

Sustainability and Impact at the CIB



About the CIB

Our purpose is to invest in revenue-generating infrastructure which benefits Canadians and attracts private capital. We are a catalyst for private investment in projects that support economic growth. We are working on investment opportunities, from coast to coast to coast, which reflect our priority sectors for investment – green infrastructure, clean power, public transit, trade and transportation and broadband infrastructure.

Table of Contents

Message from the Board Chair and CEO.....	2	Framework Pillar Three: As a Sustainable Corporation.....	33
		Diversity and Inclusion at the CIB	34
		D&I Highlights:	34
Our Sustainability and Impact Approach	4	Reducing Our Operational Carbon Footprint.....	36
The CIB's Sustainability Framework	5	Integrity and Responsible Business Conduct.....	38
Aligning to UN Sustainable Development Goals.....	8	Sustainability in our Procurements.....	38
		Sharing Insights and Perspectives	39
Our Path to Net-Zero	9		
Framework Pillar One: As a Sustainable Investor.....	12	Indigenous Impact	41
Investment Decision-Making	13	Addressing the Indigenous Infrastructure Deficit	42
Investment Initiatives	15	How it's Done.....	43
Looking Ahead.....	17	Our Impact.....	43
Framework Pillar Two: With Impact as Our Bottom Line.....	19	The CIB's 2021-22 TCFD Disclosure ...	47
Our Process.....	21	The CIB's Approach to TCFD	48
Priorities from our Shareholder	22	Governance	48
Portfolio Allocation	22	Strategy	52
Investment Framework and Policy	23	Risk Management.....	55
Public Impact Policy.....	24	Metrics and Targets.....	56
Impact Measures and Standards.....	24		
Accountability for Results	25	Conclusion.....	58
Our Results.....	25		
Looking Ahead.....	31		

Message from the Board Chair and CEO

We are pleased to share with you this report on Sustainability and Impact at the Canada Infrastructure Bank (CIB).

At the CIB, our priority is to invest in infrastructure that benefits Canadians. We catalyze investments and partnerships with the public and private sectors, and crowd in private capital to help accelerate and advance projects that would otherwise not progress.

Impact is at the core of what we do – our investments reduce greenhouse gas emissions, connect Canadians through broadband and transit, grow our economy through trade and close the Indigenous Infrastructure gap. Specifically with respect to climate this means:

- Deploying significant capital to reduce greenhouse gas emissions (GHGs) and help the federal government reach its climate goals.
- Partnering with stakeholders who embody our climate vision and meet our obligations to consult.
- Mitigating our operational carbon footprint beginning this year with purchased electricity.
- Moving forward, committing to measure and track the full lifecycle of our financed emissions.

We understand that infrastructure plays a crucial role in building the sustainable future we want and contributes to our transition to a net-zero economy. This document details the CIB's progress in this regard, and our plans going forward. We are at the beginning of an important sustainability journey for the CIB. We are proud of our contributions and results so far, we have significantly more to do, and we are excited for where we are going.

In developing this document, we recap both our sustainability outcomes and the impact of our investments. To us, these are closely related themes that reinforce each other. Over the course of the last 18 months, we have been building our

sustainability related efforts including developing our Sustainability Framework, a roadmap that will act as a strategic vision and blueprint for the organization. This framework divides our sustainability initiatives into three core pillars:

- **Sustainable Investing:** Orienting our investment decision-making to focus on impact, developing a set of standards by which to account for and measure the reduced GHG emissions of our investments, and making progress towards standards for our impacts in other key outcome areas.
- **Impact as our Bottom Line:** Embedding sustainability into our investment framework, developing a comprehensive approach to sustainable investing to deliver significant outcomes for Canadians, and enhancing our efforts to invest in, and in partnership with, Indigenous communities, where infrastructure gaps remain too large and progress has been too slow.
- **A Sustainable Corporation:** Continuing to make the CIB a strong organization with a welcoming culture that values diversity and inclusion and attracts and retains talent.

We are also sharing our plans for reaching net-zero and releasing our first set of Task Force on Climate-related Financial Disclosures (TCFD). We have included a first inventory of our operational carbon footprint and details of our plans going forward to track and measure our GHG emissions – these are critical metrics that will drive our outcomes in the future, as well as our strategy and plans to help achieve net-zero by 2050.

The CIB has made much progress over the past year, and this document reflects the hard work of our staff and their effort and dedication to making a positive impact on the lives of all Canadians. We thank them for their effort and dedication to this important work and look forward to the CIB's growing role in advancing sustainability, making an impact and investing for a better future.



A handwritten signature in black ink, appearing to read 'TVrooman'.

Tamara Vrooman
Chair of the Board of Directors



A handwritten signature in black ink, appearing to read 'Ehren Cory'.

Ehren Cory
Chief Executive Officer

Our Sustainability and Impact Approach

The CIB is an impact investor focused on catalyzing new infrastructure projects that will benefit Canadians.

The CIB has a mandate to work in partnership with the private and institutional sector to finance revenue generating projects that are in the public interest. With an ability to provide concessional finance and patient capital, we can share in risk and unlock projects that otherwise would not advance.

When it comes to sustainability, infrastructure plays a critical role. Whether building major transit, advancing clean energy solutions, unlocking trade bottlenecks or connecting rural and remote homes to broadband, infrastructure is a foundation for making that future happen.

At the CIB, our approach to Sustainability and Impact is linked.

We understand that infrastructure investments must be made for the long-term and deliver benefit to Canadians today as well as future generations. Investments should contribute to a cleaner future, be resilient in our changing environment and address the needs of a diverse population, including Indigenous and other underserved communities.

We evaluate investment opportunities based on the outcomes we can achieve in relation to the capital we invest, for example, this could be GHG reductions, increases in trade

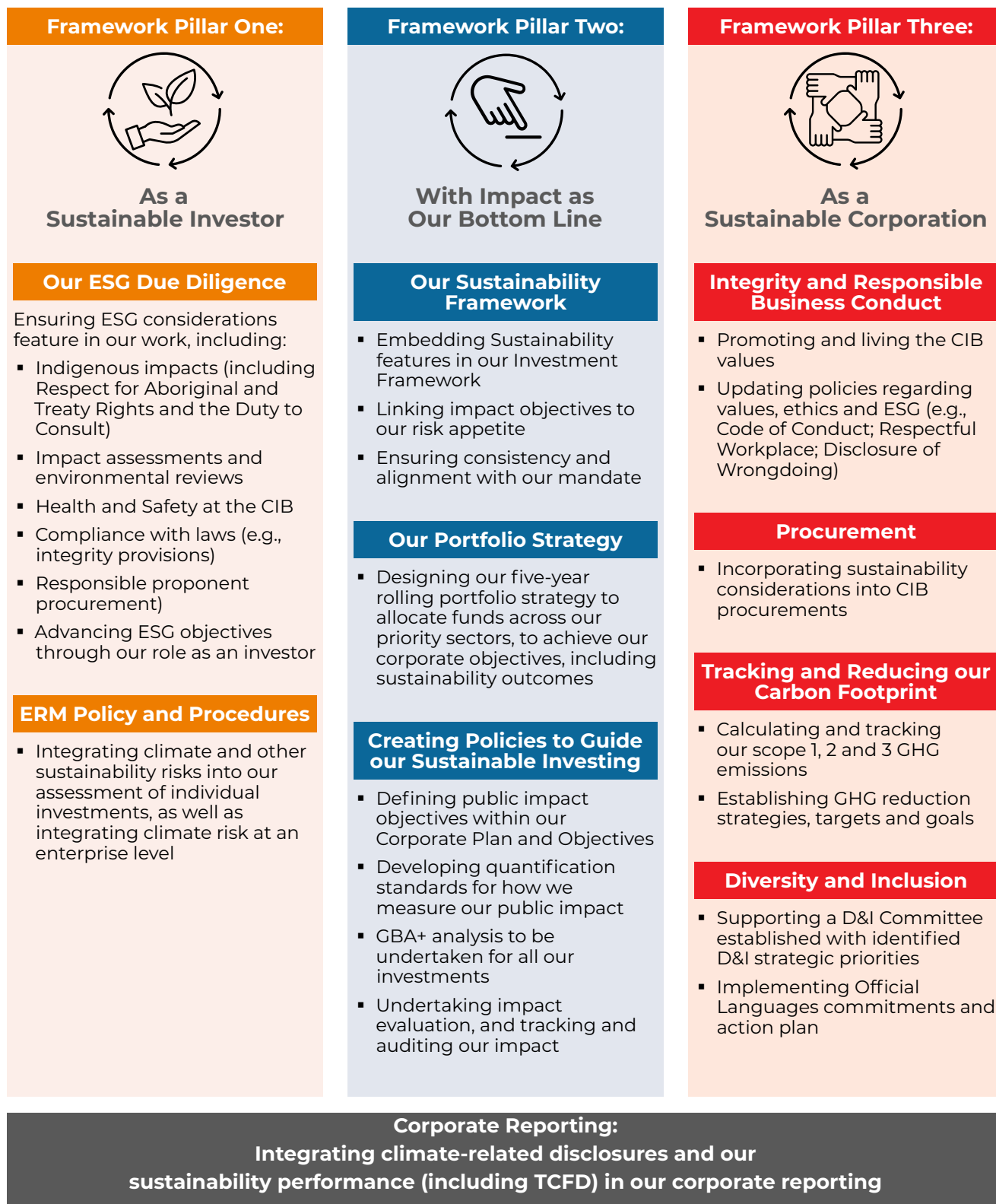
or improvements to infrastructure in remote and Indigenous communities. We also strive to advance positive impacts by forging meaningful partnerships with communities, advancing knowledge and research across our sectors and playing a leadership role through the efforts of a strong and innovative CIB team.

And it is critical that we deliver our work in a sustainable fashion, creating a culture that is respectful and engaging for all our employees and those we work with.

In this Sustainability and Impact document we share the work underway that supports our goals, the results of our efforts to date and our plan for the future. We will highlight how the CIB is making a positive impact on communities across Canada.

The CIB's Sustainability Framework

Our Sustainability Framework is the roadmap we created for this purpose. It outlines our sustainability-related priorities and initiatives for the CIB over the coming years.



As set out in the framework, we seek to embed sustainability into our investments and operations in three ways.

As a Sustainable Investor – Like all infrastructure investors, we take a long view with our work. Projects we invest in will shape our communities today and continue to have a lasting impact on Canadians in the future. At this scale and time horizon, sustainability is an imperative. We are actively embracing leading best practices from other infrastructure investors with respect to how we take climate and other ESG considerations into our investment decisions and ongoing asset management.

With Impact as our bottom line – The CIB is a unique investor – we measure the return of the projects we finance through impact and outcomes. This allows us to make investments

that no other institution can make – by taking a different financial risk/return profile necessary to catalyze a project. We ensure the projects we invest in deliver clear, measurable outcomes for Canadians: greenhouse gas reduction, increased public transit use, access to 50/10 Mbps broadband, growing our trading capacity and closing the Indigenous infrastructure gap.

As a Sustainable Corporation – As a responsible and sustainable organization, the CIB also embeds sustainability into our daily operations. This means conducting our business and activities with the highest level of integrity, carefully managing the environmental footprint of our organization and driving a culture of diversity and inclusion.

The CIB's Sustainability and Impact Journey

2017 Budget 2017 proposes the creation of the Canada Infrastructure Bank and priorities including public transit, trade and transportation and green infrastructure.

The *Canada Infrastructure Bank Act* receives Royal Assent. The Act establishes the CIB and identifies as part of its purpose investment in infrastructure that “will be in the public interest by, for example, supporting conditions that foster economic growth or by contributing to the sustainability of infrastructure in Canada.”

Statement of Priorities and Accountabilities indicates that the CIB should “be guided by best practices with respect to managing and disclosing climate-related risks and opportunities” that its portfolio “make a substantive contribution to supporting Canada’s greenhouse gas reduction goals,” and that the CIB should “contribute to the Government’s commitment to achieve reconciliation with Indigenous people.”

2018

CIB establishes operations and hires first executive team and staff.

CIB makes first Investment commitment in Réseau express métropolitain, a project that will result in a decrease of 680,000 tonnes of GHG emissions through 25 years of operations.

2019

Adopted foundational policies to ensure strong governance practices including Investment Policy, Procurement Policy, Code of Conduct and Human Resources Policy.

2021

Launched the Indigenous Community Infrastructure Initiative to support investing at least \$1 billion towards projects in and with participation of Indigenous communities.

Developed the CIB Sustainability Framework and established a Sustainability Working Group.

Undertook a TCFD gap analysis to inform preparations for climate related reporting.

D&I Committee is established with key priority to ensure an inclusive and equitable workforce at the CIB.

Adopted internal policies to guide investment and ensure focus on outcomes, established project level GHG impact measurement standards to measure our avoided emissions.

Established long term outcome targets for GHG reduction, transit ridership, broadband connections, economic growth and Indigenous investment.

2020

CIB releases a \$10 billion Growth Plan to create jobs and economic growth while supporting the transition to a low-carbon economy. The plan includes \$2.5 billion for clean power initiatives, \$2 billion to invest in large-scale retrofits and \$1.5 billion for zero-emission buses.

Launched Building Retrofit and Zero-emission bus initiatives.

2022

Created an Impact and Risk committee of the Board.

Participating in Department of Finance Green Bond Initiative.

Established project level GHG impact measurement standards to measure emissions reductions.

2030 Emissions Reduction Plan includes \$500M CIB Zero-emission vehicle charging and refueling initiative.

Budget 2022 identifies role for CIB to invest in new sub-sectors to support a low-carbon economy (CCUS, Hydrogen, Small Modular Reactors and Clean Fuels).

Published this Sustainability and Impact document, including our first Task Force on Climate-related Financial Disclosure (TCFD) report and featuring our path to net zero.

Aligning to UN Sustainable Development Goals

As part of its 2030 Agenda for Sustainable Development, the UN has established a set of Sustainable Development Goals (SDGs) to serve as a common foundation for governments, the private sector and others in addressing climate change and boosting sustainability. In September 2015 Canada, along with 192 other member states adopted the UN SDGs to drive progress on key social, economic and environmental priorities.

While the CIB's investments contribute in many respects towards all 17 goals, we have identified nine goals to which we are making significant contributions.

Outcomes	Associated UN SDG Goal(s) and Targets	Examples of CIB Activities
Climate Action	 t: 6.4  t: 7.1, 7.2  t: 9.1, 9.4  t: 11.2, 11.a  t: 13.1, 13.2	<p>Our Priority Sectors include: clean power, green infrastructure and public transit.</p> <p>We have launched initiatives to retrofit buildings, finance zero emission buses and promote zero emission vehiclecharging.</p> <p>We have set outcome targets for greenhouse gas emissions (13Mt) to drive results, and are developing clean water targets in 2022-23.</p>
Indigenous Infrastructure	 t: 6.4  t: 7.1, 7.2  t: 8.2  t: 13.1, 13.2	<p>We have established the Indigenous Community Infrastructure Initiative (ICII) to help close the infrastructure gap for Indigenous communities.</p> <p>We have partnered with Indigenous communities to increase opportunities and build local capacity.</p> <p>Our projects deliver outcomes in areas such as reduced GHGs and clean energy solutions, broadband and transportation connections, and clean water.</p>
Connected Communities	 t: 8.2  t: 9.1, 9.4	<p>Our priority sectors include broadband and public transit.</p> <p>We have set outcomes for households passed (900 000) and daily transit trips (210 000).</p> <p>We have partnered with Innovation, Science and Economic Development Canada to maximize the reach of broadband projects to underserved areas.</p>
Economic Growth	 t: 5.55.c  t: 8.2  t: 9.1, 9.4  t: 17.17	<p>The CIB strives to have a gender-diverse workforce.</p> <p>We are developing a GBA+ analysis to incorporate into our investment process.</p> <p>We are partnering with Federal, Provincial, Territorial, Municipal, and Indigenous governments and communities on projects.</p> <p>We support job growth and employment through our investments.</p> <p>We are setting outcome targets for agricultural output and trade volume.</p>

Our Path to Net-Zero

The CIB is committed to net-zero by 2050. As an organization that catalyzes infrastructure projects that result in sustainable outcomes, we believe we have an important role to play in helping Canada achieve its 2050 emission reduction targets and transition to a cleaner, prosperous economy. Our investments contribute significantly to GHG reductions in high emitting sectors such as buildings, energy and transportation.

The CIB has developed a net-zero plan for our organization. Our plan is aligned with the broader policy imperative articulated by the government for Canada to reduce GHG emissions across all sectors of the economy. It reflects the unique role and mandate of the CIB as an investor in greenfield infrastructure assets, the expectation that our investment portfolio and the nature of our projects will evolve as we continue to make progress over the coming years, and that there will be continuing advancements and refinements around GHG technologies, disclosures, reporting and targets.

Our plan begins with our mandate. To invest in and attract private and institutional investment in infrastructure that will generate revenue and be in the public interest. As mentioned in the most recent Minister's Statement of Priorities and Accountabilities (SPA) letter, in carrying out this mandate the CIB is expected to contribute to building a low-carbon, clean economy. Our investments in sectors including clean power, green infrastructure and public transit all support this broader transition objective. These efforts

will help propel Canada's progress towards its overall goals by transforming the operations of our investee partners. We will continue to seek out and advance investment that can advance this transition. Our 2022-23 Corporate Plan anticipates deploying \$23.5B in projects that support the transition to a net-zero economy.

Our plan reflects our context. As a catalyst for new infrastructure, many of our investments directly support the transition to the net-zero economy through emissions reductions or avoidance. We have set an ambitious target to have made investments by 2026-27 that will lead to 13Mt annual GHG reductions as compared to objective baselines.

Over the last 18 months, the CIB has prioritized developing the tools, systems and process to measure, diligence and assess GHG reductions from projects with the same rigor and discipline we adopt to evaluate financial returns. Each of our transition investments has a dedicated assessment of its GHG reduction measures, and we have developed financial structures that incent deeper GHG reductions. We will continue to prioritize, measure and

report on this progress, and update our GHG reduction targets as our portfolio evolves.

Our plan is forward looking. At the same time as we facilitate deep reductions in the GHG emissions of our partners, we recognize that measuring avoided emissions alone does not tell the whole story. In order to fully play our role in advancing to net-zero, we must also consider, account for and take action to help reduce the absolute emissions associated with our operations and across our investment portfolio.

To do this the CIB is taking the following steps:

- Beginning with 2021-22, we are measuring our operational GHG emissions and undertaking actions across our operations to reduce our carbon footprint.
- In 2023-24, the CIB will undertake an effort to calculate the financed emissions of its investment portfolio. This will provide critical information on the nature of our

portfolio and establish a baseline for our ongoing efforts.

- By 2024-25, the CIB will establish interim targets to guide investment decisions in a manner that is aligned to our net-zero goal. These targets will be informed by current and evolving expertise and best practice in the areas of GHG measurement and disclosure.

Achieving net-zero by 2050 will be an ongoing effort. Like other organizations, the CIB expects to learn from our peers throughout the process and refine our efforts over time. We anticipate there will be changes in the nature of our infrastructure, in the efforts of our partners, in how organizations report and measure, and in how our portfolio evolves. We are committed to this goal and will continue to make transparency and disclosure on our progress a core feature of our net-zero journey.

Port Stalashen Wastewater Treatment Plant

\$6.4 million

CIB investment

Fully Indigenous-
**owned and
operated**

Enables

economic growth,
protects coastal
environment and
public health

Additional capacity

to connect

more

buildings and
residents

Wastewater treatment plants are essential to a communities' quality of life. They ensure wastewater is properly treated to reduce risks to public health and safeguard against the spread of waterborne pollution.

As part of our Indigenous Community Infrastructure Initiative, we are investing \$6.4 million in the new Port Stalashen Wastewater Treatment Plant. The plant will be located on shíshálh Nation lands near Sechelt, British Columbia, and will play a critical role in enabling economic growth, protecting the coastal environment, and safeguarding public health.



The current wastewater treatment plant has reached its end of life. This new replacement facility will serve 91 connected residential units and support the conversion and connection of 88 buildings, which currently rely on septic wastewater systems.

“The shíshálh Nation is very pleased with the arrangements finalized for the long-term funding of this project. It exemplifies a great working relationship between our municipal First Nations Government and the CIB,” said Chief Henry Warren Paull, shíshálh Nation. “The agreement reminds me of why our Nation decided to go down the Self-Governing path in the first place. It shows how issues can be meaningfully addressed through a collaborative discussion and agreement. This bodes well for the future.”

By tapping into CIB financing, the shíshálh Nation will access affordable capital to accelerate and future-proof their community's infrastructure needs. The additional capacity this plant provides will enable community-based development for years to come.

Framework Pillar One: As a Sustainable Investor



As a Crown corporation with a mandate to invest in sustainable infrastructure, we are uniquely positioned to play a role in driving the transition to a sustainable and low-carbon economy. One way in which the CIB can contribute is to use its role as an investor to influence and promote sustainable outcomes in the projects in which it invests. This pillar of our effort is advanced through both our investment decision-making process, and in specific features of our investment initiatives:

Investment Decision-Making

Sustainability as part of our Due Diligence

Under our Investment Policy, the CIB considers environmental, social and governance considerations in our investment decisions.

Our teams across the organization work in collaboration to execute a detailed due diligence process for each of our investments, incorporating a strong sustainability lens into our projects from the initiation phase. This process includes the review of a project's business case and structure, financial forecasts and analysis, compliance with applicable laws (which includes any environmental assessments and regulatory processes that apply to the project, as well as consultations with potentially impacted Indigenous communities), the procurement process, and long-term asset management.

The Importance of Indigenous Inclusion

The CIB is committed to ensuring that its projects and investments contribute positively to Indigenous communities wherever there

is opportunity to do so. In accordance with our Investment Policy, the CIB focuses on identifying infrastructure projects made in partnership with, and that benefit, Indigenous Peoples. Where applicable, the CIB works with project sponsors to consider opportunities for the economic participation of Indigenous Peoples through the capital structure of the infrastructure project and undertakes a qualitative assessment of the project's benefits in advancing the United Nations' Sustainable Development Goals.

The CIB recognizes and respects the importance of Aboriginal and treaty rights across Canada. The Government of Canada may have a duty to consult, and where appropriate, accommodate Indigenous groups when it considers conduct that might adversely impact potential or established Aboriginal or treaty rights. Separate from our investment in infrastructure projects, the CIB recognizes that it may have independent obligations to respond to the Crown's duty to consult. To

meet this independent obligation, the CIB has established draft guidelines to assist employees and outline a due diligence process. The CIB works in collaboration with federal, provincial, territorial and Indigenous governments and agencies to confirm that the duty to consult is upheld

The Impact Assessment Act

The Impact Assessment Act provides a process for assessing the environmental, health, social and economic impacts of designated projects with a view to preventing certain adverse effects and fostering sustainability. As a “federal authority” under the Impact Assessment Act, the CIB also has independent obligations to assess the impact of designated projects and non-designated projects on federal lands and determine that the project is not likely to cause significant adverse environmental effects.

Where another federal authority is identified to lead the review of the environmental effects of the project, the CIB relies on the process established by the other federal authority. In all scenarios, the CIB will not provide financing to a designated project without ensuring that the project has been assessed and received a positive decision in accordance with the Impact Assessment Act.

Sustainability in Risk Evaluation

The CIB’s mandate to invest in sustainable infrastructure across our priority sectors creates opportunity to reduce climate risk significantly by reducing GHGs and achieving other sustainable outcomes for Canada.

On an enterprise level, the CIB seeks to identify climate-related risks as part of our investment process. The due diligence phase in our investment process includes taking the climate risk of the investment into consideration before moving forward with the project. The measurement of risk, including climate risk, against the public impact outcome expectation, is assessed for every project and noted for the advisement and recommendation to our Board of Directors, when making final investment decisions.

Moving forward the CIB will work to integrate more advanced climate risk assessments into our investment framework and establish more advanced climate risk modelling for our portfolio. The CIB is in the process of refining climate risk assessment processes and further integrating climate risk into our Enterprise Risk Management Framework.

Investment Initiatives

The CIB has launched a number of initiatives with features that contribute to stronger sustainability and impact outcomes:

Building Retrofits Initiative

The Canadian building sector, which was responsible for 12% of national emissions in 2019, has historically been a major contributor to the country's GHG emissions, due in large part to the high energy use intensity of buildings. The high energy usage is linked to deferred maintenance on roofs and windows and most importantly inefficient equipment such as heating, cooling and air distribution systems.

Building retrofits, which include both building and industrial retrofits, contribute to climate action through enabling GHG reductions. Building retrofits save money, revitalize our building stock and improve overall building comfort, while industrial retrofits can help support higher emitting businesses in their processes as they transition to the low carbon economy.

The CIB's Building Retrofits Initiative (BRI) provides financing for energy retrofits projects. The initiative invests in the decarbonization of buildings and provides attractive financing to reduce investment barriers and drive carbon savings. Our team of experts works with the public and private sectors as well as other market participants to modernize and improve the energy efficiency of existing buildings.

The BRI includes an innovative mechanism to encourage greater GHG reductions by offering a better interest rate on loans contingent on the level of GHG savings. In addition,

participants must demonstrate compliance with Investor Ready Energy Efficiency (IREE) certification.

This approach is delivering results. For example, one CIB partner, Dream Inc, has announced its target to achieve net-zero emissions by 2035 or sooner for their entire operations and any new developments. With a portfolio totaling over \$13 billion, the announcement represents one of the most ambitious targets in the industry, aiming to achieve net-zero 15 years ahead of the Paris Agreement. The CIB's financing helped Dream proceed with key projects through its low-cost lending tied to GHG reductions.

Zero-Emission Bus (ZEB) Initiative

The vast majority of transit and school buses operating in Canada today use diesel fuel and emit significant GHGs. Bus operators can eliminate those GHG tailpipe emissions and help Canada meet its broader climate targets by transitioning to zero-emission buses.

However, ZEBs have higher upfront costs than diesel buses and there is not yet a track record of operational performance and cost, so bus operators are reluctant to transition at the rate required to meet Canada's climate objectives. The CIB's ZEB initiative is accelerating the transition to ZEBs by offering an innovative financing solution that targets the capital cost gap between diesel buses and ZEBs and takes risk on the operational performance of those ZEBs.

Indigenous Infrastructure

The CIB is seeking to invest at least \$1B by 2025-26 in partnership with and for the benefit of Indigenous Communities across Canada. The CIB is working with First Nation, Métis and Inuit communities to explore opportunities to collaborate on projects. The CIB actively looks for opportunities to do so in direct partnership with Indigenous communities so that the benefits, both direct and indirect, can accrue to the communities in which the work takes place.

For example, the CIB is advising the Inuit owned transmission company Nukik on the proposed Kivalliq Hydro-Fibre Link. This project would be the first land-based infrastructure connection of Nunavut to Manitoba and involves the construction of a new 1,200-kilometre, 150-megawatt transmission line with fibre-optic cabling. The project will bring both clean and reliable hydroelectricity and broadband connectivity to five remote Inuit communities. As an advisor on the project, the CIB is partnering with the Kivalliq Inuit Association and other development partners to conduct financial and technical analysis, explore financing options, and assess environmental, social and economic benefits. During its early development phase, the project is already bringing jobs, training and capacity to the region. As the project moves through the next phases of development, financing and service delivery, opportunities will grow exponentially. The 5 Inuit communities will have reliable, clean power and fibre, which supports remote education and learning, online

health care platforms, along with ecommerce that many southern regions take for granted.

The CIB also delivers the Indigenous Community Infrastructure Initiative (ICII), a lending solution to accelerate Indigenous community infrastructure investments by providing low-cost and long-term loans to Indigenous projects across the CIB's priority sectors of clean power, green infrastructure, public transit, broadband, and trade and transportation.

Charging and Hydrogen Refuelling Infrastructure Initiative

In the fall of 2022, the CIB announced the launch of its \$500 million zero-emission vehicle (ZEV) Charging and Hydrogen Refuelling Infrastructure Initiative (CHRI). The goals of the initiative are to reduce transportation sector GHG emissions by accelerating the private sector's rollout of large-scale ZEV chargers and hydrogen refuelling stations, spur the market for private investment and support economic opportunities. The announcement kickstarted a two to three year long strategy that will, in partnership with NRCan, help to finance an additional 50,000 electrical vehicle chargers, tripling the number of ZEV charging stations in Canada.

CIB financing will include structural features to incentivize charger performance and network reliability, including requirements for proponents to maintain minimum uptimes for chargers.

Green Bonds

In Budget 2021, the federal government announced it would launch a program of green bonds to mobilize capital in support of climate and environmental objectives. The inaugural 7.5 year \$5 billion green bond was issued in March 2022 as part of catalyzing a sustainable finance market. The CIB is actively participating in the program to identify CIB investments that could be included in the inaugural green bond allocation. The projects identified will meet eligibility criteria for inclusion and demonstrate outcomes such as GHG reduction that are consistent with the program objectives.

Looking Ahead

As an investor, the CIB can have influence with our partners and stakeholders and will take steps to build sustainable outcomes based on this capacity.

The CIB intends to further develop sustainability and impact due diligence policies and practices as part of investment decision-making. The CIB is also actively considering additional ways it can work with its investment partners to promote positive environmental and social outcomes.

Réseau express métropolitain (REM)

Automated light rail transit network with **26 stations** and 67 km of track

Estimated 34,000 jobs created during construction, over 1,000 permanent jobs

\$1.28 billion CIB investment

680,000 tonnes reduction of greenhouse gas emissions through 25 years of operation

Montreal is undergoing its largest transit overhaul in more than half a century with construction of the REM, an automated electric light rail system that will nearly double the city's transit capacity, relieve traffic congestion and reduce greenhouse gas emissions.

The ambitious \$6.9-billion project features trains arriving every two-and-a-half to five minutes, which will reduce commuting time substantially. The project will also include a connection to Montreal Pierre Elliott Trudeau International Airport, allowing for travel from the airport to the downtown core in just twenty minutes.



According to CDPQ Infra, the infrastructure operations arm of the Caisse de dépôt et placements du Québec, the REM will generate economic benefits during both its construction and operation phases. It will contribute to sustainable transportation in Québec and to the province's economic development over the long term.

Commuters from the South Shore of Montreal are particularly eager for service to begin so they can travel downtown with ease as trains pass over the St. Lawrence on the specially designed Champlain Bridge, says Brossard Mayor Doreen Assaad.

Assaad added the CIB's support is "an important part" of the REM project which will allow Brossard residents to really feel part of the Greater Montreal Region. "The REM basically eliminates the physical divide between Brossard and Montreal, thus creating a real connection from the South-Shore to the island without having to even take off our coat!"

Framework Pillar Two: With Impact as Our Bottom Line



The CIB considers itself an impact investor. Impact investing refers to investing with an intent to contribute to positive social or environmental impacts alongside financial returns.

For the CIB, impact investing is advanced by:

- Ensuring our investments deliver tangible benefits to Canadians.
- Leveraging our ability to provide concessionary terms in the consideration of projects.
- Working across a longer time horizon, where we have more flexibility in repayment structures than private and institutional capital, for example through flexible draw schedules, longer repayment periods or sculpted repayments.

While our business is investing in infrastructure projects, we understand that outcomes are what matter most to Canadians. This includes being able to travel to work or visit family, having access to reliable broadband, relying upon clean power and basic infrastructure

services, filling longstanding infrastructure gaps for Indigenous communities, and delivering goods and services to market.

The CIB has developed a comprehensive approach to impact investing in order to achieve these desired outcomes. The approach informs all aspects of our work from strategy through to compensation. When we define, invest, measure and report on our outcomes, we can ensure that our actions turn into impact and create an organization that is aligned, focused and accountable.

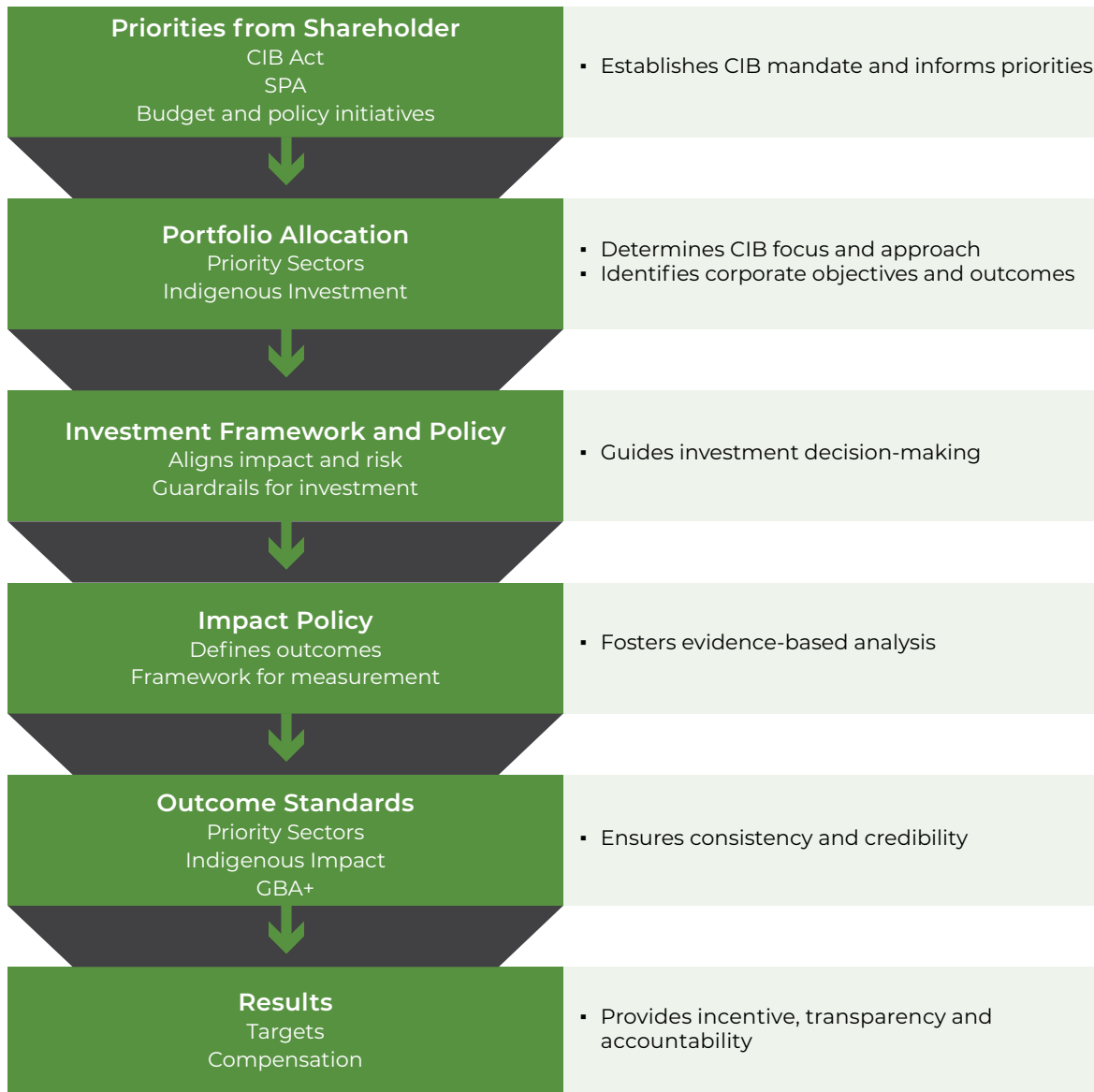
In this section of the document, we provide an overview of our process to ensure our impact and detail the results to date of our investments.

Our Process

The CIB has a multi-step process that originates with our mandate and carries through investment decision making and into results

to ensure that the impact of our investment is considered in a rigorous and consistent manner.

The CIB Impact Framework



Priorities from our Shareholder

The CIB is a Crown corporation and as such, pursues investment opportunities in alignment with the provisions of its legislation and informed by the Government of Canada's public policy objectives. These objectives are communicated to the Board of Directors in the form of a Statement of Priorities and Accountabilities (SPA).

The most recent SPA, shared with the Board Chair on February 3, 2021, reiterated the five priority sectors for CIB investment and underscored the expectation that the CIB's actions help "create jobs, grow our economy

and increase our competitiveness while creating a cleaner and more inclusive future."

The SPA also emphasized the role for the CIB to contribute to a clean economy, social inclusivity and to invest in Indigenous infrastructure.

CIB investment activities can also be informed by specific policies and initiatives of government when established in policy documents, plans, fiscal updates and budgets.

As an informed investor, the CIB also provides its insights and advice to government on where it sees it may be able to have the most impact.

Portfolio Allocation

The CIB's portfolio allocation takes into account direction from our shareholder and our available resources and translates this into a coherent plan of action to invest. This incorporates consideration of market opportunities, strategy in relation to investment approach, the identification of clear outcomes to pursue, and the sectors and subsectors in which to focus.

Across our priority sectors of public transit, clean power, green infrastructure, broadband and trade & transportation the CIB has identified four key outcomes that it has set out to achieve:

- increasing economic growth
- connecting Canadians and communities
- advancing Indigenous reconciliation
- action on climate change to support a low carbon future

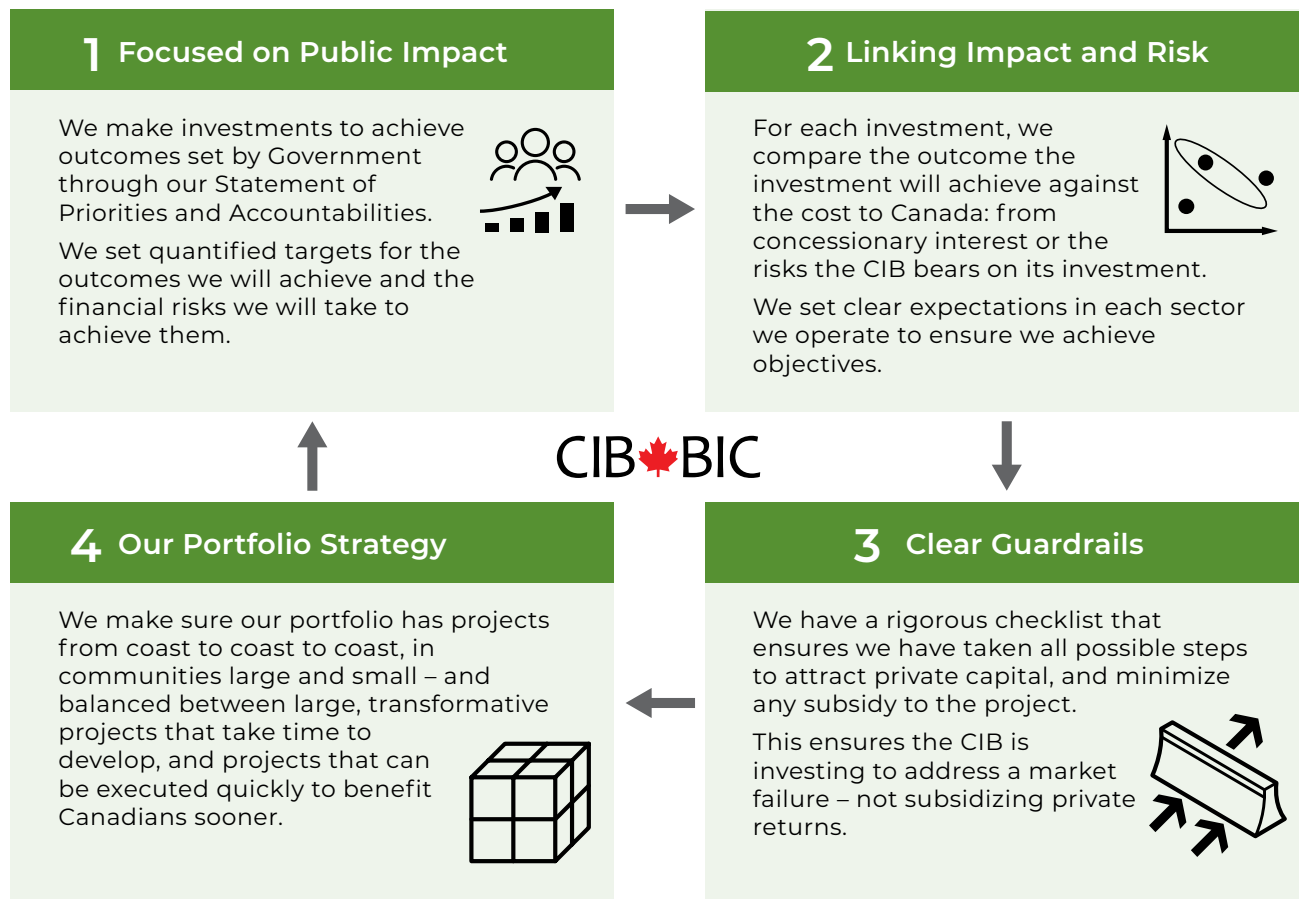
The CIB regularly evaluates and adjusts its portfolio allocation to respond to emerging priorities. Over the course of the past year, for example, the CIB has been adjusting its portfolio allocation to invest in a number of new subsectors of activity such as hydrogen, carbon capture and storage, small modular reactors and zero-emission vehicle refuelling and charging infrastructure.

Investment Framework and Policy

The CIB's Investment Framework provides the evaluation criteria and thresholds for all of our investment decisions. It focuses on the relationship between investment risk and outcomes to be achieved relative to the CIB's

goals within sectors and the broader portfolio. In so doing, the Investment Framework guides our investment decisions and ensures management and our Board consider impact when making investment decisions.

The Investment Framework has four components:



The CIB's Investment Policy incorporates the Investment Framework, sets out the parameters and guidelines within which the CIB conducts its investment activities, and establishes a decision-making process in accordance with the mandate and authorities under the CIB Act.

More information about our Investment Framework and Policy can be found in our 2021-22 and 2022-23 Corporate Plan Summaries, available on our website.

Public Impact Policy

The CIB has established a Public Impact Management Policy which guides how the CIB establishes corporate outcomes and measurement standards and sets out the expectations for how our investment teams will identify and measure the outcomes for projects in which we invest.

Under the policy, the CIB has developed and set targets against five public impact outcomes to date. The CIB assesses each project against one of these five outcomes with just as much rigor as the financial analysis.

1. Greenhouse Gas Reductions – the CIB measures the average annual GHG reductions of its public transit, clean power and green infrastructure sectors.
2. Trips on mass transit – the CIB measures the daily transit trips of projects it invests in as a proxy for the broader time and economic benefits that come from transit expansion.
3. Underserved households passed by 50/10 Mbps broadband – the CIB measures the number of underserved households (those without access to minimum 50/10 Mbps internet) that are passed by projects that the CIB has invested in.
4. Economic growth through trade – the incremental trade volumes supported by projects and the incremental value-added created by agriculture projects.
5. Indigenous Communities with Infrastructure gaps addressed – CIB projects in Indigenous communities deliver much needed infrastructure in partnership with these communities and can be in any priority sector. In addition to a qualitative assessment of the benefits, the CIB tracks the number of Indigenous communities in which it has closed an infrastructure gap.

Impact Measures and Standards

In keeping with the Impact Policy, the CIB is developing impact measurement standards to define how each outcome target is tracked and measured. This is to ensure rigour and consistency in our analysis and investment decisions. The CIB will require for all investments impact monitoring and verification sufficient for the CIB to obtain third-party review and assurance on outcomes achieved.

In 2022, the CIB finalized the first of its impact standards in relation to GHGs. The CIB has set a goal of investing in projects by 2026/27 that together will deliver 13 Mt CO₂e of average annual GHG reductions. Our GHG measurement standard will determine what counts toward this goal and how it is quantified. Key elements of the GHG Impact Standard are:

- Ensuring a consistent approach across projects and sectors, with a shared understanding of how to interpret results.

- Ensuring consistency with international reporting standards (ISO 14064-2 and the GHG Protocol) while recognizing our unique needs and challenges.
- Enabling internal and external reporting which is reliable and inspires confidence.

Accountability for Results

The CIB is committed to transparency and disclosure of its performance, including its progress in relation to its outcome targets. Targets are identified each year in the Corporate Plan Summary and reported on throughout the year in quarterly and Annual Reports, as well as other opportunities such as our Annual Public Meeting and this Sustainability and Impact document.

The CIB has expressly tied aspects of its senior management and executive level compensation to achieving corporate objectives including outcome targets.

CIB investments are largely in construction. As we continue on our journey, we will undertake more work to assess and validate the impact of our projects.

Our Results

The CIB has made significant progress towards each of our four priority outcomes. These public impact outcomes – climate action, connected Canadians, economic growth and closing the Indigenous infrastructure gap, are identified in CIB corporate plans and reflected in the Investment Framework.

annually, compared to a baseline projection of GHG emissions were the project not to proceed.

Projects in the CIB's public transit zero-emission bus initiative, and its clean power and green infrastructure sectors, all contribute to this outcome.

Action on Climate Change to Support a Low Carbon Future

Climate action is a primary concern for governments, the private sector, and investors in Canada and globally.

Through its corporate planning process, the CIB has set an ambitious target to invest in projects that will reduce GHG emissions by 13Mt

Investments in **zero-emission buses** help reduce GHGs, provide citizens with cleaner and faster commutes, support the financial sustainability of public transit providers, and improve the quality of life for Canadians. The CIB has reached financial close on six investments in ZEBs, including efforts in the City of Ottawa, the City of Brampton and for Quebec School buses. Overall, CIB investments

are facilitating the procurement of more than 5,000 zero-emission buses.

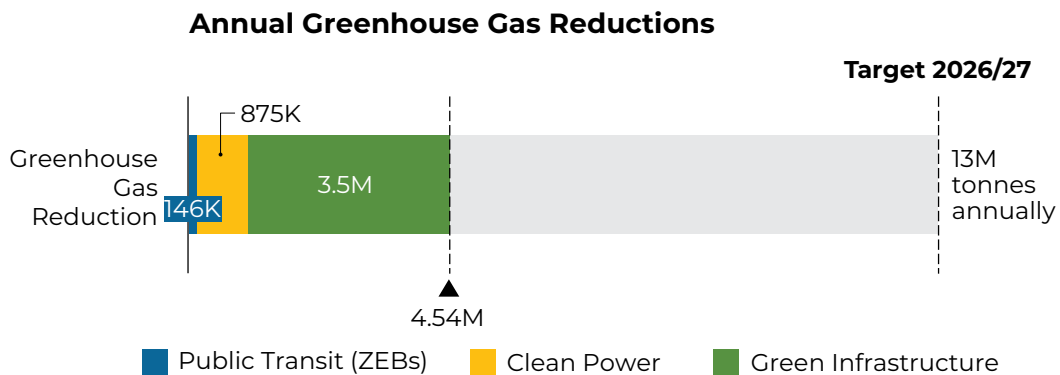
The advancement of **clean power** is critical to achieving Canada’s 2030 and 2050 climate action goals and contributing to a more sustainable energy future. New investment is required to stimulate advancement of clean power generation, distribution and storage. The CIB’s activity in the clean power sector has been in relation to projects that can reduce the GHG emissions of the electricity sector. For example, our \$600 million investment in Enwave’s District Energy system will accelerate the scale of the build-out of district energy systems in downtown Toronto and Mississauga, reducing electricity consumption by up to 80 per cent and reducing GHGs by up to 60 per cent in the process.

Green infrastructure projects support Canada’s clean growth economy in areas such as energy efficiency, water and wastewater management and the transition to a low carbon future. This includes the CIB’s building

retrofit initiatives, which aim to leverage private and institutional investment to accelerate the decarbonization of Canada’s building stock, a significant source of emissions. Also within the Green Infrastructure sector are emerging efforts such as carbon capture, utilization and storage (CCUS), hydrogen and clean fuels, which have been identified as essential to supporting Canada’s climate objectives. These efforts are particularly important in sectors that can be difficult to decarbonize such as heavy industry and freight which represented over 140 Mt of Canada’s CO₂e emissions in 2020.

As of the end of Q2, 2022-23, the CIB had reached financial close on 14 projects that are contributing to our GHG target, which will collectively result in annual GHG reductions of 4.5Mt.

The CIB has an additional 11 projects in final due diligence that as currently estimated will be able to reduce GHG emissions by over five hundred thousand Mt.



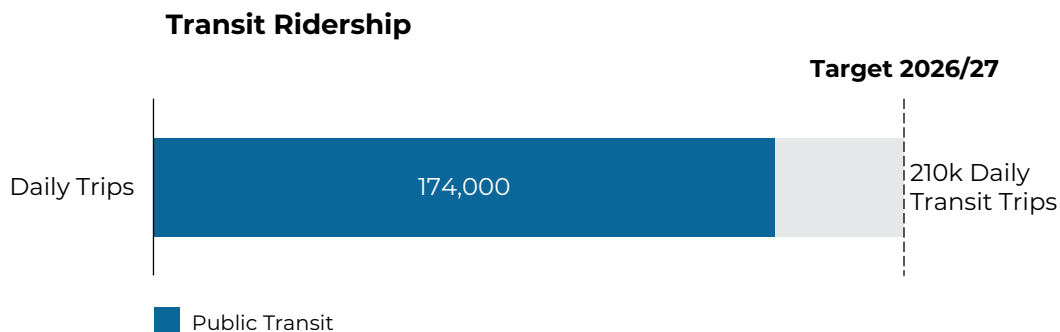
Connecting Canadians

To many, the term infrastructure evokes visions of construction sites, structures made of steel and concrete and ultimately the hard assets that are essential to the functioning of an economy.

But beyond this, infrastructure is what binds together Canadians and connects communities to each other, allowing them to travel to family, work or recreation, or to access internet services for business, health care, education and more. More than the projects themselves, these are the outcomes that matter to Canadians.

The CIB has developed two outcome targets to reflect the importance of connecting Canadians. We aim to invest in projects that will provide 210,000 new daily trips on transit, and that will reach a cumulative total of 900,000 underserved households with broadband access.

Our **major transit** investments are measured in terms of daily average transit trips. At the end of Q2, 2022-23 the CIB had reached financial close on two major transit projects, the Réseau express métropolitain and the Montréal-Trudeau International Airport REM Station, that will generate 174,000 daily transit trips.



CIB investments in **broadband** are targeted at connecting households to a minimum standard of 50/10 Mbps broadband. This reflects the national priority to deliver higher broadband speeds to Canadians as determined by ISED's Universal Broadband Fund and provincial project sponsors. The CIB plays a role to help finance projects where it can assume gaps in economic structure and provide patient capital in order to fully enable digital connectivity for Canadians.

For example, our investment in Ontario Rural Broadband, provided in addition to grant funding provided by the Province of

Ontario and Government of Canada, will help deliver fast and reliable broadband service to underserved regions in that province.

As of the end of Q2, 2022-23, the CIB had reached financial close on 3 projects that are contributing to our broadband target, which will collectively result in over 200,000 households passed by 50/10 Mbps service.

The CIB has an additional 3 projects in final due diligence that as currently estimated will be able to connect over one hundred thousand more households to broadband.

Broadband Connections



Economic Growth

Trade and Transportation infrastructure supports stronger, more efficient corridors to domestic and international markets, and helps Canadian businesses compete and grow.

Trade and Transportation projects have a wide range of outcomes: they better connect Canadians to where they need to go, ease the movement of goods to enable trade, and provide critical irrigation infrastructure that helps to grow our agricultural sector.

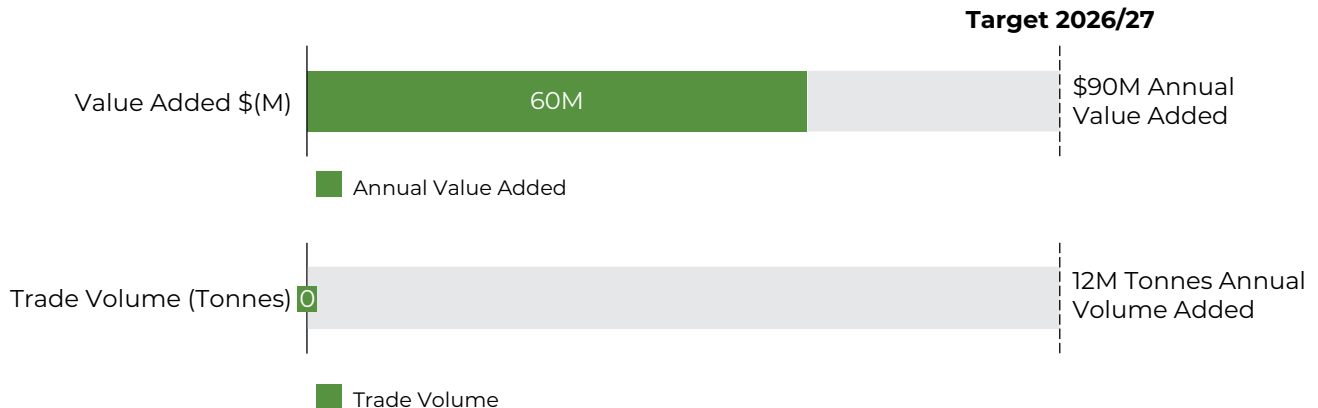
The CIB has set targets for and measures its outcomes in trade and transportation projects

in two ways. **For most projects** in this sector, the CIB will track the tonne-equivalent of trade volume supported by the projects in which we invest. The CIB has a target to support 12 million tonne-equivalents in trade volume.

For the **agricultural infrastructure** that is supported by CIB investment, the CIB has established a target to support \$90 million in agricultural value added through projects in which the CIB invests.

The CIB has to date reached financial close on one project in this sector, supporting \$60 million value in critical irrigation in Alberta.

Annual Agricultural Value Added and Trade Volume Added



Indigenous Infrastructure

There is a significant infrastructure gap facing **Indigenous communities** across Canada. The CIB is working with First Nation, Métis and Inuit communities to explore opportunities for collaboration on projects to improve the quality of life and economic performance of Indigenous communities.

It is important to recognize that the infrastructure challenges in many Indigenous communities differ from those elsewhere in Canada. Indigenous communities are often smaller in size and more remote in location. This is part of the reason why the CIB has established the ICII initiative which provides a framework through which CIB can invest in smaller scale projects with different terms in Indigenous communities.

Examples of these efforts include our investments in the Tshiuetin Rail project improving services to three remote Innu First Nation villages in Northern Quebec through critical rail service, and the Kahkewistahaw Landing Infrastructure project in Saskatchewan, an innovative urban reserve where CIB financing is helping to provide critical enabling

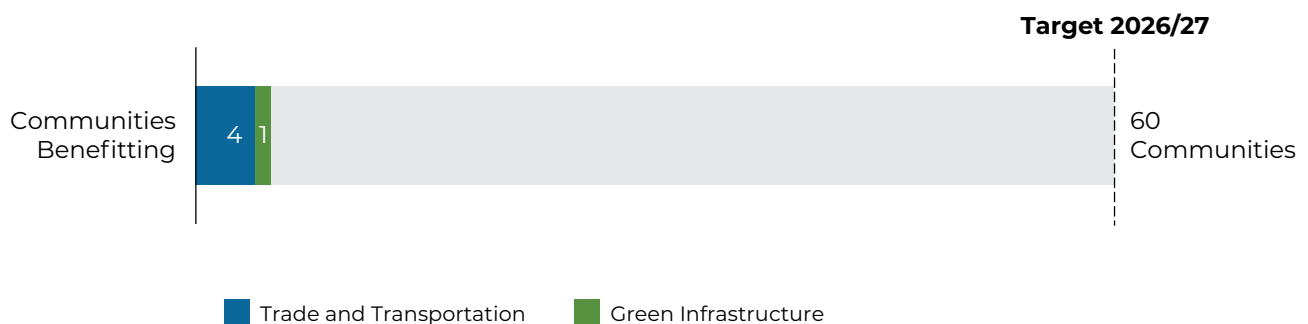
infrastructure such as roads, utilities and broadband.

To address the infrastructure gap in Indigenous communities and given that the scale and impact of this work differs from larger scale projects, the CIB has established a unique target focused on the number of communities that we are able to partner with or benefit, seeking to reach at least 60 such communities with investment by 2026-27. As of the end of Q2 2022-23, the CIB had closed investments that will benefit 5 communities.

Establishing a target has provided a critical benchmark for CIB teams working to invest at least \$1 billion in Indigenous communities. At the same time, the CIB understands that there are more comprehensive options to measure progress and impacts of investment over the longer term. In 2022-23 the CIB is working to develop further metrics that can track and measure outcomes in Indigenous communities.

The CIB has an additional 4 projects in final due diligence that as currently estimated will benefit 36 Indigenous communities.

Indigenous Communities with Infrastructure Gaps Addressed



Aligning Public Impact outcomes and incentives

Public Impact outcomes are a reflection of the value we provide to Canadians. As such, it is important that they constitute a significant component of our reporting, and that they are incorporated into CIB incentive and compensation plans in the right way.

The CIB measures outcomes once a project has reached financial close, the point in time at which the CIB and its investment partners have completed all due diligence and have entered into legally binding agreements. This underscores the importance we ascribe to the fact that it is the public impact outcome that matters to Canadians.

Public impact outcomes reported by the CIB are those for the entirety of a project's impact, irrespective of the percentage share of our investment in the project or the form of our participation. This reflects the CIB role to fill gaps in financing that would otherwise prevent a project from proceeding. Measuring our impact in relation to a project's entire scope ensures CIB investment teams are incentivized to size our investment appropriately while also maximizing impact.

Given the importance of public impact outcomes to the CIB's overall success, the achievement of targets is reflected in our corporate objectives and how our



senior management and executives are compensated. In this way, we ensure that the CIB's senior management and executive team is focused on public outcomes as a priority.

For other aspects of our corporate objectives, such as deployment of capital or regional scope of our work, the CIB measures its progress in relation to investment commitments, the point in time at which the CIB and its investment partners have come to a set of agreed upon terms (aka a "term sheet") that sets out the financial terms of an investment. These results are detailed in our Annual Report and Quarterly Financial Reporting.

Looking Ahead

With a robust pipeline of investment opportunities under consideration, including 39 projects that are in the due diligence and deal structuring phase at the end of Q2, 2022-23, the CIB is confident in its prospects for accelerating investment in infrastructure that will generate positive outcomes in the lives of Canadians.

Following the adoption of our GHG outcome standard, the CIB is continuing to develop outcome measurement standards for its other outcome commitments. Work is currently underway on developing a standard for measurement of Indigenous impact, which will be followed by additional work to develop standards for wastewater, transit ridership, and broadband projects.

The CIB has also initiated work to further advance its understanding and use of Gender Based Analysis Plus (GBA+). Building on the outcomes focus of the Investment Framework, the CIB is undertaking steps to incorporate the tracking and measuring of gender and diversity outcomes in the CIB's assessment of its investment portfolio. By creating more sophistication in our approach to measuring outcomes, the CIB will have a better understanding of the impact of our investments.

Dream Retrofits

19 buildings

in Ontario and
Saskatchewan

1,500

new jobs created

\$136.6 million

CIB investment

**3,400
tonnes**

per year reduction
of GHGs

Buildings are responsible for a sizable amount of global GHG emissions.

Dream Unlimited Corp. partnered with the CIB to retrofit 19 buildings in Ontario and Saskatchewan, some dating back to the early years of Confederation.

Building GHG emissions are expected to be cut 20 to 30 per cent more than would have been the case without the CIB's involvement. This will be done by changing mechanical and electrical systems, switching to electricity, replacing windows and roofs, and adding EV chargers and rooftop solar.

Dream's project will also create about 1,500 jobs and provide healthy workplaces for 15,000 office employees. Michael Cooper, Dream's chief responsible officer, notes that the CIB's support has spurred the company to make additional improvements within its remaining portfolio that will be a model for other building owners. The company is aiming to achieve net zero GHG emissions by 2035 for its entire \$13-billion portfolio and new developments.

"The decarbonization and modernization of our assets is an integral part of Dream's net zero transition. This investment will have a positive and lasting impact on communities and the environment," he said. "It has never been more urgent to act swiftly. We can challenge the historical status quo and transform our business to meaningfully tackle these complex issues and pave the way for a resilient future."

"This also provided proof of concept for a partnership model which ultimately demonstrated how through valuable government, private sector, and not-for-profit (Dream Community Foundation) partnerships we can address issues of climate change, affordability and inclusivity."

Dream's residential program, along with the Canada Mortgage and Housing Corporation's MLI Select program, not only enables decarbonization, but also creates and preserves 189 affordable residential units.



Framework Pillar Three: As a Sustainable Corporation



The CIB strives to create a positive impact for Canadians and understands that to do so we must also take action in our own organization, creating a positive work culture where our employees can grow and thrive.

This section of the document reviews our efforts to act in a sustainable manner in our corporate activities, including Diversity and Inclusion, our carbon footprint, our business policies and practices and our procurements.

Diversity and Inclusion at the CIB

At the CIB, we are committed to providing our employees with an inclusive, equitable, and respectful workplace and environment. We strive to attract, hire, and provide fulfilling careers for highly talented individuals with diverse backgrounds and experiences. Moreover, we aim to create an inclusive environment in which our employees can bring a range of knowledge, ideas, and approaches so that they can perform at their highest level.

This past year, we made it a priority to build clear direction and to begin executing on a

plan to further diversity and inclusion practises across the organization. Our D&I Committee was established in the fall of 2021, with the aim of acting as a discussion and advisory body on D&I related policies, programs, and initiatives at the CIB. The committee is comprised of a diverse set of individuals from across the organization whose efforts are further augmented by the work of three sub-committees that were formed to focus on specific initiatives relating to recruitment and retention, talent management, and education.

D&I Highlights:

Benchmarking

For a second consecutive year, the CIB administered an organization-wide Diversity and Inclusion survey, with the intent of measuring inclusion at the CIB and building

a set of internal metrics and benchmarking exercises to track progress. Based on the survey results, areas for improvement were noted in our inclusion score, while at the same time we

exceeded benchmarks from similar comparator groups across various KPIs.

Improving

The CIB has facilitated a number of learning opportunities for CIB staff related to Indigenous issues and history. For example, one presentation from one of our legal partners related to phases of Indigenous/Euro-Canadian history and was an opportunity to focus on education, equity and respect for the Indigenous experience. On other occasions, CIB staff also had opportunity to learn from the experiences of Yukon Regional Chief Kluane Adamek and Anishnawbe Health Toronto Executive Director, Joe Hester.

This past fiscal year, the CIB also introduced a 360-degree feedback program to ensure that our employees' development was informed by diverse perspectives from across the organization. We also trained all our employees on how to give and receive feedback through interactive sessions.

The CIB launched its first pilot mentorship program in 2022, in the corporate support departments, supplementing a similar mentorship program that was launched for our investment business areas, drawing on employees from across the organization to participate as mentors and mentees. Mentees were matched with mentors identified with specific competencies who could help accelerate their mentees' individual development in targeted areas.

Recognizing that the pandemic has affected our employees in many ways, we continue to partner with our employee assistance program provider to offer learning sessions throughout

the year that focus on resilience, change and transition, and positive parenting.

All new employees complete training on the CIB's Code of Conduct and Respectful Workplace Policy in both official languages, ensuring our values and guiding principles on ethical conduct are enshrined in our onboarding process.

How we Work

The CIB recognizes that the pandemic has pushed us to adapt how we work, and to remain flexible and understanding in the face of the unknown. Consequently, we have adopted hybrid work options that allow our employees in both remote and in-office environments to have an enhanced work experience while still supporting connection and inclusion.

Our Board of Directors is also committed to adopting the highest standards of corporate governance and diversity in both the public and private sectors. As of November 30, 2022, the Board of Directors is comprised of 11 directors, including the Chair, who collectively are representative of Canada's gender, linguistic, cultural and regional diversity. Of the 11 board members, 55% of the directors are women and 18% of the directors self-identify as a visible minority, an Indigenous person, LGBTQ2+, or a person with a disability.

Reducing Our Operational Carbon Footprint

The CIB is committed to ensuring it plays its part in reducing carbon emissions. This means understanding the impact of our activities and looking for ways in which we can manage and reduce the GHG emissions associated with our work.

In considering the CIB footprint and planning for actions that will reduce our emissions, it is important to note factors that will put upward pressure on our emissions in the coming years:

- The CIB was established in 2017 and began operations in 2018. As detailed in our Corporate Plan, the CIB expects to expand its staffing and operations in the coming year as a result of business demand and growth.
- Since early 2020, travel has been reduced as a result of the pandemic. As business operations return to a more traditional footing, a resumption of travel is expected.

Notwithstanding these factors, the CIB appreciates and is committed to taking action to manage its emissions.

In 2022 we took the first step on this effort by developing the CIB's first GHG operational carbon emissions footprint, which will serve as a baseline as we go forward. The calculation includes scope 2 and selected scope 3 emissions, capturing the GHGs produced by the heat and electricity associated with our facilities and the air travel undertaken in our business. The CIB does not currently have any material scope 1 emissions. Working with Radicle, a leading climate GHG emissions consultant, categories were selected for our initial footprint calculation based on our

business activities, an assessment of the materiality of these categories and a review of reporting undertaken in similar office environments.

For the 2021-22 fiscal year, the CIB's operational GHG emissions were determined to be 69.6 tonnes. These emissions were calculated in accordance with the Greenhouse Gas Protocol, a comprehensive global standardized framework to measure and manage GHG emissions developed out of a 20-year partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). The CIB's GHG emissions are broken out in two categories.

Office Emissions

25.9 tonnes of CO₂e emissions came from our office operations. The CIB maintains its head office in downtown Toronto, and also has a small number of staff working out of space rented in Montreal and Calgary. All CIB office space is located in LEED platinum certified buildings, which themselves employ stringent measures to manage and reduce CO₂e emissions. LEED certification requires owners to commit to high-performing, resilient buildings that reduce carbon emissions, save water, conserve energy and reduce waste. It provides independent, third-party verification that a building is achieving high performance in six areas of human and environmental health.

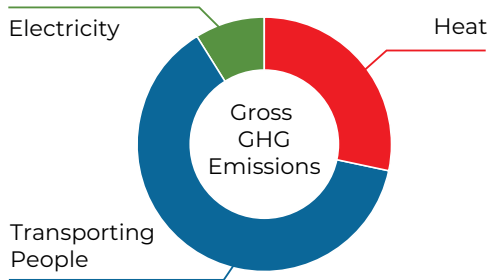
The CIB's office related emissions consist of both purchased electricity and heat and are provided to the CIB by the building operator.

Travel

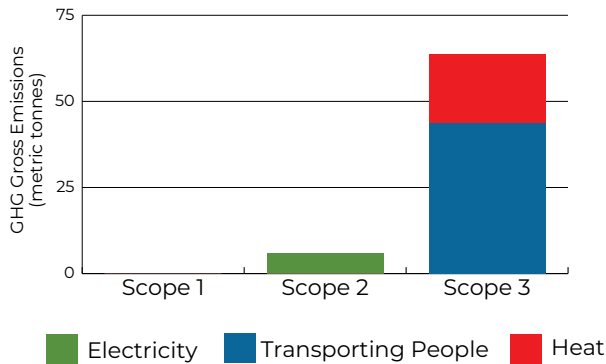
43.8 tonnes of CO₂e came from our air travel. Emissions for travel were derived based on assumptions associated with standard GHG totals per km of flight based on use of fuel per passenger/km.

CIB policy requires justification for travel over virtual meetings, and directs that where practical, economic and efficient, travel arrangements that reduce GHGs be prioritized (e.g., train as opposed to air travel).

Gross GHG Emissions by Activity Type
(year ending March 31, 2022)



Gross GHG Emissions by Scope
(Metric tonnes, year ending March 31, 2022)



Looking Ahead

While CIB operations are relatively small, it remains important that we undertake action to ensure that our activities and actions contribute to a cleaner environment and align with our net-zero objectives.

The CIB will continue to seek ways to minimize our footprint and will build upon our existing efforts this year by acquiring renewable energy certificates for any residual emissions associated with our electricity that have not already been offset for example by the building owner.

The CIB will also be working over this coming year to develop a full picture of the full scope of our GHG emissions, including our financed emissions, and to establish mitigation strategies that will reduce the footprint in alignment with broader net-zero objectives.

Integrity and Responsible Business Conduct

The CIB has developed a suite of policies to establish expectations and guide our conduct, such as our Code of Conduct and our Respectful Workplace and Health and Safety policies. Every CIB employee receives training and must acknowledge understanding of these policies. In this way the CIB helps to instill a healthy and positive work environment for our staff.

As well, throughout the COVID-19 pandemic, the CIB remained vigilant and responsive by putting the health and safety of our employees first and implementing a COVID-19 taskforce. The aim of this taskforce is to provide recommendations and direction on how best to navigate the health and safety and wellness of our employees during the pandemic.

Sustainability in our Procurements

The CIB has developed sustainable procurement policies and practices that take into account environmental, social and economic sustainability considerations when we procure goods and services from third party sources. In addition to reviewing a vendor's ESG practices, when appropriate, we will also review a prospective vendor's approach to diversity and inclusion in terms of its employment practices and service delivery. The CIB can encourage organizations to boost their own ESG initiatives this way.

The CIB is aligned with the federal government's Procurement Strategy for Aboriginal Businesses (PSAB). This policy allows the CIB to set aside specific procurements for competition among First Nations, Metis and Inuit businesses, to encourage economic growth and participation for Indigenous communities.

For example, in 2021, the CIB completed a procurement to pre-qualify external legal counsel for projects under the ICII. The evaluation criteria for that procurement process included preference for external legal counsel that promoted the representation of Indigenous People on the team acting for the CIB as lender. Each of the law firms selected to act as a vendor of record under that procurement process included Indigenous lawyers as part of the project team. This procurement practice advances the objectives our ICII program and the CIB's impact investing in Indigenous projects that provide a direct benefit to an Indigenous community or communities.

Sharing Insights and Perspectives

For Canada to build the infrastructure that will support a more sustainable future, it will take a tremendous, shared effort to innovate, adopt and implement new ways of doing business.

As part of its mandate, the CIB works to advance knowledge and insight that can help it achieve its investment objectives and inform other infrastructure and finance leaders from all sectors.

Over the past two years the CIB provided funding and support to a variety of important research efforts by leading experts. Projects delivered included:

- **Sustainable Finance II** (Public Policy Forum) – a series of roundtables and paper on the implementation of sustainable finance including opportunities to mobilize capital.
- **A Microgrid Playbook: Conditions and Opportunities for Investment** (Conference Board of Canada) – a research paper to identify microgrid energy solutions.
- **Climate Impacts on Canada's Electricity Systems** (Canadian Energy Research Institute) – this paper quantified the magnitude of an array of climate impacts on electricity systems in Canada under a variety of different emission scenarios.
- **Green Retrofit Economy Study** (Delphi Group and the Canada Green Building Council) – a series of papers and events to identify how to scale up retrofits, including industrial, commercial, and large residential buildings; the study also examined workforce capacity and supply chains.

The CIB also maintains an active role working with organizations that are leading the way to collectively advance the thinking on how sustainable finance can make a difference in achieving necessary emissions reductions. This includes participation in the following:

- Advisory Board and research committee for the Institute for Sustainable Finance (ISF) at Queen's University
- Participation on the Financial Innovation Working Group through the Toronto Region Board of Trade
- Participating on the Advisory Committee for Indigenous Equity Partnerships Project at the Conference Board of Canada
- A role on the Advisory Committee for the Sustainable Finance Action Council, launched last year.

Manitoba Fibre

Connecting approximately **49,000** households to high-speed internet

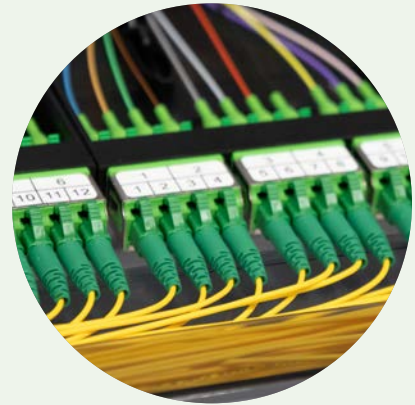
\$164 million
CIB investment

Up to **400 jobs**
during construction

50
permanent jobs

Broadband internet service is critical to Canadians' daily lives. It is essential for quality of life, for everyone who owns small businesses, goes to school and wants to stay connected to family and friends. But quality of service and availability is not uniform across the country.

To help bridge the digital divide in Manitoba, the CIB partnered with Valley Fiber Limited (Valley Fiber) and DIF Capital Partners to invest in increasing broadband through our Manitoba Fibre investment. The project involves 2,550 kilometres of fibreoptic cabling, connecting up to 49,000 underserved households with dedicated fibre-to-the-home in rural municipalities.



"I am honored to be working with such with an amazing team who shares our passion on bringing broadband to rural communities through dedicated active ethernet," said, Hank Wall, CEO, Valley Fiber Limited. "Together, we are not only leveling the economic playing field but also bringing essential services to underserved Canadians in Manitoba."

The project is expected to create lasting economic benefits for impacted communities, including the creation of 400 jobs during the construction phase and an additional 50 permanent jobs within Valley Fiber.

From Rockwood to Morris – more communities will now have access to broadband with speeds up to 1 gigabit per second, enhancing telecommunications services for their community and businesses.

As the CIB's first investment in broadband, this project signals one of many new partnerships aimed at enhancing connectivity across Canada.

Indigenous Impact



There is a significant infrastructure gap facing Indigenous communities across Canada, and the CIB is actively working with First Nation, Métis and Inuit communities to explore opportunities for collaboration on infrastructure projects to improve quality of life, advance reconciliation and further economic inclusion.

Addressing the Indigenous Infrastructure Deficit

The CIB aims to work in close partnership with Indigenous communities to not only build infrastructure, but to also provide partnership and procurement opportunities to support economic growth.

We have established a dedicated, specialized team, comprised of subject matter expertise and Indigenous representation for this purpose. In support of broader government commitments, the CIB has a target of investing at least \$1 billion for Indigenous Infrastructure projects across our priority sectors, consistent with the SPA letter. This target is a floor, meaning the CIB can make investments beyond this total.

The CIB's ICII is a new lending solution that will provide access to affordable capital and help to accelerate Indigenous community infrastructure investments. The CIB does this by providing low-cost and long-term loans to Indigenous projects across the CIB's priority sectors of clean power, green infrastructure, public transit, broadband, and trade and transportation. Through this program the CIB will also prioritize working with partners, vendors and suppliers from the Indigenous community to further boost economic prosperity for these communities.

How it's Done

The CIB actively invests in projects alongside Indigenous communities and supports their development in three ways.

1. The CIB recognizes the importance and impact of large-scale infrastructure and how it can benefit Indigenous communities. To that end, the CIB supports and encourages Indigenous participation in large scale projects where it is achievable, including partnerships that ensure communities can benefit from the employment and investment outcomes that are associated with such investment.
2. ICII is the CIB's unique approach to closing the infrastructure gaps with and for the benefit of Indigenous communities. Launched in 2021, this program presents a lending solution to accelerate smaller community-owned infrastructure by providing low-cost and long-term loans to Indigenous communities to fund projects across the CIB's priority sectors.
3. The CIB also supports Indigenous infrastructure through providing advisory expertise to projects to accelerate development and planning with the intent of advancing projects to a stage of investment readiness.

Our Impact

The CIB has made meaningful progress supporting both large scale investment and more targeted investment through the ICII. As of the end of Q2 2022-23:

- The CIB has made investment commitments of up to \$385 million total, in investments in projects with and for the benefit of Indigenous communities.
- We recruited a team that is comprised of a specialized skillset and representation from the Indigenous communities with whom we work.
- We have reached \$215M in ICII investment commitments across seven projects to address infrastructure gaps in 41 Indigenous communities.
 - We have reached financial close on three Indigenous community projects totaling nearly \$72M of CIB investment,
- We have an additional four commitments in our investment pipeline that are nearing financial close.
- We are actively advancing an additional \$199M of potential investments in the near to medium term, in addition to the \$215M of investments already committed
- There is an additional \$1.3B of potential Indigenous investment identified in earlier stage or slower timeline projects.
- Our team is advancing non-deal initiatives to support Indigenous inclusion.
- We continue to outreach to and build lasting relationships and trust with

communities to advance discussions on projects.

The CIB measures its contribution towards Indigenous infrastructure outcomes through tracking the number of communities in which it invests in addition to a qualitative assessment of the project's benefits. To date, the CIB through ICII has reached financial close on projects that will benefit 5 communities directly. As each project is also a project within one of the CIB's priority sectors, the outcomes of these projects are also contributing to goals in areas such as reduction of GHG emissions, economic value, households passed by broadband and others.

Collaboration with Indigenous communities is a significant opportunity, and the CIB has expanded its Advisory and Investment team to include the necessary expertise to support infrastructure investment that advances reconciliation with First Nation, Métis and Inuit partners and invest in much needed infrastructure projects that are aligned with the CIB's purpose and functions.

In addition to investments in projects, the CIB continues to advance Indigenous inclusion in a variety of complementary ways:

- **Partnerships:** The CIB partnered with the Aboriginal Financial Officers Association (AFOA) to develop Project Finance training to grow additional capacity for Indigenous communities.
- **Relationships:** The CIB meets regularly with communities to build relationships with Indigenous communities and organizations which are critical for successful investment; CIB team members promote Indigenous inclusion and are often featured at key conferences on infrastructure and economic reconciliation.
- **Impact:** The CIB is working to redefine the metrics used for measuring impact of ICII investments for First Nation, Metis and Inuit communities. Over the coming year, the CIB is working to further develop the metrics of how infrastructure investments benefit Indigenous communities.
- **Inclusion:** The CIB is committed to reviewing procurement processes and best practices to support Indigenous inclusion in selected consultants and service providers. In addition, CIB hiring practices target opportunities to grow a more diverse workforce that is inclusive of First Nation, Metis and Inuit people across various teams.

Tshiuetin Railway

\$50 million

CIB investment

The lives of residents and remote First Nations communities in northern Quebec will get a little easier with a CIB-funded project to upgrade and expand Tshiuetin Railway's passenger and freight system.

Canada's first Indigenous owned and operated railway has been the only readily accessible link connecting Schefferville, Que. and three First Nations communities to the port city of Sept Iles, Que. The \$110-million project will be financed through the CIB's \$50M investment, available over 10 years, and includes support from Transport Canada and Société du Plan Nord. The project will rehabilitate and improve track, build a new camp and train station, and add new fuel-efficient passenger trains equipped with LTE network and enhanced safety and security technology.



"Tshiuetin Railway is our lifeline," says Chief Theresa Chemaganish of the Naskapi Nation of Kawawachikamach.

"All the goods and supplies we need arrive once per week on the train. Without any road access, there is no reasonable alternative and cost of living would be much higher. It is also the only economical way of travelling outside the community, whether to visit family, for services not offered in our region, for shopping or for leisure."

The railway serves 7,000 Indigenous people as almost all supplies, including food, fuel and medications are transported by rail, while First Nations members rely on the railway to access traditional hunting grounds.

Chief Chemaganish says travel times would be much longer and less safe without railway improvements required because of the necessary stress from mining operations to which Tshiuetin Railway provides freight services.

"These investments will make a big difference in our daily lives by making the long 13-hour trip shorter, more comfortable and safer."

The CIB's support of this project reduces the probability of this railway being downgraded from Class 3 to Class 2 track, which would increase terminal to terminal travel time to 16 hours and hurt freight contracts.

The alternative form of transportation is by air, whose costs are out of reach for many.

"If it weren't for the support of the Canada Infrastructure Bank, but also the Société du Plan Nord, I can only imagine in what poor condition our railway would be," Chemaganish said.

"The Canada Infrastructure Bank financing was the only affordable solution to allow our railway to expand and offer the services our community members deserve."

The CIB's 2021-22 TCFD Disclosure



The CIB's Approach to TCFD

Budget 2021 introduced Task Force on Climate-Related Disclosures (TCFD) reporting for all Crown Corporations with more than \$1B in assets, starting in calendar year 2022.

The TCFD framework for climate related financial disclosures has been widely adopted by organizations and governments worldwide. It is built around four pillars: Governance, Strategy, Risk, and Metrics and Targets.

The CIB sees in the TCFD framework an opportunity to evaluate our strategies and actions related to climate, identify gaps and areas for improvement and in the process ensure better investment decisions.

The scope of this inaugural TCFD report is an up-to-date disclosure of the activities and

metrics within the CIB that relate to climate risk and opportunity. Over the next year the CIB will continue to build its TCFD reporting and add recommended components to enhance its robustness and allow for more insight into our operations and strategy.

Governance

The CIB's Board of Directors and Executive committee oversee the organization's climate-related strategy, portfolio allocation and ESG direction. The organization is structured to ensure a streamlined governance procedure and due diligence.

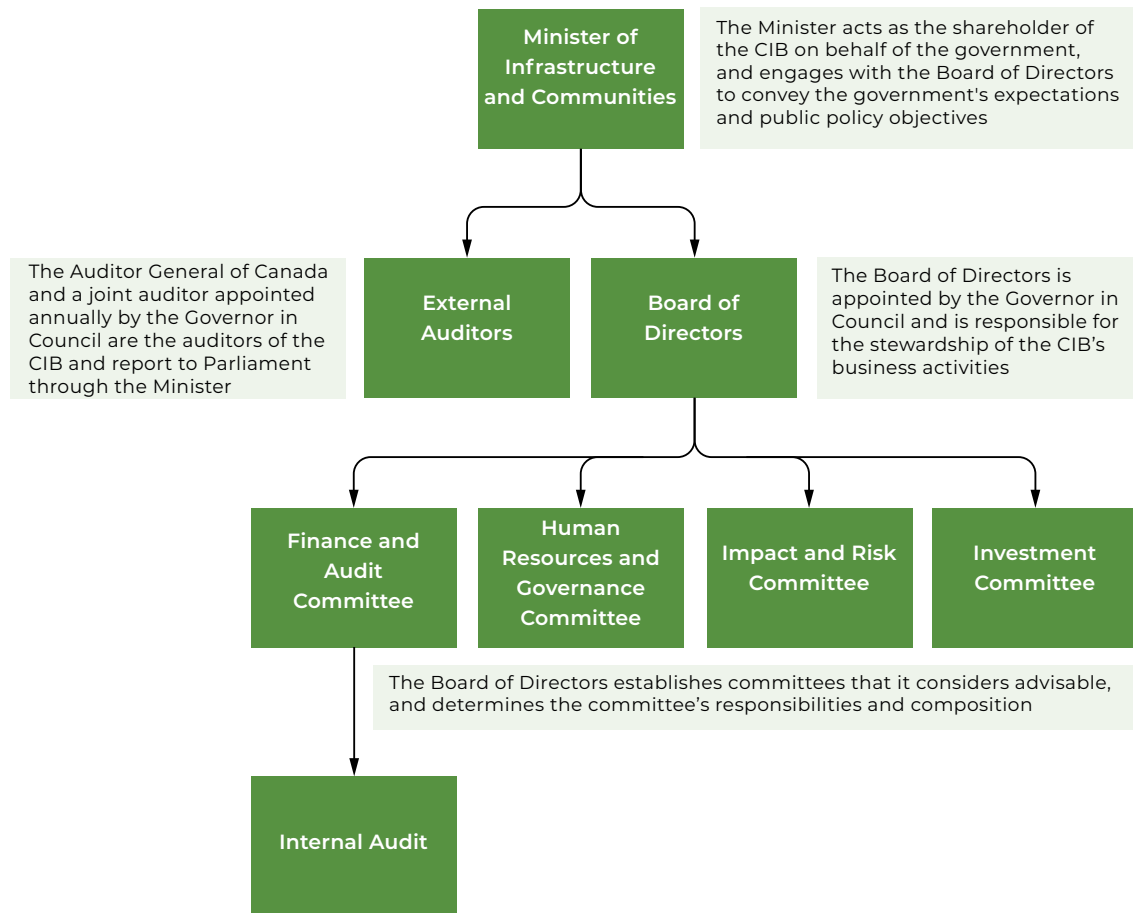
The CIB is governed by the *Canada Infrastructure Bank Act*, which establishes the CIB as a Crown corporation, sets out its purpose, functions and powers, and describes the governance and accountability framework.

Collectively, the directors bring knowledge and expertise related to ESG and sustainability issues, through their experience on other boards of directors, and understanding of strategy, risk management, legal, infrastructure project development and finance, and human resources matters. The CIB's 2021-22 Annual Report provides more comprehensive details about the directors and their competency profile.

Board Oversight of Sustainability Issues

The chart below provides an overview of our governance structure:

Board Governance Structure



The **Board of Directors** is responsible for the organization's ongoing governance and supervision of its business activities, final investment decisions, and forward planning and strategic direction, in line with the Government of Canada's priorities, including its overall approach to sustainability. The Board also monitors the progress and performance relative to the planned activities and objectives set out in the approved corporate plan.

The Board of Directors has established four Board committees to support the Board in carrying out its oversight responsibilities. The table below provides an overview of the responsibilities delegated to the Board committees for sustainability-related issues.

The **Impact and Risk Committee** is responsible for assisting the Board in its oversight of:

- the CIB's Investment Framework, including processes for assessing, measuring, monitoring and reporting public impact outcomes and fiscal impact of investments;
- enterprise risk management, including financial, operational, reputational and strategic risks which could impact the CIB's ability to deliver; and
- the CIB's approach to managing ESG risks and opportunities, including disclosure of TCFD recommendations.

The **Finance and Audit Committee** is responsible for assisting the Board in its oversight of:

- the CIB's financial reporting processes;
- material financial risk exposures; and
- operational risk governance, including procurement, information security and business continuity.

Internal Audit independently evaluates the quality and effectiveness of internal controls, risk management and governance systems and processes within the CIB. A risk-based annual internal audit plan is developed with advice from management. Each quarter the internal auditor reports audit results to the Finance and Audit Committee together with key themes and recommendations.

The **Human Resources and Governance Committee** is responsible for assisting the Board in its oversight of:

- employee diversity and inclusion initiatives, and health and wellbeing;
- the CIB's compensation framework;
- the CIB's corporate governance framework, including policies on responsible business conduct and ethics, conflicts of interest and transparency; and
- the CIB's human resources framework, including programs for talent development, retention and succession planning.

The **Investment Committee** is responsible for assisting the Board in its oversight of:

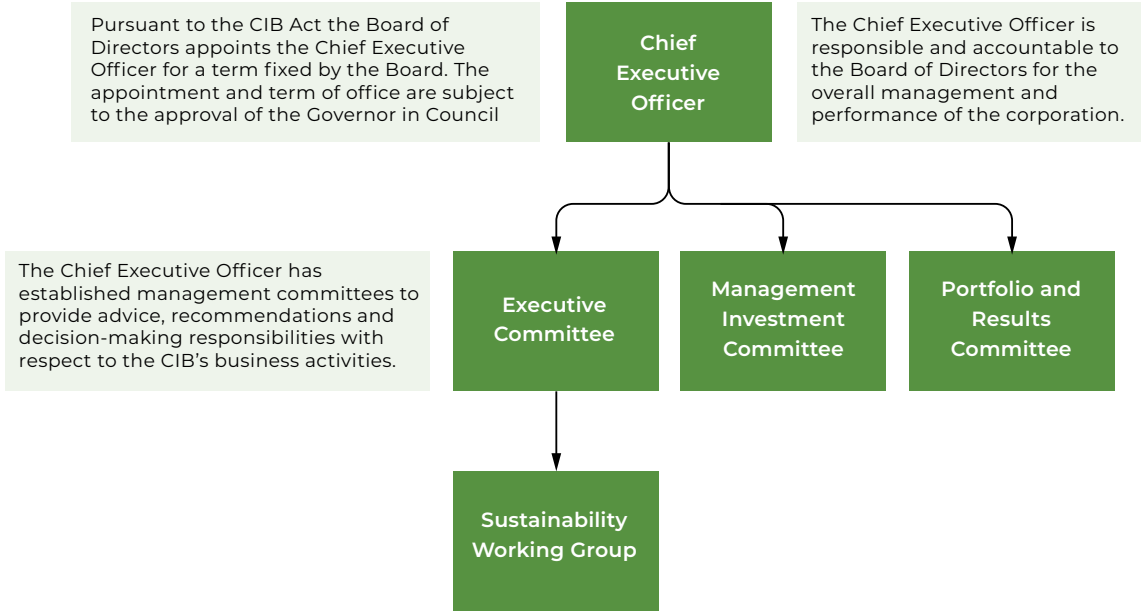
- investment proposals recommended for approval, including reviewing the expected public impact outcomes and fiscal impact;
- ensuring that material risk exposures are clearly identified and appropriate measures are taken; and
- the risk profile of the CIB's investments and portfolio.

Management's Role

The Board of Directors has delegated to the Chief Executive Officer (CEO) the authority to manage the day-to-day business and affairs of the CIB.

The CEO has established three management committees to provide advice and support the CEO's decision-making responsibilities, as described in the chart below:

Management Governance Structure



The **Executive Committee** is comprised of the CEO and his direct reports, and serves as the decision-making body for, among other things:

- the overall leadership of the CIB, including setting the values and the ‘tone at the top’ in relation to expected behaviours.
- Integrating climate change considerations into our business decisions.
- the development and implementation of ESG, sustainability and corporate strategy, operational plans, policies and budgets.

The **Management Investment Committee** is responsible for managing the CIB’s investment activities within the authorities of the CIB Act, the permitted activities in the CIB’s approved corporate plans and the parameters established by the Board of Directors. The committee reviews infrastructure projects at various stages, including climate considerations and measuring public outcomes, and recommends investment proposals that achieve the CIB’s targeted public impact

outcomes and fiscal impact to the Investment Committee of the Board.

The **Portfolio and Results Committee** is comprised of senior leaders and serves as a cross-functional advisory and decision-making body with respect to matters related to the CIB’s strategic priorities, investment focus areas, corporate targets and performance indicators, and organizational development initiatives, including initiatives tied to the CIB’s sustainability framework.

A **Sustainability Working Group** was established in March 2022. The working group is chaired by the Senior Director, Corporate Planning, Policy and Research and is comprised of members from each of the business and functional groups. The role of working group is to identify, review and provide advice and feedback on matters related to the CIB’s sustainability initiatives that are aligned with the CIB’s mandate and priorities. The working

group acts as the hub for all sustainability related initiatives for the organization, providing

internal governance and due diligence, ensuring a holistic approach to sustainability.

Strategy

The CIB has developed its business strategies and investment portfolio with considerable regard to the impact and opportunities associated with climate.

The unique role that the CIB plays in the infrastructure investment landscape is a key ingredient to building and assessing the robustness of our strategy, so that we can adequately prepare and react to risks and opportunities presented from climate change.

There are three key factors that set the context for the CIB's strategy:

1. The CIB is an impact investor with a focus to catalyze new infrastructure projects that will benefit Canadians. We measure our returns in both the impact and outcomes they deliver for Canadians and in the infrastructure gaps we have the opportunity to fill. We anticipate that approximately half of our investment activity has as its primary outcome accelerating Canada's climate transition – through investments in zero-emission buses, clean power and green infrastructure. As well, many of our other investment activities, such as the expansion of public transit systems and connecting communities to high-speed broadband, are aligned with the investment needs to reach our government's net-zero targets and goals.

2. The CIB is a newly established organization, which means we do not have a legacy investment portfolio, and instead have the opportunity to invest in new, greenfield assets. When the CIB invests in emissions intensive industries, it is always linked to financing for specific projects designed to reduce emissions intensity of production: for example, our support of the electric arc conversion at Algoma Steel.
3. In terms of our investment structuring, the CIB aims to provide the minimal amount of financial support to a project while allowing it to proceed. In many sectors, our aim is to catalyze a private sector investment market that ultimately will no longer require financial support from the CIB. Unlike a traditional corporation, it would be a success if our presence was longer required in many of our investment sectors.

Climate Related Risks and Opportunities in CIB's Strategic Planning

The CIB seeks to catalyze new, greenfield infrastructure projects. While our financial investment horizon may be shorter, these projects can have a lasting impact for Canadians. The CIB therefore considers the impacts of climate related risks and opportunities on three-time horizons:

- Short-term: On the pace of our capital commitments over the five-year horizon

of our corporate plan and projects in construction.

- Medium-term: On the impact and financial performance over the hold period.
- Long-term: Extending beyond the financial hold period of our investment portfolio.

In the **short-term**, the CIB sees a significant opportunity in its priority sectors as Canada's public and private sectors invest in climate transition. RBC Economics estimates that around \$2 Trillion in investment is required – with much of that investment in projects within the CIB's priority sectors including – projects in Clean Fuels, Hydrogen, Carbon Capture, Clean Power, Building Retrofits and zero-emission vehicle charging. The investment required is larger than what can be accomplished solely by any public or private sector actor, and so the CIB's unique financing role is a critical element in mobilizing the required capital investment.

We are also observing an increasing need to invest in the resilience of our infrastructure systems to adapt to the impacts of climate change. In addition to considering the requirements of climate adaptation in each of our infrastructure projects, we are observing an emerging class of infrastructure investment projects designed to increase the resilience of cities and towns, transportation links and power grids to the impacts of more frequent, severe weather events. The CIB is in the earliest stages of understanding investment opportunities in these areas.

At the same time, with a diverse portfolio of projects under construction, we are seeing the impacts of adverse weather and its impacts on construction schedules. To take one example,

construction windows for our Manitoba Fibre investment were reduced as a result of unanticipated flooding. Extreme weather is likely to have increasingly frequent impacts on our projects in construction.

In the **medium-term**, over the financial hold period of its investments, the CIB faces similar exposure as other infrastructure investors to adverse impacts from the effects of climate change – which could manifest as physical risks to the underlying asset or impact the operations of its assets. In general, the CIB would benefit – both financially, and with respect to the impact of its investments – if the pace of our transition to net-zero accelerated. Notable examples include:

- In a number of projects, the CIB bears financial risk to the extent that the cost of carbon emissions falls relative to current projects but may see increased returns if the cost of carbon emissions increases.
- The CIB also is exposed to merchant or demand ramp-up risks in its projects. For example, in district energy systems, the CIB has lent against future demand for services, not just current customer demand. This will make it more cost-effective for new buildings to connect to district energy, accelerating the transition. An accelerated transition in our buildings sector would benefit these investments.
- The CIB's zero emission bus program finances against the operating cost savings from ZEBs. To the extent that current technologies to support the climate transition are effective and deliver on their business, the risk that CIB bears in its investment portfolio would be lower.

In the **long-term**, extending beyond the financial hold period of our investment portfolio, the CIB's investments will continue to shape communities for generations. Given the long-lasting benefits and impacts of infrastructure projects, the CIB seeks to include the long-term in its consideration of its investment decisions.

Noting the significant investment need in the CIB's priority sectors, including those supporting transition, the CIB sees a continued need for CIB investment in its priority sectors. The CIB anticipates a continuing role to catalyze private sector investment against our pressing climate transition needs.

Resilience of strategy in climate-related scenarios

The CIB is at the earliest stages of exploring the development and application of scenario planning to assess the resiliency of its strategy to climate scenarios. We have prioritized this in our 2023-2024 sustainability workplan related to portfolio allocation.

We believe the portfolio of investments we are delivering is robust in scenarios where the climate transition occurs more rapidly, or where regulations put an increasing cost on carbon emissions. Our portfolio is heavily anchored in sectors and projects that support an accelerated transition.

Looking ahead

The CIB will continue to grow and enhance its business strategy in relation to climate impacts and remain responsive to new opportunities and risks presented by climate change. Over the coming fiscal year, our focus will be on building, growing and implementing the following initiatives to support strategy development:

1. **Scenario analysis** – Assessing our strategy across multiple warming scenarios, and responding and mitigating accordingly (e.g., is our business model compatible with 1.5 degrees of warming)
2. **Physical and Transition Risk Assessment** – Building a defined process for assessing physical risk in our investments – the potential for damage to our assets from a changing climate – and transition risk – the financial risk of loss from a transition to a lower-carbon economy – at the individual investment and portfolio level
3. **Portfolio Carbon Metrics** – Creating a plan and process to measure our scope 3 emissions, and build the capability to report on the overall emissions level of our portfolio, consistent with other asset managers (as distinct from the project related reduction).

Risk Management

The CIB identifies climate-related risks as part of the due diligence phase in our integrated investment framework. The CIB recognizes that assuming some level of risk is an essential part of doing business, given the context of our specific mandate and business model, which differ materially from those of traditional financial institutions. The measurement of risk, including climate risk, against the public impact outcome expectation, is evaluated at the management level for each transaction and put forward for recommendation to the Board on this basis.

To measure risk, the CIB has developed methodologies to support the CIB's Investment team through its evaluations for each investment under consideration. Specifically, we assess environmental elements that may cause financial risks for the transactions and are in the process of creating a more sophisticated process for this assessment. We are also developing a method to better formalize integrating climate risk into our enterprise risk management framework, and working to formalize a methodology that can be applied across all of our investments.

Compared to other financial institutions, the CIB typically has longer-term lending horizons, therefore more significant climate impacts could be realized and need to be anticipated and monitored. This is coupled with the fact that most of the CIB's investments are illiquid, so the CIB cannot freely trade in and out of positions or exposures to rebalance our portfolio. The CIB may also eventually have large concentrations of investment in specific industries, sectors and geographies that could

result in higher exposure to certain climate related factors in comparison to more broadly diversified portfolios, such as those of a bank or investment fund.

Despite the above-mentioned risk factors, as an impact investor, the CIB's investments all aim to achieve public outcomes. A significant portion of our investments are targeting a reduction in carbon emissions and will help to contribute to the Canadian government's net-zero targets by 2050.

Although the CIB cannot freely trade in and out of positions, based on direction that is given in the CIB Act, the CIB also does not have short or medium-term liquidity needs, which allows us to hold investments until term. This is an important factor to note about the CIB's funding model, as it helps us to fill an infrastructure gap (i.e. economic, commercial or structure gap), creating new projects and sectors, while crowding in capital.

Regarding concentration risk, our mandate is provided by the CIB Act, the SPA and government, and includes providing guidance on where to focus on our investments, which can result in concentration risk. As a significant portion of our portfolio is to reduce GHG emissions, there is potential exposure that these projects may not achieve their GHG emission reduction targets, potentially due to risks such as technology (e.g. battery risk with zero-emission buses) or construction risk resulting in the project not being built.

Looking Ahead

Going forward, we continue to develop our climate risk framework for both investments in the due diligence phase of a project and within our portfolio. We are also considering that the framework will allow us to i) assess and measure impact on our counterparty based on the relevant risks identified, ii) allow the CIB

to collect relevant data and utilize information management systems to enable analysis and comparisons of different investments and sectors across the portfolio, iii) stress testing exposures for current and potential environment scenarios at portfolio level, and iv) implement a risk mitigation strategy (whenever possible).

Metrics and Targets

The CIB's Climate-Related Metrics

As an investing organization, the CIB appreciates and understands the critical role that metrics and targets play in investment strategy and decisions.

Solid metrics will help to inform management and the Board in terms of a project's level of risk and opportunity, the extent of our impact, and as to how our investments are resulting in a positive outcome for Canadians. At a portfolio level, the compilation of metrics and establishment of targets will align with the organization's strategy and inform its performance in relation to climate risk and opportunity. Across the organization, the CIB is committed to calculating its scope 1, 2 and ultimately its scope 3 emissions, beginning with emission calculations disclosed in this document.

Measuring climate outcomes in investments:

The CIB has been provided a mandate by the government to invest in new infrastructure projects in priority sectors, including clean power, green infrastructure and public transit.

It has established through its investment framework target zones for GHG reduction associated with investments in these sectors. The CIB's decisions related to investment reflect the return it can achieve in GHG reduction in relation to risk capital deployed.

As it develops its investment portfolio, the CIB has also established, in alignment with government policy and in keeping with its approach to GHG reduction, that it will not invest in certain sectors that have significant GHG emissions profile such as oil and gas and grey hydrogen.

GHG emission profile:

The CIB is a relatively new organization, having begun operations in only 2018. It has no legacy emissions, it has a mandate to invest in greenfield infrastructure projects, and it is growing in terms of staffing and operations. 2021-22 also represented an unusual context in which many staff worked from home or refrained from business travel due to the pandemic. This creates a dynamic in which the emissions profile of the organization is expected to grow in absolute terms.

Notwithstanding this context, the CIB appreciates the importance of calculating and disclosing its full GHG emissions profile across scope 1, 2 and 3. This year, the CIB embarked upon an effort to begin calculating and disclosing its GHG emissions by measuring scope 1 and 2 emissions, as well as business related travel (scope 3) which is detailed on page 37. For the 2021-22 fiscal year, the CIB's operational GHG emissions across scope 1 and 2 were 69.6 tonnes.

Targets and Performance

For its investment portfolio, the CIB has established a target to achieve 13Mt of GHG reduction across its portfolio by 2026-27.

As of the end of Q2 2022, the CIB has achieved 4.5 Mt of reduced GHG emissions in relation to the climate-related target. The details of these reductions are reported on page 26 of this document.

Looking Ahead

In 2022-23 the CIB will be undertaking an effort to complete its first comprehensive GHG emissions inventory, including financed emissions.

Conclusion

Contributing to sustainability goals and delivering benefits to Canadians are core to the CIB's objectives and purpose. This Sustainability and Impact document provides an overview of our journey to date and progress, and a roadmap for our future direction. In doing so, it sets out our plan for helping Canada achieve net zero by 2050.

Being transparent and clear about our progress is critical to our collective success. Not only will disclosure inform Canadians and hold us to account, it also helps us and our partners make informed decisions about investment. In this document we have built upon the disclosures already provided in our quarterly and annual reports and issued our first TCFD disclosure. The CIB will continue to build out its sustainability and impact reporting either in subsequent updates or integrated into annual reporting.

This document also acts as a roadmap by providing details of future work and an in-depth look at potential climate opportunities, challenges and risks for the CIB. As we look ahead, sustainability reporting will be foundational in identifying next steps and priorities for the CIB in our sustainability related initiatives. Our aim is to continue to refine our sustainability direction and focus, to position the CIB as a leader of impact investing, and to build more sustainable and inclusive infrastructure for Canadians.



Contact Us

contact@cib-bic.ca

Investments: investments@cib-bic.ca

1-833-551-5245

Canada Infrastructure Bank

150 King Street West, P.O. Box 15

Toronto, ON M5H 1J9

Telephone: 1-833-551-5245

Email: contact@cib-bic.ca

Follow us

www.cib-bic.ca

twitter.com/cib_en

[LinkedIn](#)

