

Green Bond Impact Report 2022





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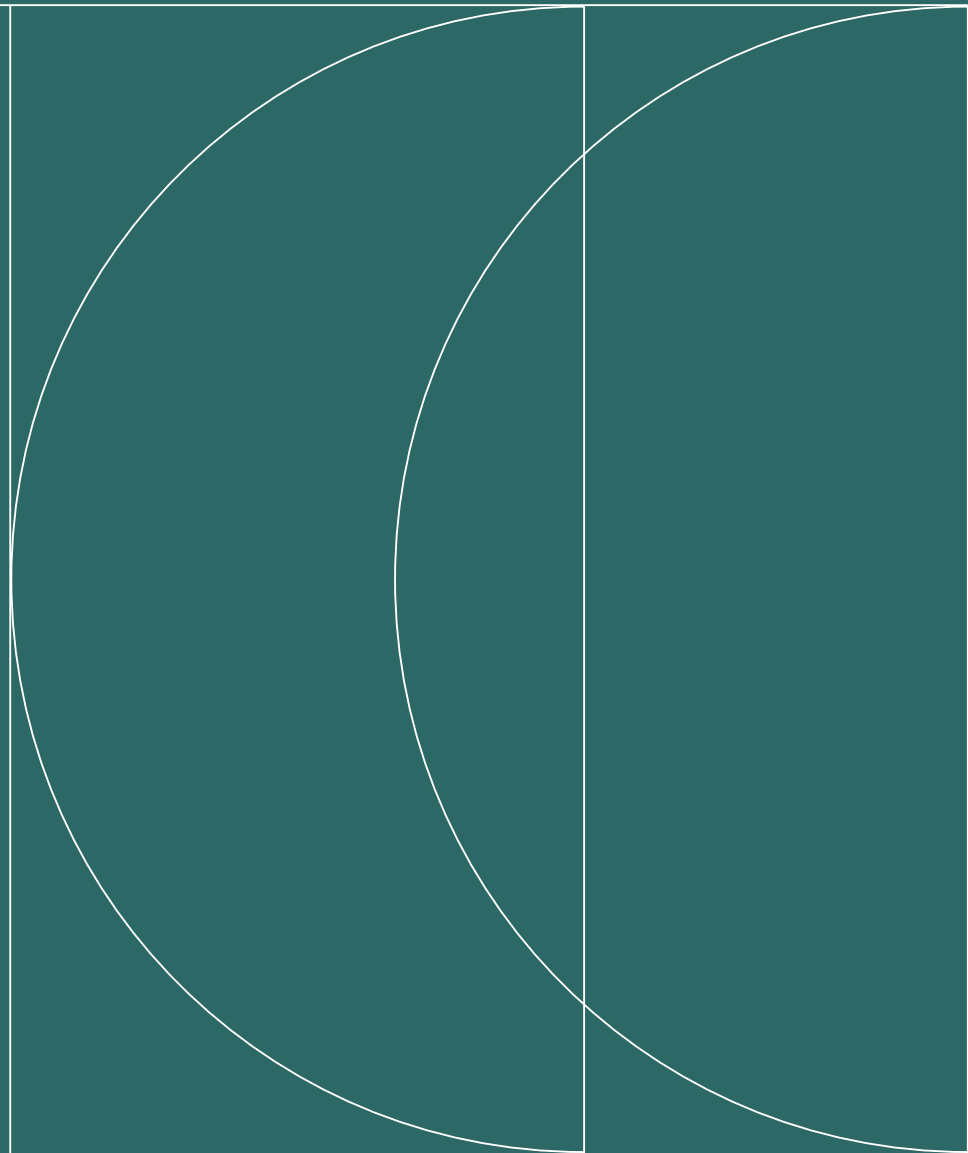
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Our commitments to sustainability





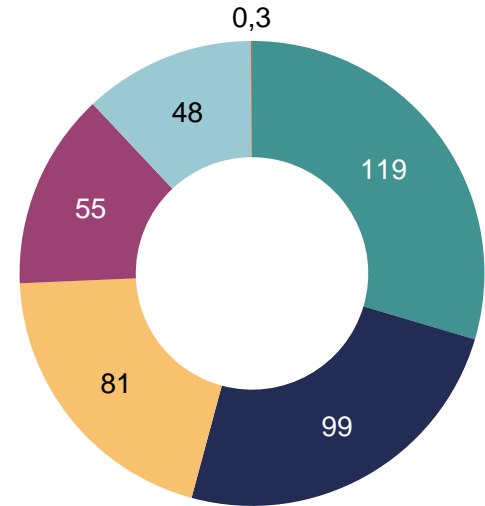
We are a global investment group

\$401.9 B
 USD 296.6 B

net assets
 as at December 31, 2022

By asset class (\$B)
 as at December 31, 2022

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



as at December 31, 2022

5.8%

5-year
annualized return

\$91.8 B

investment results
over 5 years

8.0%

10-year
annualized return

\$201.5 B

investment results
over 10 years

AAA

credit rating



Building on extensive ESG experience



1st Proxy Voting Policy

ESG integration into Equity Markets

1st Sustainable Development Action Plan

ESG integration into all portfolios



Equity, Diversity and Inclusion Strategy

Initiatives in biodiversity
Exit from oil production

1994

2004

2005

2006

2009

2012

2014

2015

2016

2017

2018

2019

2020

2021

2022

1st Responsible Investment Policy



1st Climate Strategy Statement on International Taxation



Net-Zero Asset Owner Alliance



Equity25



New Climate Strategy



Sustainable investment: A fundamental performance driver

Environment

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

- Lower our portfolio's carbon intensity
- Increase our low-carbon assets
- Support decarbonization of companies in the heaviest-emitting sectors

Social

Help build stronger communities

- Fostering an inclusive workplace and our people's development
- Supporting our portfolio companies and external managers on issues involving diversity, equity and inclusion (DEI)
- Adopting tax best practices

Governance

Focus on promoting a strong governance structure

- Apply sound governance principles
- Support our portfolio companies in implementing best practices
- Promote rigorous management of technology risks

A net-zero
portfolio
by 2050

We pursue six United Nations Sustainable Development Goals





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

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

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

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

The four vital pillars for the transition



\$54 B

in green assets
by 2025



60%

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



\$10 B

transition envelope
to decarbonize the
heaviest carbon-emitting
sectors



2022

complete our exit
from oil production¹

1. 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.



Our climate actions in 2022

53%

reduction in carbon intensity since 2017¹

\$47 B

low-carbon assets^{1,2}

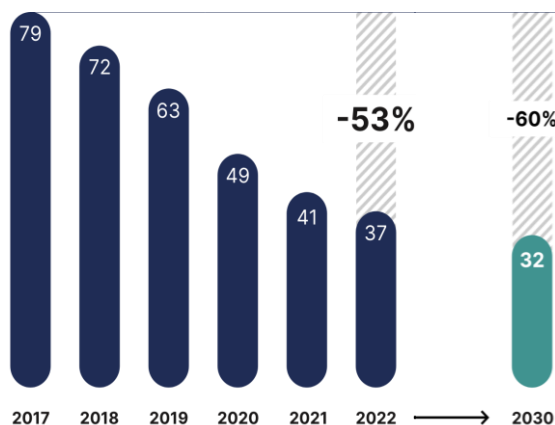
+ \$29 B

low-carbon assets¹ since 2017

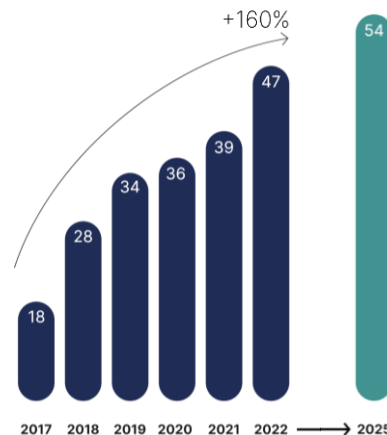
Leadership

engaging our partners on our priorities

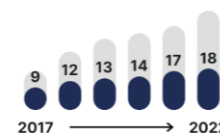
The Portfolio's Carbon Intensity (in tCO₂e/M\$)



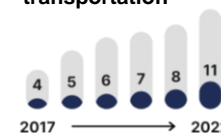
Low-carbon assets (in \$B)



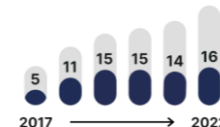
Renewable energy



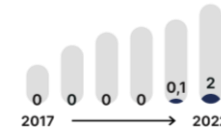
Sustainable transportation



Low-carbon properties



Others*



*Includes the new sectors from CBI's taxonomy

1. As at December 31, 2022

2. Investments in renewable energy, sustainable transportation, low-carbon properties and other categories according to the CBI's Climate Bonds Taxonomy.



We exercise strong climate leadership through several initiatives

UN-convened Net-Zero Asset Owner Alliance

- More than 80 global investors
- Measures to align investors' portfolios with a 1.5°C scenario, pursuant to Article 2.1c of the Paris Agreement
- Emphasis on transitioning the real economy
- CDPQ has been part of the steering group since its foundation

Investor Leadership Network (ILN)

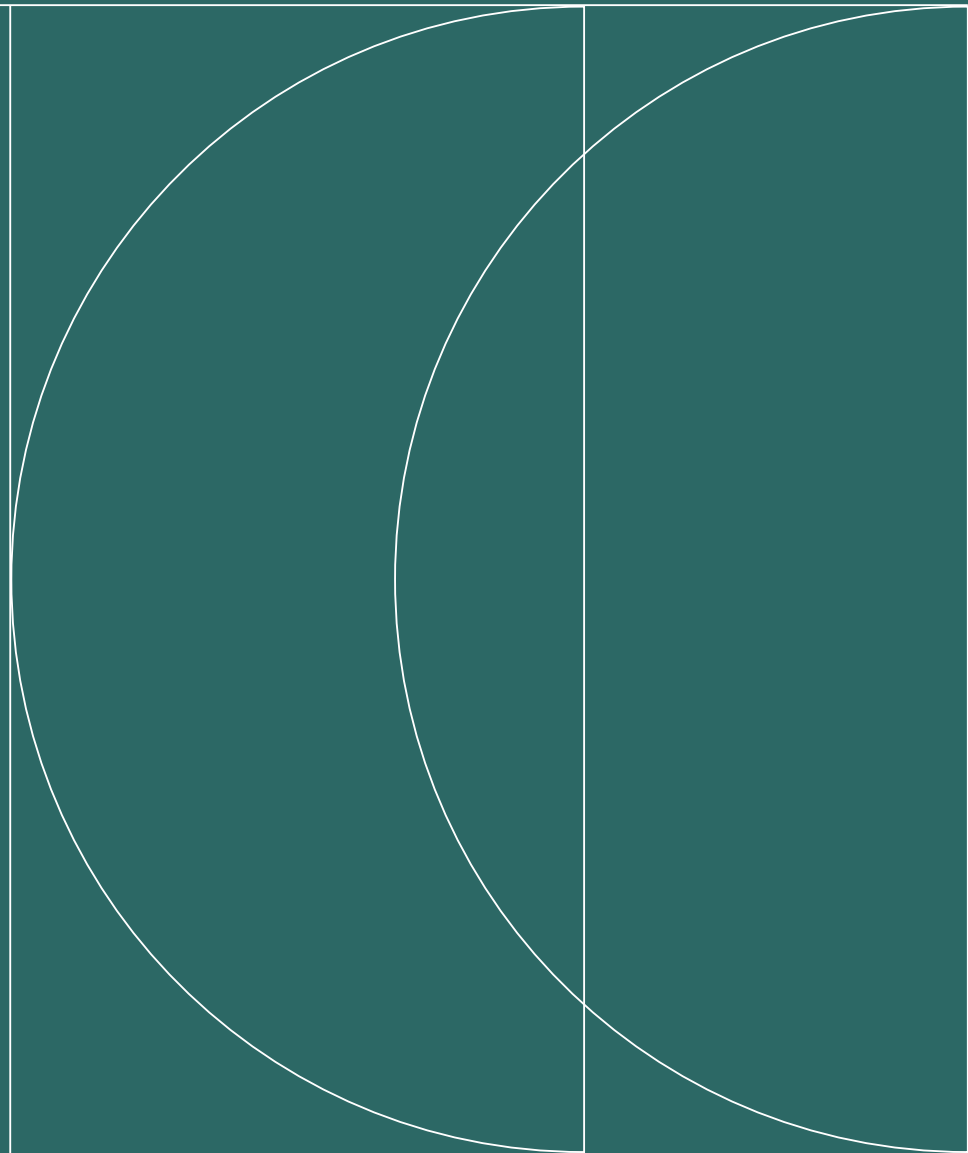
- 12 global investors
- Efforts to facilitate and accelerate collaboration on strategic issues related to sustainability and long-term growth
- CDPQ co-leads several initiatives of the ILN, such as the CEO Council, the Board, as well as the advisory committees for each of the initiatives and the communications committee

Sustainable Markets Initiative (SMI)

- 200 institutions and companies
- Initiative that aims to support the transition to a more sustainable economy
- CDPQ takes part in the Asset Managers and Asset Owners Task Force alongside other major actors from around the world
- CDPQ also joined the Terra Carta initiative, which aims to provide companies with guiding principles for building a sustainable future by 2030

With our partners, we are taking concrete steps to advance sustainable finance.

Our Green Bond Framework









Overview of our Green Bond Framework



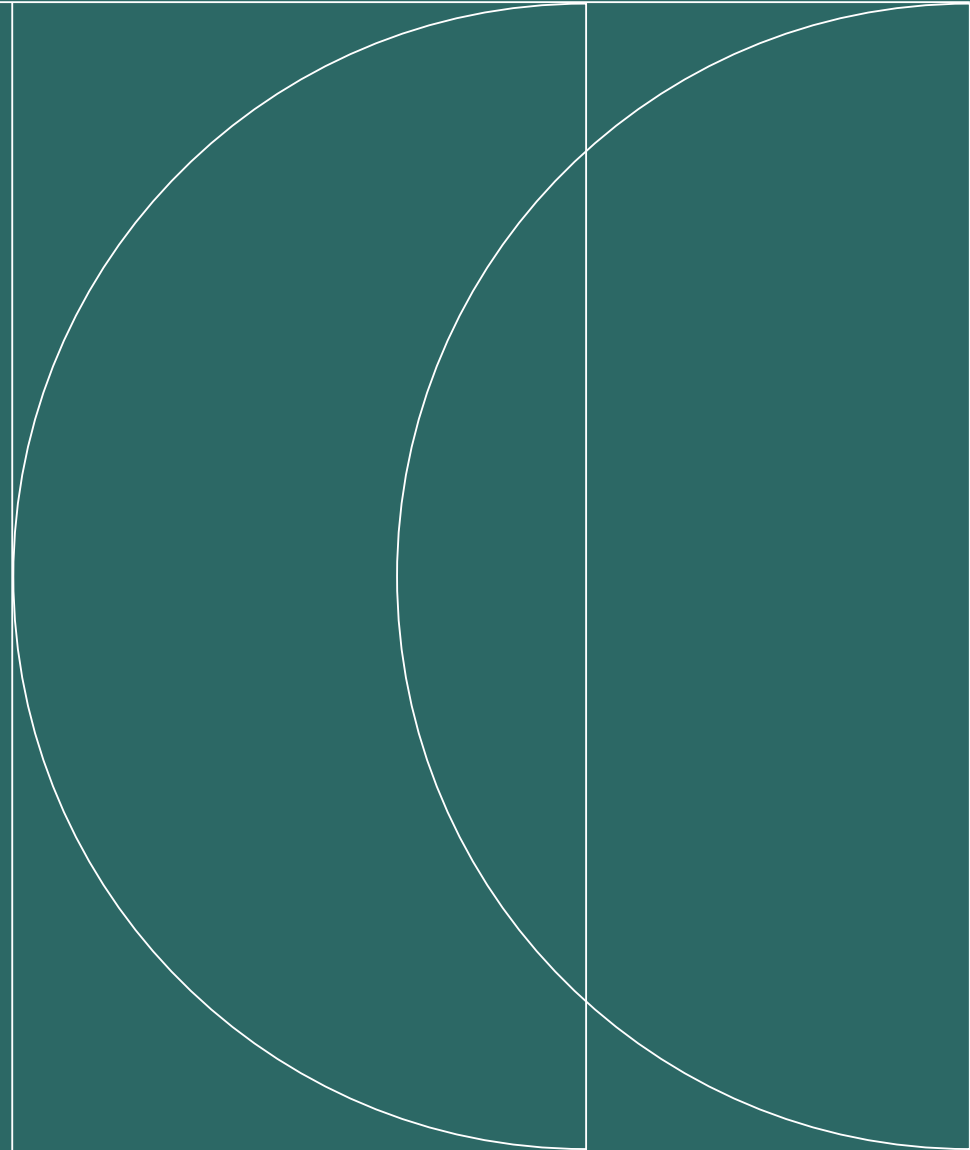
Review

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

Our sustainable investment objectives

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

Allocation and impact metrics






Green Bond Register

First Green Bond Issuance

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



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




Green Bond Register

Second Green Bond Issuance

Issuance	CAD 1,250,000,000 3.800% Senior Notes, issued by CDP Financial Inc. under the Senior Note Program on November 23, 2022 and maturing June 2, 2027 ("Green Bond 2") CADEPO 3.8% 06/27
Pricing Date	11/17/2022
ISIN	CA125094BA92 (144A) CAC23264AR25 (REGS)
CUSIP	125094BA9
Issue Size	CAD 1.25 B
Reoffer Spread	CAN + 56 bps
Order Book	> CAD 1.6 B



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



Allocation and use of net proceeds*

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

Unallocated Net Proceeds (Dec 31, 2021)	CAD 0 B
↓	
2022 Net Proceeds	
• Green Bond 2	CAD 1.245 B
Total Net Proceeds (CAD)	CAD 1.245 B
↓	
2022 Use of Net Proceeds	
• REM – Before Issuance (Lookback)	CAD 1.245 B
Use of cumulative net proceeds	CAD 1.245 B
↓	
Unallocated Net Proceeds (Dec 31, 2022)	CAD 0 B



*Net proceeds were allocated in alignment with CDPQ's [Green Bond Framework](#)

Use of proceeds

Réseau express métropolitain (REM)



Background

- One of the largest automated transit networks in the world, developed from A to Z by CDPQ Infra, a subsidiary dedicated to developing greenfield projects
- Québec's largest public transit project in 50 years, the REM is a light rail system that will include 26 stations spread over 67 km, with the first departures slated for 2023
 - Linking downtown Montréal, the South Shore, the West Island, the North Shore and the airport, the project will contribute \$3.7 billion to GDP and create 34,000 jobs during construction, and 1,000 direct and indirect jobs once in service
 - CDPQ Infra's first project

Investment thesis

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

CDPQ'S role

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



Industry

Passenger transportation

Region

Canada

Initial investment

2016

CDPQ's stake

73.3% (REM)

Partners

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

Estimated cost

CAD 6.9 B

Key impact metrics

Réseau express métropolitain (REM)



Climate change



- 2,500,000 tons of GHG emissions avoided over 25 years¹
- 42,120 users can use the REM during rush hour (6:00 a.m. to 9:00 a.m.)
- 250,000 trees planted to offset the GHG emissions during construction

Compensation for natural environment impacted by construction



- Restoration of wetland
- Reforestation
- Enhancement of wildlife habitats with special status
- Relocation of flora with special status
- Creation of a fish spawning ground

Economic development



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

Sustainable development



- Increased use of public transit, reduced use of automobiles and associated social costs
- Contribution to the electrification of various means of transportation and improved energy efficiency in this sector to support economic development and reduce GHG emissions
- Contribution to the educational, professional and social integration of people with reduced mobility through universally accessible stations and cars



Industry

Passenger transportation

Region

Canada

Initial investment

2016

CDPQ's stake

73.3% (REM)

Partners

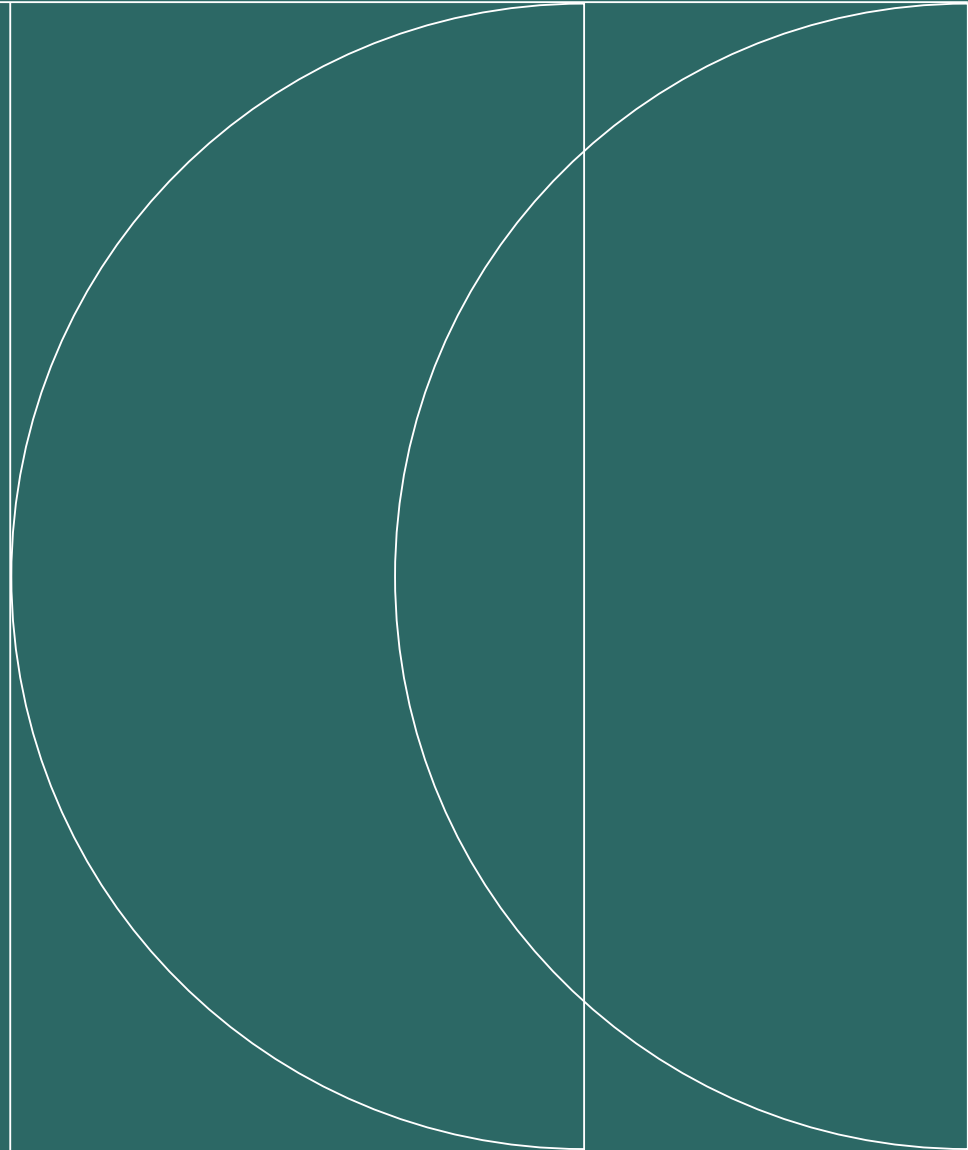
Gouvernement du Québec; Canada Infrastructure Bank; Hydro-Québec; Autorité régionale de transport métropolitain (ARTM)

Estimated cost

CAD 6.9 B

1. Based on the report "Émissions de gaz à effet de serre du REM, phase exploitation", Systra. December 2022

Appendices





Key links

CDPQ

[Investor Relations](#)

[Sustainable Investing Report](#)

[New climate strategy](#)

[Our clients, the depositors](#)

Investments and Performance

[Total portfolio](#)

[Annual reports](#)

[Risk management](#)

Governance

[Laws, regulations and policies](#)

[Board of Directors](#)

[Executive Committee](#)

Green Bonds

[CDPQ Green Bond Framework](#)

[Second Party Opinion - Sustainalytics](#)

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

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