and reporting, green bond issuance)
  - Talent and Performance (training, calculation of variable compensation)
  - Risk Management (risk management, portfolio construction)
  - Public Affairs (internal communications)
  - All investment teams
- In 2019, we also decided to make an important commitment: to achieve a net-zero portfolio by 2050 by focusing on decarbonizing the real economy.
- Since that time, we have far exceeded our intermediate targets. We therefore announced a new strategy for 2021 based on four essential and complementary pillars to meet the major challenges inherent in the transition:
  - Hold $54 billion in low-carbon assets by 2025
  - Decrease the portfolio's carbon intensity by 60% by 2030 compared to 2017
  - Establish a $10-billion transition envelope to decarbonize the heaviest emitting sectors
  - Complete our exit from oil production by the end of 2022
- In addition, we have refined our climate risk identification and management tools (see sections 5. Management of physical risks and 6. Management of transition risks).
- The climate issue is now an integral part of CDPQ's business model (Figure 17):
  - The investment teams review their strategy each year to capture more low-carbon and transition opportunities as a way to optimize risk management and decarbonization as they construct our portfolios
  - The Sustainability team supports the investment teams in their climate ambitions, continuously reviewing their practices and refining their risk management tools
  - Climate risks are integrated into the due diligence performed on each new investment and in portfolio monitoring, like all other risks
  - Specific guidelines have been introduced to manage investments in fossil fuels and their value chains
  - The support groups (Digital Technology, Finance Group, Compliance, Talent and Performance, Risk Management, Public Affairs, etc.) meet regularly to ensure that the operational risks related to the Climate Strategy are controlled and managed like all other risks

- Lastly, CDPQ actively participates in various investor groups in the area of climate change to keep abreast of new developments:
  - We serve on the board of the Net-Zero Asset Owner Alliance, which we co-founded in 2019 to support the decarbonization of the real economy, and we take part in several of its working groups
  - We also co-founded in 2018 and have since co-chaired the Investor Leadership Network (ILN), a group of 12 global institutional investors that aims to address climate change, among other things (for more details, see the Leadership section).
  - We also participate in the work of Climate Action 100+, a group of investors whose main goal is to raise companies' awareness on climate-related issues

FIGURE 17

Factoring climate change into our investment process

Pre-investment

- Conducting detailed analyses of climate opportunities and risks
- Calculating carbon intensity and validating against carbon budgets
- Validating the eligibility of an investment in low-carbon assets or from the transition envelope

Post-investment

- Engaging and developing portfolio companies
- Monitoring disclosure practices

Continuous portfolio management

- Tracking carbon intensity, low-carbon assets and the transition envelope
- Monitoring climate risk
- Preparing annual public reporting
- Influencing variable compensation

05 Management of physical risks

Pre-investment

- We analyze the physical risks for each new investment in real assets (infrastructure and real estate) as well as for some of our portfolio assets.
- These analyses use the Climanomics tool (see Section 3. Identification of risks and opportunities) to detect and assess such risks under various climate scenarios and over different time horizons.
- The issues detected are then analyzed using tools tailored to the specific context of the investment under consideration, which may include discussions with the target company.
- The potential costs generated by physical risks are then integrated into the financial analyses of the investment. In some cases, these analyses may lead to a decision not to invest.

Post-investment

- A similar approach is taken with respect to our portfolio assets. Once the issues have been identified, we enter into dialogue with the management of the companies concerned so that they account for these risks and take appropriate measures. In many cases, this means enhancing the climate resilience of assets, but also interacting with external stakeholders. This is because the physical risks may not only affect the asset but also certain critical inputs to our investment that are managed by third parties (e.g. access roads, key suppliers, public infrastructure).
- The Investor Leadership Network published a guide in 2021 to encourage portfolio managers to incorporate physical risks into investment decisions and to adopt best practices.

06 Management of transition risks

Analysis of transition risks

- We have developed qualitative tools to improve the way that transition risks are factored into our analyses. These scalable tools are aimed at guiding decision making according to regulatory, technological and socioeconomic developments around the world. They will also allow teams to ask the right questions when analyzing investment opportunities.
- In 2021, CDPQ conducted a complete review of its investment portfolio across all sectors and asset classes. The transition risks were analyzed based on a framework tailored to corporate business models, by developing scenarios based on realistic assumptions concerning the impacts of the energy transition.
- We assess these impacts according to four focus areas:
  1. Sectors in which the transition will have a negative impact on product demand
  2. Sectors in which products will need to be adapted during the transition
  3. Emitting industrial sectors with established demand for their products but for which decarbonization is complex
  4. New needs arising from the emergence of industries of strategic value for the future
- Three time horizons were considered:
  - Short term (<5 years)
  - Medium term (5–12 years)
  - Long term (>12 years)
- The level of exposure was rated on a 6-step scale, ranging from *very favourable* to *critical*.
- In the short term, the exposure to transition risk was found to be low, with 5% of the portfolio considered as to be *monitored* and on which further analysis will be performed, while 8% of the portfolio was favourably exposed to transition risk.
- In the medium and long term, the percentage of assets with negative exposure to transition risk increases. However, over such a horizon, we expect that our portfolio companies will have initiated risk mitigation measures, and that we will be able to reposition the portfolio to limit our exposure.
- Since this analysis was conducted, our exit from the oil production and refining sector has reduced the transition risk of our portfolio.
- Reviews of our portfolio will be carried out from time to time depending on our new investments and their exposure to transition risks.

Management of transition risks

- We are working with certain private companies with operations in heavy emitting sectors to determine how they can decarbonize their operations and make greater use of cleaner energies.
  - In the area of power generation, this involves transitioning to renewable energy and closing or converting assets that use fossil fuels
  - In transportation, this means electrifying vehicle fleets or transitioning to lower-emitting fuels when electrification is not possible
- Our transition envelope, from which we made our first investments in 2022, targets investments in high-intensity assets with a concrete and ambitious decarbonization strategy that is aligned with the Paris Agreement. External consultants are given mandates to certify the decarbonization trajectories of these companies. This demonstrates how CDPQ deploys its constructive capital to reduce the transition risk of these companies and help decarbonize the planet, while generating attractive returns.
- Our engagement and shareholder voting activities with public companies, particularly in association with Climate Action 100+, are aimed at demanding the implementation of concrete plans and the adoption of decarbonization targets aligned with the Paris Agreement.

- We have set ambitious low-carbon investment targets, aiming to reach $54 billion by 2025, which is more than three times the amount of such assets we held in 2017.
- We continue our efforts to decarbonize our portfolio. In 2022, we reduced our carbon intensity by 53% compared to 2017. This means that we are now positioned to achieve our new target of a 60% reduction by 2030, which is aligned with our ambition to have a net-zero portfolio by 2050.
- In addition, $37 billion of our assets under management are in companies with a decarbonization target aligned with the Paris Agreement and certified by the Science Based Targets initiative (SBTi).
- By the end of 2022, we essentially completed our exit from the oil production sector. This has contributed to the progress made decarbonizing the portfolio and reducing transition risk.

07 Long-term ambitions

- As a member of the Net-Zero Asset Owner Alliance, we are determined to working together on defining best practices, influencing our portfolio companies and further driving the financing of existing climate solutions in order to meet our target of decarbonizing the real economy. We are also committed to achieving a net-zero portfolio by 2050 (for more details, see the Leadership Section).
- In 2021, we reviewed our climate targets and published a new strategy, including a target to reduce the carbon intensity of our portfolio by 60% by 2030 compared to 2017.
- In 2023, we will begin work to better assess companies' expected emissions and transition risk management trajectories. In addition, we will examine climate risks by country (and in some cases, by major region). This information will be useful for investments and portfolio construction.

08 Engage with portfolio companies to improve their climate-related practices and disclosures

- Through our shareholder vote, we support shareholder proposals aimed at promoting better disclosure of climate-related risks and opportunities, in accordance with TCFD recommendations.
- Moreover, we speak with corporate executives to better understand their climate change strategies and encourage them to adopt best practices. In some cases, CDPQ pools its efforts with peers to maximize its influence on companies.
- As part of various initiatives, including Climate Action 100+, we work with other investors to influence the practices of the heaviest emitters and raise awareness among investors and companies on best practices for addressing climate issues.
- In 2022, we voted against the re-election of certain board members of 10 companies to underscore their lack of ambition on decarbonization. They are individuals with responsibility for sustainability and climate-related issues on their boards.
- We also continued our efforts, begun in 2020, to raise Berkshire Hathaway's awareness on ESG issues. At the 2022 annual meeting, we filed, in partnership with Brunel Pension Partnership Limited, represented by EOS at Federated Hermes, the California Public Employees' Retirement System (CalPERS), and the State of New Jersey Common Pension Fund, a new shareholder proposal requesting that the company set GHG emission reduction targets for the entire conglomerate and disclose their climate risks, based on the TCFD framework.

09 Seize opportunities

- CDPQ has developed various tools to seize the many investment opportunities related to climate:
  - An ambitious low-carbon investment target ($54 billion by 2025) that is aligned with the Climate Bonds Initiative (for more details, see the Environment Section).
  - The Sustainable Land Management mandate, formed within the Infrastructure portfolio, which plans to deploy up to $2 billion by 2025 by acquiring forest and agricultural land on several continents. Our investments in this sector are made over the long term, in compliance with rigorous ESG criteria and the highest standards of sustainable development. This mandate helps diversify our low-carbon investments.
  - A $10-billion transition envelope to decarbonize heavy emitters. The envelope targets critical transition sectors such as power generation, materials, transportation and agriculture, and will reduce GHGs in the real economy (for more details, see the Environment Section).

10 Develop new investment guidelines

- As part of our investment process, we analyze the role that each component of the energy value chain plays in the transition.
- In order to achieve our carbon intensity reduction target, we have had carbon budgets in place for each portfolio since 2017. All our portfolio managers are required to incorporate them into their investment decisions, on equal footing with their performance objectives.
- Since 2020, as a member of the Net-Zero Asset Owner Alliance, CDPQ has made a strong commitment regarding coal:

  1. No new thermal coal projects
  2. Progressive elimination of most of our assets fuelled by thermal coal in industrialized countries by 2030
  3. An almost complete elimination of our assets in this sector, worldwide, by 2040
- Furthermore, we also exclude investments in thermal coal mines.
- In 2021, we also joined the Powering Past Coal Alliance (PPCA), an organization consisting of national and subnational governments, businesses and organizations working to advance the transition from coal to renewable energies.
- Through our Climate Strategy, we have also committed to exiting oil production by the end of 2022. This exercise targets:
  - All our direct investments in internal management, debt and equity
  - Any new external management agreement
  - Work to raise awareness among our current external managers
- As at December 31, 2022, we had only $0.2 billion in assets under active management in this sector.

11 **Identify and adapt the metrics used to identify and track climate-related risks and opportunities, by portfolio and by strategy**

- Our main indicators are the carbon intensity (in tCO_2e/M$) of a company or portfolio, under the methodology recognized by the Net-Zero Asset Owner Alliance, as well as the volume of low-carbon investments (in $B) under the Climate Bonds Initiative.
- In 2018, CDPQ put in place an IT system that connects its internal databases to the databases of external climate data suppliers in order to estimate, in real time, the carbon intensity of our various portfolios and measure changes. Particular attention has been paid to the quality of the data and its governance, in order to mitigate the operational risks associated with this disclosure.
- CDPQ also took part in the work led by the Net-Zero Asset Owner Alliance to explore solutions to enhance for forward-looking climate metrics. In 2023, we intend to develop a tool that will better assess companies' climate trajectories, based on existing external work.
- CDPQ uses the carbon intensity metric for a company or portfolio, in accordance with the methodology recognized by the Net-Zero Asset Owner Alliance. We consider this metric to be credible, rigorous, easy to understand, derived from a transparent methodology, and useful for decision-making, as it allows us to compare companies and measure our progress, regardless of portfolio size.
- In 2022, CDPQ conducted a detailed analysis of the Scope 3 GHG emissions data of our portfolio companies. The data represent supply chain emissions and are tied to use of the company's products. Our analysis revealed inconsistencies in the quality and coverage of the data disclosed by our companies and data providers. This limits our ability to calculate this data at the portfolio level.
- Despite the fact that Scope 3 emissions are more difficult for a company to control and more complex for it to calculate, we continue to encourage our portfolio companies to disclose these emissions. When the data is of good quality, it can be used in a risk assessment, more specifically in files associated with fossil fuels.
- The businesses selected for the transition envelope are evaluated by our teams and reviewed by independent external experts in order to validate the rigour of their respective decarbonization plans and ensure alignment with the Paris Agreement. The selected companies must meet specific criteria defined by the CBI or the SBTi, have a proven robust decarbonization strategy, have an implementation plan, and disclose their progress both internally and externally.
- The financial exposure and carbon emissions of the companies held in the transition envelope are rigorously monitored to ensure that they meet the required criteria and follow their transition paths.
- In 2022, we benchmarked our methodology against the calculation standard of the Partnership for Carbon Accounting Financials (PCAF), and in 2023, we will assess any adjustments to be made. These efforts demonstrate the rigour of our carbon measurement methodologies and practices, which are subject to subsequent external verification.

12 **Disclose carbon intensity of the portfolio (Scopes 1 and 2) and the associated risks**

- CDPQ's portfolio intensity is calculated on a perimeter of $394 billion, or 100% of our corporate exposure.
- In 2022, the carbon intensity of CDPQ's portfolio was 37 tCO_2e/M$, down 42 tCO_2e/M$ from 2017 (for more details, see the Environment Section).
- CDPQ also set a new target of a 60% reduction in carbon intensity by 2030 compared to the 2017 in its Climate Strategy.

13 Disclose carbon intensity based on portfolios and strategies, along with relevant data and the methodology used

- We disclose the carbon intensity of our total portfolio annually. We also provide information on the contributions made by various sectors to our overall carbon footprint, in addition to their weights in CDPQ's total portfolio, in billions of dollars.
- The methodology used to measure our intensity is available in Appendix 2 and has been certified by CDPQ's external auditors (see Appendix 3).

14 Describe the targets used to manage climate-related risks and opportunities and performance against targets

- Our carbon intensity reduction targets are broken down by portfolio based on asset class, time horizon and investment universe.
- In 2022, we reduced the carbon intensity of our total portfolio by 53% compared to 2017 and increased our low-carbon investments by $29 billion compared to 2017, for a total of $47 billion.