

Policy – Application of the last paragraph of section 37.1 of the Act respecting CDPQ	APPROVING BODY Board of Directors
ISSUING BUSINESS UNIT Legal Affairs, Compliance and Secretariat EVP group	DATE 2024-02-20

RELATED LEGISLATION, POLICIES AND DIRECTIVES

- *Act respecting the Caisse de dépôt et placement du Québec (CQLR. c. C-2)*

OBJECTIVES

- Specify the principles and framework for applying the last paragraph of section 37.1 of the *Act respecting the Caisse de dépôt et placement du Québec*.

1. Definitions

Act: The *Act respecting the Caisse de dépôt et placement du Québec* (CQLR., c. C-2).

CDPQ: Caisse de dépôt et placement du Québec.

Compliance: The Vice-President and Chief Ethics and Compliance Officer of CDPQ or any other person in similar positions.

Investment Committee: The Investment Committee responsible for monitoring the investment made under the Paragraph.

IRMC: Investment and Risk Management Committee.

Paragraph: The last paragraph of section 37.1 of the Act.

Specialized Entities: CDPQ subsidiaries that qualify as Specialized Entities under the first paragraph of section 37.1 of the Act.

2. Background

Pursuant to the Act, the mission of CDPQ, either directly or through its subsidiaries, is to receive moneys on deposit as provided by law and manage them with a view to achieving optimal return on capital within the framework of depositors' investment policies while at the same time contributing to Québec's economic development.

The Act also stipulates that, for the purpose of acquiring, holding or disposing of investments provided for by the Act, CDPQ is authorized to carry out any activity or transaction that protects or promotes the value of such activities or that aims to obtain the best possible financial return.

CDPQ's activities in investing in illiquid assets allow it to seize investment opportunities with an attractive risk-return profile over a longer-term investment horizon. CDPQ is able to seize these investment opportunities by committing to putting its capital and expertise to work to help companies at various stages of their development over several years.

In addition, CDPQ is a leader in Québec and globally in investment, and is recognized as a long-term partner that can offer capital solutions that meet the needs of its partners.

These activities may lead CDPQ to acquire or hold more than 30% of the common shares or a class of common shares of one legal person. Such interests in excess of 30% are governed by the

Paragraph, which sets out the circumstances in which CDPQ may acquire or hold such interests through its Specialized Entities.

As required by the Act, this policy sets out the conditions applicable to investments made under the Paragraph.

3. Interest in excess of 30% of common shares

The Act authorizes CDPQ to make, through its Specialized Entities, an investment which translates into holding more than 30% of one legal person's common shares or class of common shares provided that such investment:

- occurs during the start-up or pre-start-up phase, phases during which businesses often seek capital and a long-term partner who is able to support them;
- ensures or maintains operations, for instance under difficult market conditions, following delays in production or a turnaround, or even in situations more favourable to an expansion of activities, whether in new geographies, new sectors or new products;
- fosters continuity, as is often the case with family-owned businesses or upon the departure of a founding entrepreneur;
- favours a transition, such as when a shareholder's interest is bought out;
- favours a reorganization, such as merger and acquisition projects or production realignment projects;
- promotes growth prior to a public issue; or
- is made under any new investment holding structure or fund management structure provided for by regulation.

4. Time limit on holding interests in excess of 30% of common shares

Pursuant to the Paragraph, an interest in excess of 30% of one legal person's common shares shall not be held for more than five (5) years. It is, however, provided that CDPQ shall establish the conditions and authorizations to be obtained beyond that period.

Therefore, an investment may exceed the period of five (5) years established by the Act if, in the opinion of the Investment Committee, that investment is not liquid or the value of the investment does not warrant disposition. In such a case, a disinvestment plan specifically setting a maturity that may not exceed a further period of five (5) years shall be submitted to the Investment Committee.

Furthermore, in the event that, at the expiry of the aforesaid additional period of five (5) years, the disinvestment plan could not be implemented by the scheduled maturity date, the Investment Committee may extend the term of the investment for another additional period not exceeding five (5) years.

5. Authorizations

Authorization of the investments contemplated herein shall be given by the authorities concerned, according to the procedures in effect at CDPQ.

6. Transitional provision

Existing investments at the time this policy is adopted are subject to this policy and to any amendment made thereto from time to time.

7. Reports

Compliance produces a quarterly report on investments made pursuant hereto that shall be submitted to the Audit Committee and the IRMC, which in turn shall systematically report thereon to CDPQ's Board of Directors.

8. Annual report

CDQP's annual report shall include a statement of investments made pursuant to this policy.

9. Governance

On the recommendation of the IRMC, the Board of Directors approves this policy.

The Investment-Risk Committee recommends this policy to the IRMC.

The Ethics and Compliance division is responsible for developing, updating, applying and monitoring this policy.

10. Public nature

This policy or any changes made to it are available on CDPQ's website (www.cdpq.com).

11. Review

This policy must be reviewed at least every three years.