



Canada Infrastructure Bank

IMPACTFUL MOMENTUM

Corporate Plan Summary | 2023-24 to 2027-28



Canada Infrastructure Bank | Banque de l'infrastructure du Canada

Table of Contents

- Executive Summary..... 4**
 - An organization with momentum4
 - Clear direction and purpose6
 - Achieving meaningful outcomes7
 - The CIB’s advantage8
 - Working with partners to advance infrastructure priorities.....9
 - Bringing expertise and knowledge to the table.....10
 - Looking Ahead.....10

- 1. Overview 14**
 - 1.1 Purpose and Authorities.....14
 - 1.2 Corporate Overview15
 - 1.3 Corporate Objectives16
 - 1.4 Alignment with Federal Priorities including Relevant Federal Policies and Programs18

- 2. Operating Environment 21**
 - 2.1 External Environment21
 - 2.2 Internal Environment25
 - 2.3 Reviews and Audits26

- 3. Objectives, Activities, Risks, Expected Results and Performance Indicators..... 29**
 - 3.1 Corporate Objectives.....29
 - 3.2 Investment Activities31
 - Public Transit41
 - Clean Power44
 - Green Infrastructure47
 - Broadband.....53
 - Trade and Transportation.....54
 - 3.3 Corporate Activities77

4. Financial Overview..... 82

4.1 Financial Management and Stewardship..... 82

4.2 Commitment and Investments..... 83

4.3 Financial and Operational Overview..... 88

4.4 Audits and Review 95

APPENDIX A – Statement of Priorities and Accountabilities 97

APPENDIX B – Corporate 105

APPENDIX C – Planned Results..... 114

APPENDIX D – CFO Attestation..... 117

APPENDIX E – Financial 119

APPENDIX F – Risk and Risk Responses..... 135

APPENDIX G – Legislative and Policy Compliance 138

APPENDIX H – Government Priorities 143

APPENDIX I – CIB Investment Framework 148

Accessibility

The CIB is committed to creating a barrier-free experience for all employees, job-seekers, clients, suppliers and other stakeholders. For any questions about Accessibility or to request any accommodations, please contact your CIB representative or email accessible@cib-bic.ca.

Executive Summary

An organization with momentum

The CIB is an infrastructure impact investor investing in critical projects that deliver tangible outcomes for the benefit of Canadians.

In the five years since it was launched, the CIB has made an important contribution to closing Canada's infrastructure deficit. As of March 31, 2023, the CIB had made \$9.7 billion in investment commitments, advancing a portfolio of projects with a total capital value of \$27 billion. These investments have been made across the country and in each of our five priority sectors: public transit, clean power, green infrastructure, broadband, and trade and transportation. The CIB has also made significant headway in making infrastructure projects in partnership with, and with benefit to, Indigenous communities.

➤ Investments across Canada

Projects:

46

CIB investment commitments:

\$9.7B

Total capital cost:

\$27B



*Note: Figures based on the Quarterly Financial Report Q4 2022-2023 (ending March 31, 2023) with pending project announcements in cooperation with our partners.

➤ Growth in CIB Portfolio

(Investment commitments including financial closes)



*Note: Figures based on the Quarterly Financial Report Q4 2022-2023 (ending March 31, 2023) with pending project announcements in cooperation with our partners.

Budget 2022 recognized the impact that the CIB can have and broadened the role of the CIB to include investing with private partners in areas such as hydrogen, clean fuels, carbon capture and storage (CCS), zero-emission vehicle charging, and small modular reactors. In the short time since that announcement, the CIB has made investments in each new priority area, including:

- » a \$277 million investment in a Biomethanol and green Hydrogen production facility in Varennes, Quebec that reached financial close on January 16, 2023
- » our first investment in Small Modular Reactors, a \$970 million investment in support of Ontario Power Generation's Darlington project that reached financial close on August 29, 2022
- » a \$123 million investment in a FLO Electric Charging network of 1,041 fast charging stations at 410 sites across Canada over four years; this is the CIB's first project under Charging and Hydrogen Refuelling Infrastructure Initiative.

Building on this momentum, Budget 2023 raised long term targets to \$10 billion for the CIB to deploy capital in both its Clean Power and Green Infrastructure sectors, noting that the CIB is “the government's primary financing tool for supporting clean electricity generation, transmission, and storage projects.” The Budget also announced the CIB will now provide loans to Indigenous communities to support them in purchasing equity stakes in infrastructure projects in which the Bank is also investing.

Our momentum continues to grow. Early in 2023-24, the CIB reached the important benchmark of \$10 billion in life to date investment commitments, a moment to reflect on we have accomplished while increasing our resolve to deliver even more impact for Canadians.






Clear direction and purpose

The *CIB Act* and the Minister's Statement of Priorities and Accountabilities (SPA) are central guiding documents for the CIB, as are its previous Corporate Plans.

Through the SPA, the Government of Canada has provided guidance on priorities for the CIB in the areas of clean power, green infrastructure, public transit, trade and transportation, and broadband. The CIB is working to deliver on these priorities and in doing so achieve outcomes related to climate change, connecting underserved Canadians through broadband, improving transit options, growing the economy through trade and addressing infrastructure needs across Indigenous communities.

The CIB reflects these priorities in its portfolio allocation and delivers on its objectives through application of an Investment Framework. A foundation of clear governance empowers the CIB's Board to make independent investment decisions to achieve the priorities set out for the organization.

The CIB's activities are also informed by government priorities as articulated through federal budgets and other broader government policy.

Priority Sectors				
				
Public Transit	Clean Power	Green Infrastructure	Broadband	Trade & Transportation
Long-term sector target \$5B	Long-term sector target \$10B	Long-term sector target \$10B	Long-term sector target \$3B	Long-term sector target \$5B
ZEBs, LRTs, BRTs, ferries, subways, commuter rail, transit-oriented development	Zero-emission generation, small modular reactors, renewables, district energy, storage, interties, transmission	Energy efficient retrofits, industrial decarbonization retrofits, water, wastewater, carbon capture, clean fuels, hydrogen, zero emission vehicle charging	Unserved and underserved community broadband connectivity	Agricultural infrastructure, ports, freight, highways, roads, bridges, tunnels, inter-regional and passenger rail, critical minerals
Indigenous Infrastructure At least \$1B for projects in partnership with and for the benefit of Indigenous Peoples				
Project Acceleration \$500M for project development and early works to shorten critical paths to construction				

Achieving meaningful outcomes

While the CIB's business is investing in infrastructure projects, outcomes are what matter most to Canadians. This means 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 focused approach to impact investing in which projects are evaluated on how they achieve outcomes in relation to our risk capital. It informs all aspects of the CIB's work, from strategy through to compensation. The CIB has set clear targets for reductions in greenhouse gas emissions, increases in daily transit ridership, connecting households to broadband, growing trade and GDP, and closing the Indigenous infrastructure gap as a result of our projects.

This creates alignment, focus and accountability in our investment activities.

In Indigenous communities, our investments contribute to the same positive impacts while improving quality of life in those communities.



The CIB's advantage

The CIB enables federal infrastructure dollars to go further by attracting private and institutional capital to catalyze infrastructure projects that deliver real benefits for Canadians.

The CIB shares in risks that a private sector or institutional investor would not assume on their own. The CIB uses an array of approaches, including concessional returns, longer or more flexible financing terms, patient risk capital and other innovative structuring features. Balancing risk transfer with private sector and public sector partners is an important consideration for any CIB investment.

The investments we make are in projects with revenue-generating potential. Because there is an expectation of a future revenue stream, we can find ways to secure upfront capital from private and institutional investors for the project to proceed. Private financing means more projects are built more quickly with less reliance on the taxpayer for grant funding.

The CIB looks to deploy its capital to fill gaps in financing that will help projects to advance, for example through accepting concessional returns, longer or more flexible financing terms,

patient risk capital and other innovative structuring features. By doing so, the CIB's financing unlocks projects that would otherwise be delivered using grant funding on a longer time scale, or more likely not delivered at all. And, in contrast with an unrecoverable government grant, the CIB recovers its capital through repayment of its investment in a project. Examples of the CIB's approach include:

- » Sharing in risk that proponents or partners cannot manage alone, such as the materialization of future savings or revenues.
- » Bringing rigorous commercial discipline to "size to the gap," ensuring our investments are limited to what is needed to enable a project to advance.

Working with partners to advance infrastructure priorities

We actively collaborate with governments across Canada at all levels and develop opportunities for the public sector to partner with private and institutional investors.

By partnering with federal departments, provinces, territories, municipalities, and Indigenous communities we help all levels of government address their infrastructure priorities. And, as part of our effort, we actively engage private and institutional investors and project developers who bring capital and expertise to projects.

There is a significant infrastructure gap facing Indigenous communities across Canada. The CIB is working closely with Indigenous communities and organizations to finance infrastructure priorities as well as support partnership and procurement opportunities that support economic growth, inclusion and further the objectives of reconciliation. We have established a dedicated, specialized team, comprised of subject matter expertise and Indigenous representation for this purpose.

We work closely with Infrastructure Canada (INFC) and other federal departments, aligning priorities and exploring ways to ensure our respective efforts work together to leverage better outcomes.

Recent examples of our impact include:

- » Tshiuetin Rail Transportation Inc., which is the first Indigenous-owned railway in Canada. The CIB's investment commitment will enable better service for the Indigenous communities along the route from Quebec to Labrador.
- » Oneida Energy Storage, which is a joint venture between NRSstor Inc., Six Nations of the Grand River Development Corporation, the Mississaugas of the New Credit First

Nation, Aecon Group Inc. and Northland Power Inc. The project will provide clean, reliable power capacity by drawing and storing renewable energy during off-peak periods and releasing it to the Ontario grid when energy demand is at its peak.

- » Kahkewistahaw Landing, an urban reserve in Saskatoon, SK, where the CIB investment is being used for enabling infrastructure such as road work, utilities, and broadband connectivity.

Bringing expertise and knowledge to the table

The CIB's focus on infrastructure investment is not limited to dollars invested. We are a center of expertise for innovation in infrastructure investment in Canada. We act in an advisory capacity on projects that can lead to CIB investment, and we promote the development of knowledge and research related to infrastructure.

The CIB works with partners to identify potential investments and provide advice and input on how they may be advanced by collaborating on business cases and other aspects of early financing and structuring. A number of these efforts have been announced through formal advisory engagements, memorandums of understanding (MOUs) and project acceleration initiatives. This can also include a variety of activities including roundtables, market soundings, participation at industry events and market updates.

The CIB also works with thought leaders to facilitate and inform leading research on infrastructure that can inform project development and be made publicly available.

Looking Ahead

While the need for infrastructure investment remains as pressing as ever, the environment we operate in is uncertain. Over the past year we have seen new challenges emerge with inflation, rising interest rates and supply chain challenges all putting stress on the ability of partners to finance projects.

At the same time, the imperative to make investments that will position Canada for growth in a zero-carbon future has only become more acute, reflected in Canada's objectives to achieve emissions reductions of 40 to 45 percent below 2005 levels by 2030, and achieve net-zero emissions by 2050.

The CIB has the ability to provide the financing and expertise to help sponsors of infrastructure manage these challenges and stretch government funding to go further.

In our first five years, we have developed a deep understanding of the challenges projects face. This plan reflects this understanding – the replicable investment organization we have built to deliver on a robust pipeline of standardized and smaller programs – and the large projects we deploy our advisory and investment capabilities on at nationwide scale, with associated higher levels of uncertainty.

➤ Map of CIB Projects



*Note: Figures based on the Quarterly Financial Report Q4 2022-2023 (ending March 31, 2023) with pending project announcements in cooperation with our partners.

Public Transit	Clean Power	Green Infrastructure	Broadband	Trade & Transportation
Autobus Séguin Zero-Emission School buses British Columbia Zero- Emission School Buses City of Brampton ZEBs City of Calgary ZEBs City of Edmonton ZEBs City of Ottawa ZEBs Durham Region ZEBs Montréal-Trudeau International Airport REM Station Quebec School ZEBs Réseau express métropolitain (REM) York Region ZEBs	Atlin Hydroelectric Expansion Bekevar Wind Power Darlington Small Modular Reactor Enwave District Energy Kivalliq Hydro- Fibre Link Lulu Island District Energy Markham District Energy Oneida Energy Storage Pirate Harbour Wind Farm Taltson Hydroelectricity Expansion	Algoma Steel Retrofit Ameresco Retrofits Avenue Living Energy Retrofits BMO Retrofits Dream Retrofits Enerkem Varennes Carbon Recycling Fairmont Royal York Hotel Retrofits FLO EV Charging Grasswoods Urban Reserve Wastewater Treatment Facility IonicBlue Johnson Controls Retrofits Modern Niagara Retrofits Netmizaaggamig Nishnaabeg Reserve Extension Noventa Energy Retrofits Port Stalashen Wastewater Treatment Plant SOFIAC Retrofits Toronto Western Hospital Retrofit University of Toronto Retrofits	Arrow Technology Group Kivalliq Hydro- Fibre Link Manitoba Fibre Ontario Rural Broadband	Alberta Irrigation Calgary-Banff Rail Contrecoeur Port Terminal Georgina Island Fixed Link High Frequency Rail Highway 697 Toll Bridge Kahkewistahaw Landing Infrastructure MD of Acadia and Special Areas Irrigation New Westminster Rail Bridge Newfoundland and Labrador Fixed Link Tshiuetin Railway
Indigenous Infrastructure				
Arrow Technology Group Broadband Atlin Hydroelectric Expansion Kahkewistahaw Landing Infrastructure Bekevar Wind Power		Kivalliq Hydro-Fibre Link Oneida Energy Storage Netmizaaggamig Nishnaabeg Tshiuetin Railway		



OVERVIEW

1. Overview

1.1 Purpose and Authorities

The *CIB Act* sets out the CIB's purpose:



The purpose of the Bank is to invest and seek to attract investment from private sector investors and institutional investors, in infrastructure projects in Canada or partly in Canada that will generate revenue and 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.

Parliament has authorized funding of not more than \$35 billion in aggregate (or any greater aggregate amount that may be authorized from time to time under an appropriation Act) for CIB to deploy and gives the CIB the ability to participate in complex infrastructure deals in new and innovative ways. Of this total, the Government of Canada anticipates expensing \$15 billion against the fiscal framework.

The CIB is subject to the provisions of the *CIB Act*, federal legislation and policies that apply generally to Crown corporations including the *Financial Administration Act*, the *Official Languages Act*, the *Privacy Act*, the *Access to Information Act*, the *Conflict of Interest Act*, and the *Canada Labour Code*. The CIB aligns with Treasury Board Guidance and directives for Crown corporations.

The CIB is governed by an independent Board and operates at arm's length from government, ensuring that transactions are executed with commercial due diligence and discipline and high levels of expertise. The Board approves and oversees the strategy of the organization, including planned results as outlined in the annual Corporate Plan, and is actively involved in risk oversight and investment decision-making.

While independent in its operations, the CIB is accountable to the Government of Canada and Canadians. The CIB reports to Parliament through the Minister of Infrastructure and Communities (the designated Minister). The Minister establishes our high-level priorities through the SPA (Appendix A) and other guidance provided to the Chair of the Board.

Consistent with the *CIB Act*, the CIB works closely with INFC and central agencies to seek approval of the Minister of Housing, Infrastructure and Communities and concurrence from the Minister of Finance to recommend the CIB's corporate plan for the approval of the Governor in Council, and to recommend the CIB's operating and capital budgets for approval of Treasury Board.

The public disclosure of Quarterly Financial Statements and Annual Report in addition to the Annual Public Meeting are other reporting obligations that the CIB fulfills as a matter of course. The CIB's most recent Annual Report is available on its website at <https://cib-bic.ca/en/about-us/reports-and-transparency/>.

More information on our corporate governance structure and the Board's authority and accountabilities is available in Appendix B.

1.2 Corporate Overview

The CIB is an impact investor catalyzing and accelerating new infrastructure projects that will benefit Canadians. Through infrastructure investment, Canada can grow its economy, advance its transition to a net-zero carbon future, connect Canadians to each other and their communities, and take action on Indigenous reconciliation.

At the CIB, we understand that these are the outcomes that matter most to Canadians – it means being able to travel to work or visit family, having access to reliable broadband, making use of clean power and filling longstanding infrastructure gaps for Indigenous communities. The CIB has developed a comprehensive approach to impact investing in order to achieve these desired outcomes. Under our investment framework, we seek out a maximum return for taxpayer dollars in terms of the public impact we can achieve.

What makes the CIB unique? The CIB makes projects happen by acting as a catalyst to fill gaps in financing that can prevent new infrastructure projects from going ahead. The CIB's direct investment and partnership approach complements, yet is distinct from, government programs. Each investment the CIB makes is structured to leverage revenue streams and crowd-in private sector and institutional investors who are willing to share in the risk and innovate. We invest in a disciplined manner with the flexibility to be innovative and resourceful in how we approach each investment. We seek out a maximum return for taxpayer dollars in terms of the public impact we can achieve. The result? More dollars invested in infrastructure, more quickly, and at lower cost to Canadians.

The CIB has five priority sectors in which it invests: public transit, clean power, green infrastructure, broadband, and trade and transportation. The CIB will also invest at least \$1 billion across all its priority sectors in partnership with and for the benefit of Indigenous Peoples. The CIB is comprised of an experienced team of investment and corporate professionals dedicated to the values and goals of the organization. With deep experience in infrastructure financing and delivery, the CIB can provide advice and insight and enhance the capacity of governments and private partners at all stages of project development. The CIB is headquartered in Toronto, with offices in Montreal and Calgary to enhance our capacity to connect and work with partners in every region of the country.

1.3 Corporate Objectives

As an organization the CIB is focused on making investments, attracting private and institutional capital, and working with public partners to achieve outcomes through new infrastructure projects that benefit Canadians.

In this context, all the CIB's activities, comprising investment development, advisory services and knowledge and research functions are aligned to support the CIB's ability to make investments that will achieve public outcomes.

The CIB has identified three ways in which the organization makes progress towards this vision.

1. Accelerating investment to modernize infrastructure

The CIB works to increase infrastructure investment in Canada. It does so by catalyzing innovative partnerships that bring together the CIB, public sponsors of infrastructure projects and private and institutional capital to build critical infrastructure.

The CIB measures its success on this strategic priority in the total volume of its investment commitments, the rate at which it converts commitments to financially closed transactions, and our ability to attract private and institutional capital alongside our investments.

By establishing as a strategic priority our overarching aim to make investments to modernize infrastructure, the CIB will ensure that every function that the CIB undertakes will be aligned to the furtherance of this objective. For example, the provision of advisory services to governments and other public sponsors of infrastructure will be undertaken with consideration of potential for future CIB

investment in a resulting infrastructure project. Similarly, the CIB's support of knowledge and research initiatives will be undertaken in areas where there are gaps in understanding among project sponsors or the CIB that when addressed can further advance CIB investments in priority sectors.

2. Delivering outcomes that benefit Canadians

Financing new infrastructure is not the only imperative for the CIB. We need to make sure that projects we invest in deliver benefits for Canadians. As an impact investor, the CIB seeks to achieve outcomes through infrastructure that will benefit Canadians and measures its return in these terms. In alignment with priorities set out in the SPA, Budget documents and other priority setting documents, these outcomes have been defined as increasing economic growth, connecting Canadians and communities, expanding action on climate change and investing in Indigenous infrastructure to support commitments to advance reconciliation and address the Indigenous infrastructure deficit.

All CIB investment decisions are measured by the outcomes that are, in relation to the capital invested, risk profile and overall positioning, within the CIB portfolio.

3. Executing as a results-focused and accountable organization

The CIB is entrusted with investing public funds and takes this responsibility seriously. We are committed to being an efficient, effective organization that acts with integrity. This includes not only how we make investments, but how we provide advisory and knowledge services, how we engage more broadly with the infrastructure community, and how we contribute in a positive and meaningful way to broader imperatives like climate action and Indigenous reconciliation. The CIB is continuously working to strengthen our processes, enhance our capabilities, invest in our people and demonstrate our accountability and responsiveness as an institution.

1.4 Alignment with Federal Priorities including Relevant Federal Policies and Programs

The *CIB Act*, the 2023 SPA, Budget documents and other sources of government policy are all central guiding documents for the CIB.

The *CIB Act* provides the CIB with its authorities and powers, while the SPA is specific in reiterating the CIB's five priority sectors for investment. The SPA also states that "the CIB should establish a new investment target of \$1 billion for Indigenous Infrastructure projects across the five priority areas" including infrastructure projects made in partnership with, and that benefit, Indigenous Peoples.

The federal government also sets policy directions to which the CIB aligns. For example, the government has made commitments related to climate that inform the CIB's operations. This includes a target for reduction of GHG emissions by 2030 to 45% below 2005 levels and establishing a target in legislation to reach net-zero emissions by 2050.

Through its investments, the CIB has significant potential to contribute to and enhance the success of government policy objectives.

The CIB works closely with Infrastructure Canada, central agencies and other federal departments that are relevant to CIB's priority sectors of investment. Specifically, with INFC, the CIB has implemented an Engagement Strategy to support effective coordination and collaboration. Under the strategy, there are four engagement tables (Advisory and Investments, Corporate, Knowledge and Research and Communications) that meet regularly to share information, discuss issues, and ensure alignment with federal policy direction and activities. Because interconnections between the CIB and other federal departments can be extensive, it is important to ensure that CIB investments and departmental policies or grant programs are complementary and not in competition, so that collaboration between the CIB and departments will maximize the benefits of all federal funds available in the CIB's priority sectors. To that end, the CIB regularly engages relevant departments on policies and programs. Examples include:

- » Partnering with Innovation, Science and Economic Development Canada (ISED) on the Universal Broadband Fund to coordinate on the deployment of large-scale broadband projects, and on the Strategic Innovation Fund's Net Zero Accelerator with respect to opportunities in Clean Fuels, Hydrogen, and CCS.

- » Working closely with INFC to ensure close coordination to design complementary programs for the funding and financing of infrastructure such as zero-emission buses (Zero Emission Transit Fund) and public building retrofits.
- » In collaboration with Natural Resources Canada (NRCan) working on the financing of large, high priority clean power projects, including the, interprovincial transmission, energy storage, renewable generation including wind and solar and Small Modular Reactors.
- » Advancing with Transport Canada the development of the HFR project and evaluation of policy alignment in context of port infrastructure investments.
- » Collaborating across departments on improving outcomes for Indigenous communities through our participation on the Interdepartmental Infrastructure Reform Working Group led by Indigenous Services Canada.
- » Development of the New Westminster Bridge replacement alongside Public Services & Procurement Canada and INFC.



OPERATING ENVIRONMENT

Canada Infrastructure Bank | Banque de l'infrastructure du Canada

2. Operating Environment

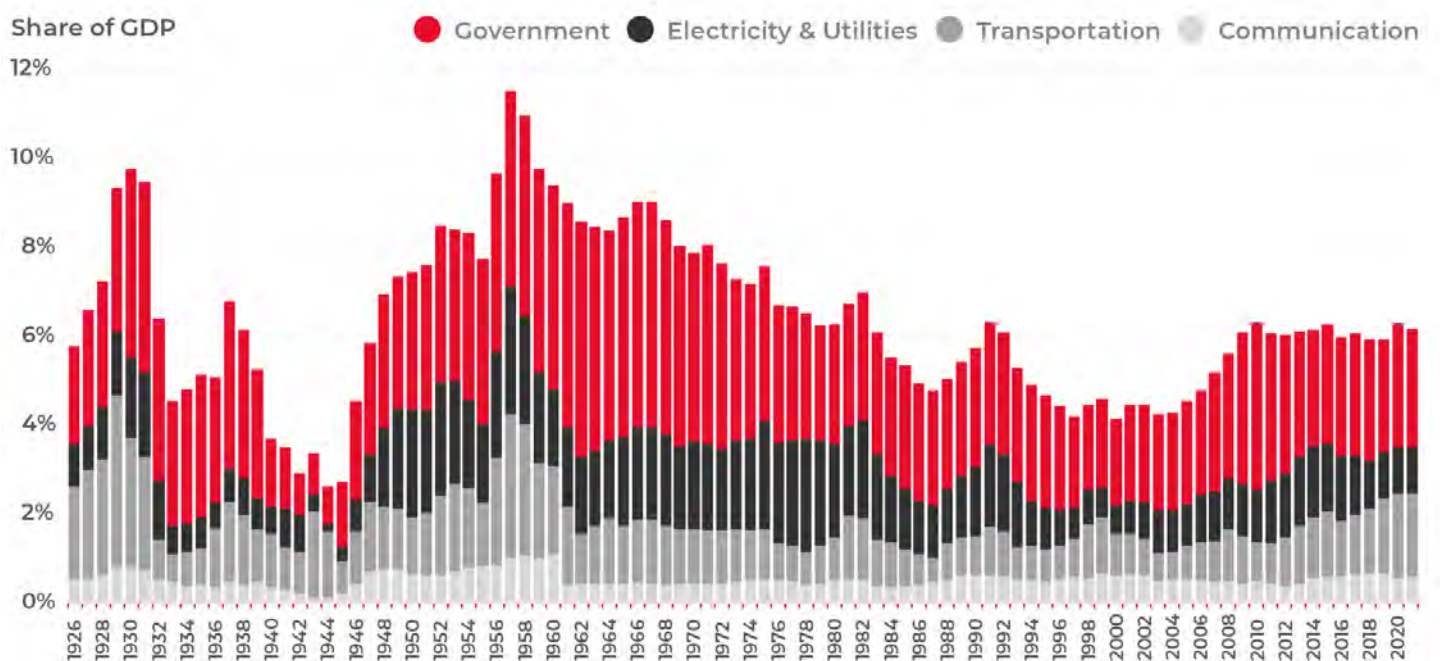
2.1 External Environment

The Infrastructure Deficit

Canada's infrastructure sector faces significant challenges. These include global challenges such as transitioning to a net-zero economy, strengthening supply chain resilience and diversifying energy sources, as well as domestic challenges such as enabling Canada's participation in an increasingly digital economy and closing the infrastructure gap in Indigenous communities from coast to coast to coast.

The last period of significant investment in Canadian infrastructure occurred during the late 1950s and 1960s when investment in fixed capital investment by government, utilities, transportation, and communication sectors reached a peak of 11.5% of GDP. In the decades since, Canada's investment in infrastructure waned to a low of 4% of GDP in 2000, although rebounding to a pace of 6% of GDP in the past decade.

➤ Canadian Infrastructure Investment* as Share of GDP from 1926-2021



* Reflects annual Canada-wide Fixed Capital Investment from in Non-Residential Structures, Engineering Construction and Machinery & Equipment by Government, Electricity & Utilities, Transportation, and Communications Sectors

Source: Statistics Canada (Non-Residential Fixed Capital Stock, Historical Statistics of Canada)

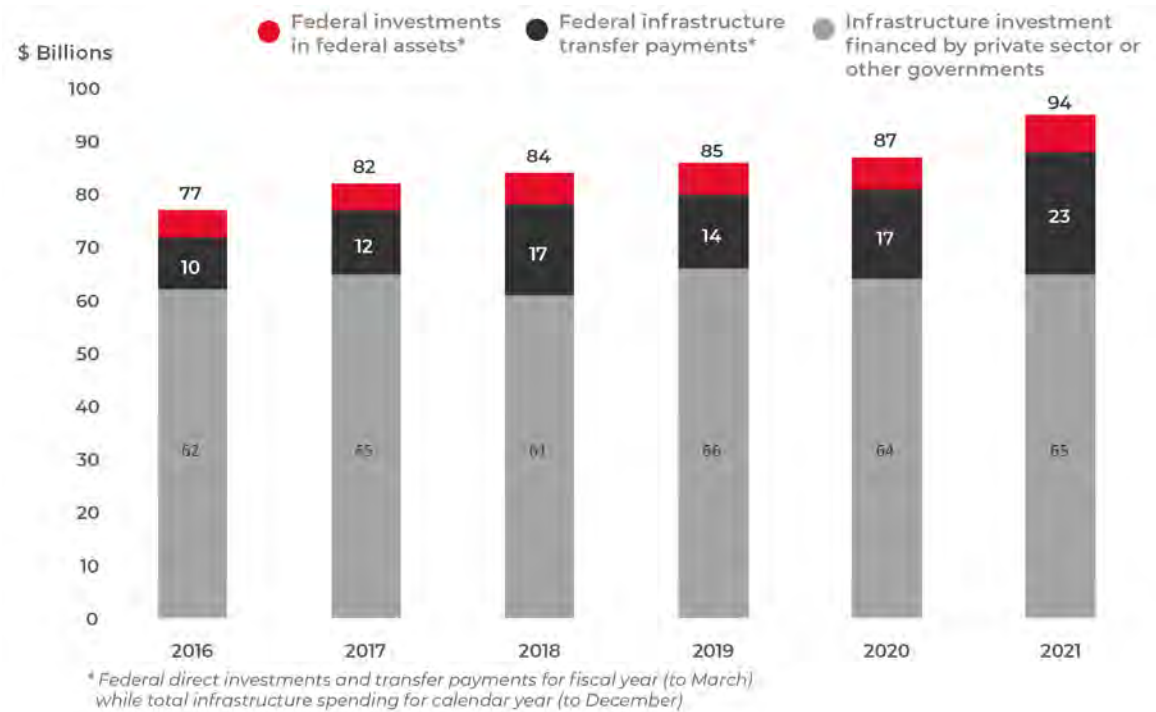
There is widespread consensus that this track record of investment has left Canada with a significant infrastructure deficit. RBC Economics estimates that around \$2 trillion in new infrastructure investment is required – with much of that investment needed in areas that correspond to the CIB’s priority sectors including projects in Clean Fuels, Hydrogen, Carbon Capture, Clean Power, Building Retrofits and zero-emission vehicle charging.

The Queen’s University Institute for Sustainable Finance estimates a required investment of \$200 billion to achieve Canada’s stated greenhouse gas reduction target of 40-45% below 2005 levels by 2030.

What is clear from this picture is that the total amount of investment is larger than what can be accomplished solely by any public or private sector actor. Federal outlays on infrastructure have effectively doubled from \$15 billion to \$29 billion from fiscal year 2016-17 to 2021-22. This federal spending has substantially boosted overall Canada-wide infrastructure investment. Most of these federal outlays on infrastructure were in the form of transfer payments, and federal transfer payments have increased significantly as a share of total annual infrastructure investment in Canada, increasing from around 12% to nearly 25% over a five-year interval.

However, governments do not have unlimited borrowing capacity, and, as other public spending priorities compete for scarce funds, government balance sheets will strain to sustain upkeep on existing assets while also financing new infrastructure to address urgent challenges. The CIB’s unique financing role is a critical element in mobilizing additional private and institutional capital investment.

➤ Canada's total annual infrastructure spending with federal direct investments and transfer payments



Sources: Parliamentary Budget Office (Federal Infrastructure Spending, 2016-17 to 2026-27), and Statistics Canada (Infrastructure Economic Accounts)

Economic conditions

A volatile global economy – in particular, uncertainties driven by elevated inflation across developed economies – means heightened risk for delivering large capital projects. Project developers face uncertainties around labour shortage and supply chain constraints – for example, higher prices and backlogs for key materials in energy transition projects like lithium or critical equipment in broadband like fibre optic cable. The risk of significant cost escalation on the inputs needed for a project will, in turn, alter the risk-return profile, and private capital will require an increased risk premium to go forward with an investment.

While inflation has eased from its June 2022 peak (core inflation in Canada was down to 2.8% in June 2023), it remains higher in Canada than has been the case over the past decade – with inflationary pressure persisting not only for food, but also energy prices. Bottlenecks in supply chains also remain high relative to historic levels, although these too have begun to ease relative to recent peaks.

One of the ways that the CIB supports the advancement of infrastructure is by deploying capital to fill in gaps in project financing, including through accepting concessional returns and offering

flexible financing terms. As broader economic conditions change, the CIB retains the flexibility to structure its participation in investments to fill gaps that can prevent projects from proceeding, including establishing pricing in response to changes in prevailing interest rates.

The CIB is noting these developments and monitoring them carefully in the event that inflation concerns drive a corresponding reduction in the demand or planning for new infrastructure projects among project sponsors.

Another economic consideration for the CIB relates to the United States' *Inflation Reduction Act*. Its passage has generated discussion within Canada on the extent of US efforts to support clean energy investment and how US projects may compete for investment in sectors such as clean power, carbon capture and storage and zero-emission vehicles. Budget 2023 noted that “the recent passage of United States' *Inflation Reduction Act* (IRA) poses a major challenge to our ability to compete in the industries that will drive Canada's clean economy.” The CIB's strategic financing tools crowd-in private capital to decarbonize key sectors, helping Canada respond to competition for green investment.

Environment and Climate Challenges

As efforts advance to address the infrastructure deficit, it is imperative to also build for a new climate future. Reducing emissions from Canada's economy to net-zero by 2050 will require a transformation of how industries and household access energy and make products. This means investments in new infrastructure to generate and deliver clean power where it's needed – including for growing uses from electrifying the vehicles we drive and the systems for heating of our buildings. This also means nationwide networks for reliably providing new forms of clean fuels – like hydrogen – and infrastructure that captures emissions from industrial sources and transporting these to be permanently stored.

In March 2022, the federal government released its 2030 Emission Reduction Plan (ERP), as required under the *Canadian Net-Zero Emissions Accountability Act*.

The 2030 Emission Reduction Plan projects that pathways like electrification and switching to clean fuels and hydrogen, along with storage and use of captured carbon, will drive Canada's greenhouse gas reductions to meet our 2030 target. Realizing these target reductions for 2030 means accelerating the build-out of the necessary infrastructure. Achieving net-zero by 2050 will mean going even further.

This was the first such plan setting out comprehensive details on how Canada will achieve its emission reduction targets on a sector-by-sector basis to achieve reductions of 40 to 45 percent below 2005 levels by 2030 and net-zero emissions by 2050. It included initiatives and investments in many areas aligned to CIB priority sectors and identified that the CIB will invest \$500 million in zero-emission vehicle (ZEV) charging and refueling infrastructure.

In Budget 2022, the federal government announced a broadened role for the CIB to invest in private sector-led infrastructure projects that will accelerate Canada's transition to a low-carbon economy. This included investment in small modular reactors, clean fuel production, hydrogen production, transportation, and distribution; and CCS. The Budget also reiterated the ERP's indication for the CIB to invest in large-scale urban and commercial zero-emission vehicle charging and refueling infrastructure.

Budget 2023 identified new higher targets for the CIB of \$10 billion in both the clean power and green infrastructure sectors and made clear that the CIB is the primary tool for financing electricity generation, distribution, and transmission. Budget 2023 also proposed a Clean Electricity Investment Tax Credit to support and accelerate clean electricity investment in Canada by taxable and non-taxable entities.

Weather events underscore the need for all projects to be built with an understanding of climate risk and incorporating measures to ensure resiliency. Flooding in Manitoba in May 2022, for example, shortened the construction season in that region, impacting project schedules. Hurricane Fiona, which made landfall in Atlantic Canada in September 2022, had devastating impacts felt in Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador and parts of Quebec.

2.2 Internal Environment

The CIB continues to grow its team to match the scale of our momentum, and ensure our staff are well supported and set up for success. The CIB currently has 122 employees, and over the course of the plan will grow by an average of 8% per year to manage our increasing investment activity and the growing responsibility to oversee investments that have been made. The CIB continues to work towards operational maturity, enhancing various business functions that support our scale of investments and business planning, and executing on a robust investment framework that guides our work.

CIB systems and processes also are being enhanced to keep up with organizational growth and to support a modern, hybrid work arrangement. Upgrades to core systems such as IT, workforce planning and performance management are being implemented to accommodate

the natural growth in the organization. From a cultural perspective, the CIB is committed to maintaining a diverse, inclusive and respectful workplace, and has established a Diversity and Inclusion committee to play a leading role to contribute to and guide goals and actions that deliver this outcome.

On January 26, 2023, the CIB unveiled to its staff its refreshed culture statement, values and employee value proposition. Developed over the course of the previous year and informed by extensive engagement and consultation, the CIB values identify four key attributes and explain how the CIB strives to reflect these values in our work:



2.3 Reviews and Audits

The Minister undertakes a review of the legislative provisions and operations of *the CIB Act* every five years. The first review since *the CIB Act* came into force was launched in June 2022. The CIB provided a submission to the Legislative Review in March 2023 which is now available online. The Minister of Intergovernmental Affairs, Infrastructure and Communities tabled a report on the review in Parliament in June 2023.

The legislative review assessed:

- » whether the policy premises and context that underpinned the creation of the CIB are still sound and pertinent;
- » whether the CIB's legislated mandate and authorities to support its operations remain relevant in the context of an evolving policy and infrastructure landscape; and
- » whether changes or clarifications are needed to position the CIB going forward.

The Review concluded that following an initial, three-year period of slow portfolio growth, the CIB's pace of investment has accelerated from 2020 to the present. The CIB's capital deployment has been consistent with targets, budget projections, and priority sectors identified by the Government. In response to stakeholder feedback, changing market conditions and policy priorities, the Government of Canada expanded and evolved the role of the CIB and its priority sectors. This increased its impact and enabled it to support emerging, infrastructure-related priorities that relate to the transition to a low-carbon economy, increased connectivity, and reconciliation with Indigenous peoples.

The Review further concluded that “no legislative amendments are necessary, and the Bank remains well-positioned to advance a range of projects across its priority sectors.” It did identify three areas for further success:

- » providing greater clarity on the CIB's role and its model;
- » engaging with public partners to advance the use of alternative financing; and
- » supporting CIB governance and results measurement.

The Legislative Review findings are a critical input into the development of the 2024-25 Corporate Plan.

The Office of the Auditor General of Canada (OAG) and an independent external auditor jointly audit the corporation's annual financial statements to verify that they fairly reflect the CIB's operating results and financial position. The OAG will conduct a special examination at least once every 10 years to confirm that assets are being safeguarded and controlled; that financial, human, and physical resources are being managed efficiently; and that operations are being conducted effectively.

In addition to the joint auditors, the CIB also maintains an independent internal audit service to ensure effective internal controls and processes.



OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS AND PERFORMANCE INDICATORS

3. Objectives, Activities, Risks, Expected Results and Performance Indicators

In the 2022-23 to 2026-27 Corporate Plan, the CIB streamlined its objectives from those of previous years to reflect more clearly and directly that the driving focus of the organization is to make investments in infrastructure that will deliver positive outcomes to Canadians. The CIB also developed and implemented an Investment Framework to solidify and embed rigor in making investment decisions. Through the Investment Framework, the CIB substantively addresses the requirement as set out in the SPA for the CIB to have “a Results and Delivery Framework with a clear articulation of the characteristics, thresholds and risks for investment or initiatives.”

This section of the corporate plan summarizes the CIB’s objectives, our investment and decision-making processes and planned activities for the CIB encompassing our sectors, expected results, risks and measures.

3.1 Corporate Objectives

Through the establishment of corporate objectives, outcomes and targets, the CIB’s activities are translated into results. Given the importance of public impact outcomes to the CIB’s overall success, each objective informs a series of targets which are then used to help inform day to day operations and drive accountability. The CIB’s compensation framework takes these corporate objectives and targets into account in how senior management and executives are rewarded. In this way, the CIB reinforces the importance of delivering public outcomes as the core organizational focus.

The CIB continues to evolve its outcomes and targets as it builds on its experience in assembling a portfolio of investments that crowd-in private and institutional investment and provide benefits to Canadians.

For example, the CIB has drawn insight from the momentum that was sparked by the Growth Plan, announced by the Prime Minister in October 2020. The Growth Plan set a course for the CIB to invest \$10B in both large projects and smaller initiatives which could be replicated

among partners and made at a consistent and regular pace, such as zero-emission buses and building retrofits.

The CIB has modified its outcomes and targets to reflect this variability, recognizing that the CIB can maximize its impact by ensuring it is structured and incentivized to deliver both a steady pipeline of smaller investments across the country and less frequent but highly impactful major projects.

Short-term targets have increased their focus on impact efficiency and now include capital multiplier objectives as well as speed of closing commitments. Ranges for some annual targets have been introduced to reflect that the CIB will invest significant multi-year advisory and development resources in major projects, where the specific timing of financial close is uncertain. Some years will have significantly higher capital deployments when our largest investments close. These short- and long-term adjustments capture the importance of delivering consistent investment volume that delivers benefits for Canadians on an ongoing basis while also investing time and resources in catalyzing larger projects.

Highlights of our objectives, outcomes, and targets for 2023-24 to 2027-28 are as follows, with more details provided in Appendix C. A deeper discussion of our approach to portfolio allocation is contained in the financial overview of this plan.

Objective	Outcome	Example Targets
Accelerating investment to modernize infrastructure	Increase total infrastructure investment in Canada	\$3-5B in new investment commitments, 20-30 investment commitments made 1x Private and Institutional Capital: Short-Term multiplier 4x Private and Institutional Capital: Long-Term Multiplier
Delivering Outcomes that Benefit Canadians	Achieve public impact outcomes from project investments	13 Mt in GHG reductions 210,000 daily trips on mass transit, passenger rail and other modes
Executing as a results-focused and accountable organization	Strengthen governance, capabilities, and process	Less than 17.5% employee turnover Diversity and Inclusion survey score

3.2 Investment Activities

3.2.1 Investment Approach

The CIB combines its commercial discipline, innovative financial structures, and expert advisory services to get more infrastructure projects in the public interest built faster by addressing the economic, commercial, structural and risk transfer barriers that stall projects.

Given the size of Canada's infrastructure deficit, there is an important role for both government and private capital to address the gap. Finding ways to crowd-in private and institutional capital to work alongside public investment is critical to our overall success.

Infrastructure projects with revenue-generation attributes are strong candidates for private and institutional investment, as they feature a revenue stream through which investors can generate a financial return on their investment. This is non-taxpayer funding that can contribute to closing the infrastructure deficit while lowering reliance on taxpayer grants and contributions. Examples of revenue-streams include rate-based charges, transit fares, tolls, and operational savings.

In some sectors, for example telecommunications in urban settings, the private sector can already finance the infrastructure that is required and generate a sufficient return on its investment. As such, government has played a very limited role in funding our collective infrastructure in this area. In other sectors, however, returns may not be sufficient to incent such investment.

The CIB aims to close these gaps that prevent projects from happening, and to do so in a way that generates more positive impact with more private capital in the mix. The CIB does so by providing strategic financing, including targeted concessional interest rates, longer or more flexible financing terms, patient risk capital and other innovative structuring features. The CIB is able to share in risks that a private sector or institutional investor would not assume completely on their own. The CIB's financing can efficiently enable infrastructure projects that would otherwise wait for years to be delivered using grant funding, or more likely not be delivered at all.

Balancing risk transfer with the private sector and public sector partners will always be an important consideration for any CIB investment.

A positive and distinguishing attribute of the CIB is that it will work with project sponsors, including governments across Canada, to customize investment solutions that attract private capital while achieving outcomes that benefit Canadians at less cost to taxpayers. In this way the CIB is distinct from other government programs that provide contributions. Some of the ways in which the CIB can execute are detailed with examples in the table below:

Action	Example
Providing loans in which it recovers its capital (as opposed to a non-repayable contribution)	CIB provides loans to Internet Service Providers (ISPs) to ensure broadband service gets to rural and remote communities. The CIB is paid back on its loans over the life of the projects and takes revenue risk in some cases. This can reduce the taxpayer burden compared to the use of a non-repayable grant or contribution.
Crowding-in private capital alongside CIB and other public money, allowing projects to be delivered with less need for government subsidy	To help advance district energy expansion, the CIB can work with proponents to incentivize private capital participation and enable the proponents to deliver a larger project with less public dollars than would otherwise have been the case.
Addressing risks that prevent projects from proceeding, for example sharing revenue risk or risk associated with savings materializing	When projects are not supported by existing or negotiated contracts there is a revenue risk gap that a CIB investment will fill. Once built, the projects will result in cash flows which facilitate the investment of additional debt and equity.
Bringing rigorous discipline to every transaction in a manner that ensures the CIB investment of taxpayer dollars is limited solely to that which is need for the project to advance	The CIB only invests what is needed to catalyze a project. In the case of Algoma Steel's Electric Arc Furnace, the CIB required conditions in the agreement to reduce the amount of CIB financing if commercial results showed such financing was not warranted.
Catalyzing projects that others can't or won't invest in, for example in some rural, remote and Indigenous locations	The CIB has developed initiatives that provide investment on favourable terms to rural and remote Indigenous communities that otherwise face difficulty securing infrastructure financing.
Advancing priority federal projects by complementing the efforts of Departments with commercial skills and unique investment tools	The CIB has a team of experienced investment professionals working closely with federal Departments to provide commercial and strategic advice on large scale projects like HFR.

The CIB makes use of the *CIB Act's* legislated powers in order to optimize the structure of a potential investment. Each potential investment includes consideration of parameters which include its structure, pricing, size, the role for private and institutional capital and risk transfer. Many of the CIB's investments are hybrid instruments with debt and equity like components. The CIB seeks to attract private investment from organizations that are not controlled by governments in Canada and do not have recourse to public sources of funding. Another key defining feature of private partners on our projects is that they will share in the risks and rewards of the project to create incentives for improved performance.

Consistent with the *CIB Act*, the CIB also seeks to attract investment from institutional investors, such as Canada's large pension funds, many of whom have sizeable infrastructure portfolios. Canada's pension plans are considered as institutional investors by the market and make decisions at arms-length on a commercial and investment-only basis, similar to a private sector investor.

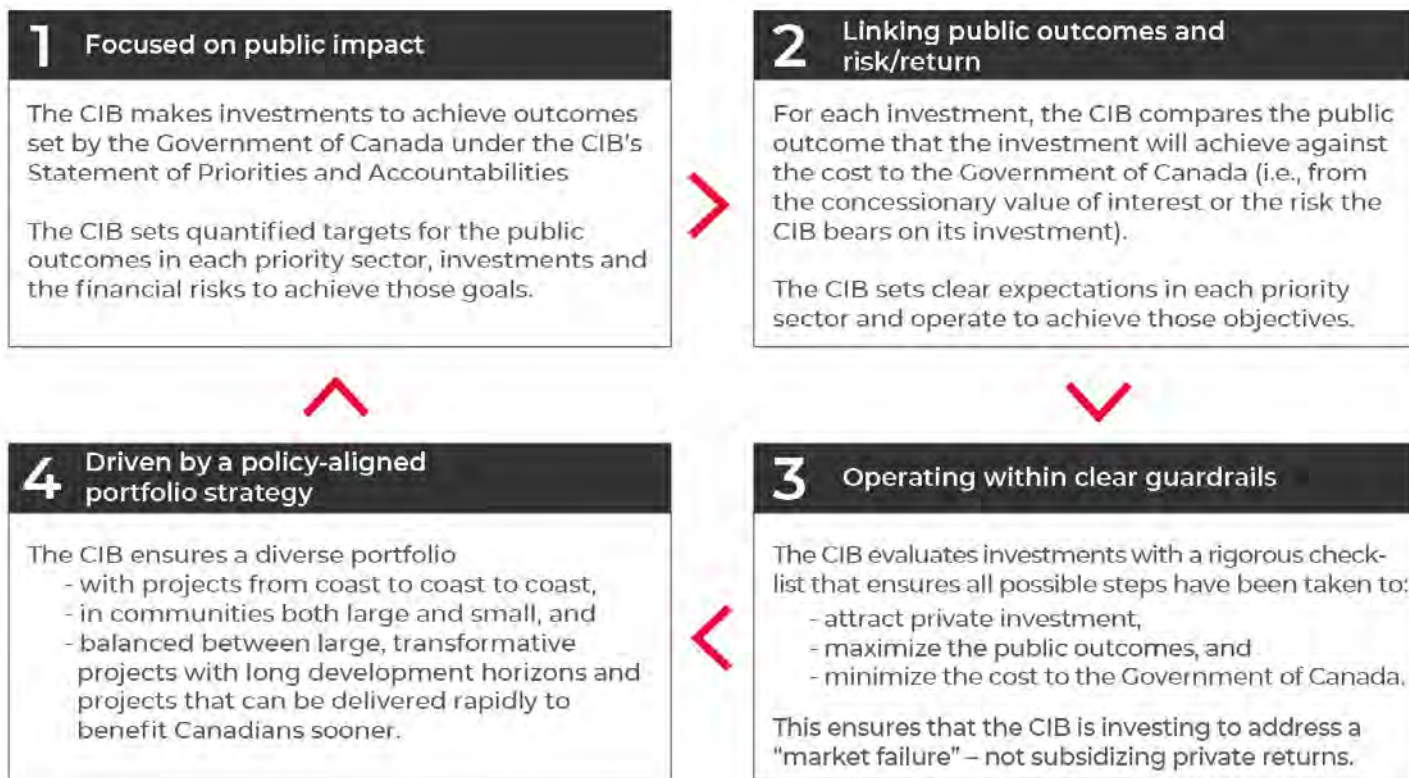
The CIB's success at crowding in new private investment is exhibited both at outset of and over the life of the project, referred to within our outcome measures as the short-term and long-term multipliers. Over the short-term (i.e., when a project reaches financial close) the CIB seeks partner contributions to projects to be approximately equal contribution relative to the CIB's investment. In the long run, however, repayment of the CIB's loans from the project's revenues means that the CIB's capital is returned, such that the only remaining cost of the CIB's investment is equivalent to the concessionary value of the investment plus any loss on the investment net of our returns.

The CIB has also created an unsolicited proposals framework that sets out the guiding principles and high-level processes of receiving, considering, and advancing unsolicited infrastructure proposals.

3.2.2 Investment Framework and Policy

Implemented starting in 2021-22, the CIB's Investment Framework is a methodology that governs the CIB's investment decisions and ensures that our investments align with CIB outcomes and result in benefits for the public that are commensurate with our level of investment. It provides the evaluation criteria and thresholds for all of our investment decisions and focuses on the relationship between investment risk and outcomes to be achieved relative to the CIB's goals within sectors and the broader portfolio.

 The four components of CIB's Investment Framework:



The CIB's Investment Policy incorporates the Investment Framework, sets out the parameters and guidelines within which the CIB conducts its investment activities, conducts diligence on projects to assess compliance with environmental assessment and other regulatory requirements, and establishes a decision-making process in accordance with the mandate and authorities under the *CIB Act*.

More information about our Investment Framework can be found in Appendix I.

3.2.3 Public Impact

The CIB considers itself an “impact investor.” Impact investing is investing with an intent to contribute to positive social or environmental impacts alongside financial returns. For the CIB, this is advanced by:

- » Ensuring our investments deliver tangible benefits to Canadians such as GHG reductions, increased transit ridership, households passed by broadband and investment in Indigenous communities.
- » 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.

The public impact outcomes that the CIB seeks to deliver are a critical component of the Investment Framework, which guides investment decision-making at the CIB. The Public Impact Management Policy embeds impact management practices in four stages.

1) Identifying and Defining Public Impact Outcomes

The CIB develops specific, quantifiable measurable public impact outcomes within its priority sectors and sets specific targets for these outcomes. The CIB has developed and set targets against 5 public impact outcomes in this corporate plan:

- » **Greenhouse Gas Reductions** – the CIB measures the average annual GHG reductions, under a project-related standard, expected from its projects. Projects in the CIB’s public transit, clean power and green infrastructure sectors contribute to this outcome.
- » **Daily ridership** – the CIB measures the daily transit ridership of projects it invests in as a proxy for the wider time and economic benefits that come from transit expansion. Projects in the CIB’s public transit and trade and transportation sectors may contribute to this metric.
- » **Underserved households passed by 50/10 Mbps broadband** – the CIB measures, consistent with ISED’s definition, 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. The CIB’s broadband projects contribute to this outcome.

- » **Economic growth through trade** – as measured by the incremental value-added created by the agriculture projects the CIB invests in, and the incremental trade volumes supported by projects the CIB invests in. Projects in the CIB’s trade and transportation priority sector contribute to this outcome.
- » **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 ICII projects it has closed as an indicator of progress.

The CIB has adopted a formal GHG measurement standard and is continuing to develop outcome measurement standards for its other outcomes. Work is being completed on the approach to measurement of Indigenous impact, and underway to develop measurement standards for trade and water/wastewater. The CIB has also initiated work to further advance its understanding and use of Gender Based Analysis Plus (GBA+) which will be included in the 2023-24 Annual Report.

2) Evaluating Investment Decisions Through the Lens of Public Impact

The CIB develops an assessment of the estimated public impact outcome as the investment moves through each stage in its investment funnel. This assessment increases in rigor and precision as the investment moves from appraisal through to final investment decisions.

3) Monitoring, Verification and Management of Public Impact Performance

The CIB’s Asset Management function monitors and verifies the project’s public impact performance against the estimate made at the time of the investment and manages the CIB’s investment through its life to ensure the public impact is achieved and identify opportunities for additional impact where the investment structure permits.

4) Exit and Evaluation

In the normal course, the CIB may hold an investment to maturity, or seek to exit prior to maturity. In circumstances where the CIB decides to exit an investment prior to maturity, the CIB assesses the consequences of the CIB’s exit to the projects’ estimated Public Impact Outcomes.

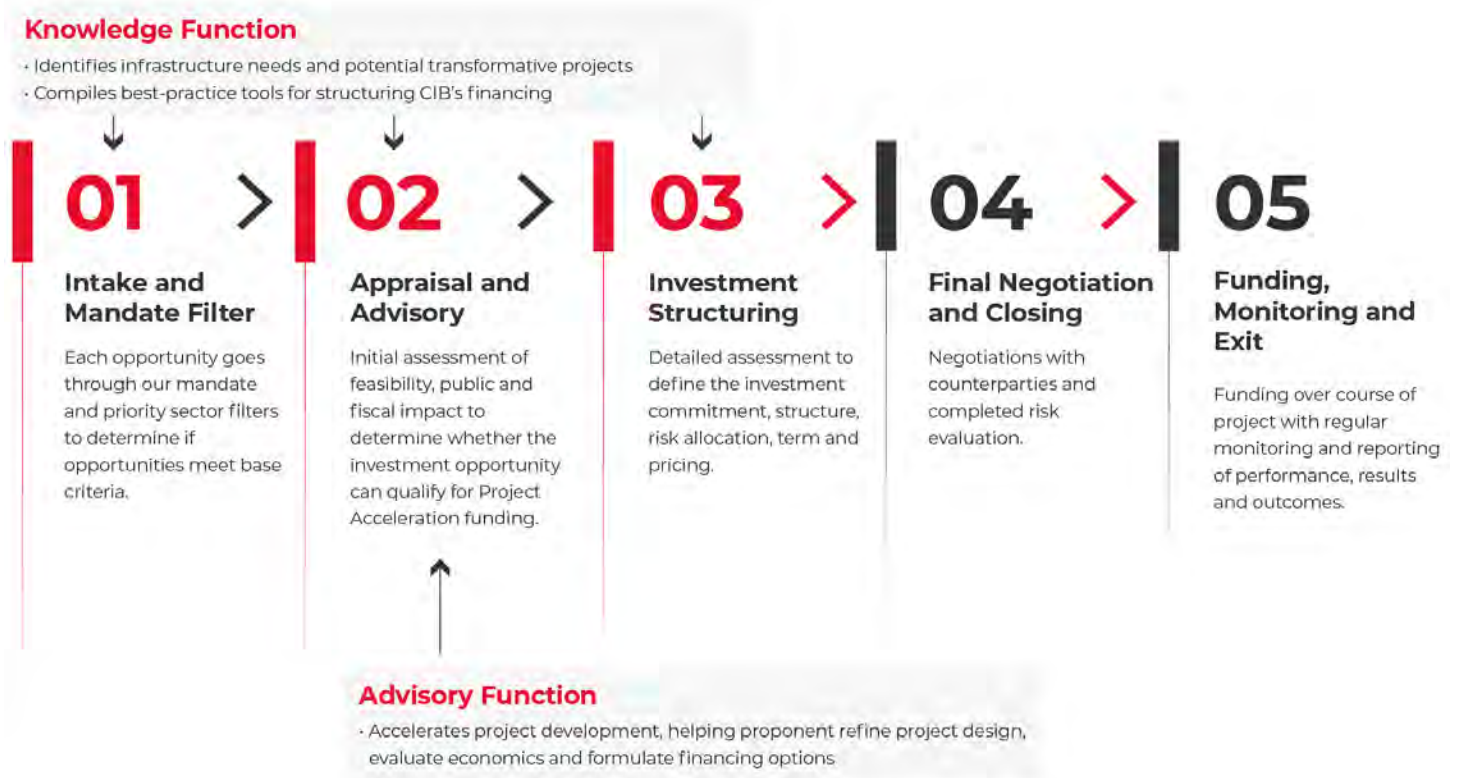
¹ This impact outcome is updated from one used previously, which counted the number of communities in which an infrastructure gap had been closed. The “Number of communities” has important limitations as a project in more communities does not necessarily have more impact than a particularly important project in one community.

3.2.4 Investment Decision-Making

A rigorous process governs how investments are advanced at the CIB. That approvals process begins with the sourcing and development of projects by highly skilled and experienced investments professionals, and progressively requires the approvals of the CIB's Chief Investment Officer, the Management Investment Committee, and the Investment Committee of the CIB Board (which is comprised of all the directors).

A formal memoranda package is presented to the Chief Investment Officer and the Management Investment Committee before a final presentation and recommendation is made to the Investment Committee of the Board (which acts as a "Committee of the Whole" of the Board with respect to investment decisions). The Board may delegate authority to the Management Investment Committee for investments within approved investment programs (currently Zero-Emission Buses, retrofits, and Indigenous Community Infrastructure) that meet specific parameters as determined by the Board.

The Board makes decisions based on the Investment Memos that are aligned to the Investment Framework. These bring together the perspectives of each of the CIB's departments to address each consideration in the decision-making process, including investment structure and terms, an assessment of the public impact, an assessment of credit risk and fiscal impact, relationship to corporate objectives and the stakeholder, coordination with federal policy and departments and reputational and communications considerations inherent in the investment. Our Board-approved Investment Policy specifies that projects and related risks are overseen by our Management Investment Committee and the Investment Committee of the CIB Board at key decision points, under the oversight of the full CIB Board. We take a systematic and disciplined approach to project origination and evaluation, with appropriate risk management. The process is summarized below.



3.2.5 Portfolio and Priority Sectors

Portfolio Overview

The CIB is focused on managing its portfolio of investment opportunities to generate outcomes to benefit Canadians. To guide the allocation of available capital, the CIB has been working towards long-term sector targets identified by government for each of our five priority sectors.

The CIB is on track to deliver investments in alignment with the portfolio allocation. More detail on how these targets inform the CIB's capital plan can be found in this plan's financial overview.

Sector	Long Term Sector Target	Committed to Date *	Projects in Structuring **	Outlook
Green Infrastructure	\$10B	17 projects \$1.5B committed (\$1B in retrofits)	\$1.6B	Steady pipeline for retrofits of \$0.5 to \$1B per year Strong pipeline of large emerging projects in energy transition including low carbon fuels and CCS
Clean Power	\$10B	7 projects \$2.9B committed	\$7.4B	Strong pipeline of opportunities across all provinces and territories with a forecast CIB investment potential greater than \$10B
Public Transit	\$5B	11 projects \$1.6B in major transit committed \$1.7B in ZEBs	\$1.8B	Major transit includes potential projects but higher unpredictability
Broadband	\$3B	8 projects \$1.7B committed	\$0.5B	Expected to stabilize at around \$3B
Trade and Transport	\$5B	3 projects \$0.5B committed	\$3.1B	Strong pipeline of trade projects in deal structuring stage; given nature of large-scale trade, projects feature long time horizons to investment

* Committed to Date includes all projects that reached Final Diligence and Closing (Investment Commitment) and Funding, Monitoring and Exit (Financial Close) stages.

**Projects in Investment Structuring are projects being negotiated.

More detail on stages of investment is provided in section 3.2.4 ("Investment Decision-making")

As noted in the chart above, the timing of investment in the public transit, trade and transportation and Clean Power sectors will include significant year-to-year variability. This is due to several factors including:

- » the relatively larger scale and complexity of projects means funding from multiple sources can take time to assemble.

- » projects are often linear and will be delivered across jurisdictions. As such, approvals and permits are also required from multiple authorities.
- » given the nature of linear projects, more communities are impacted, and stakeholder engagement can be more extensive.
- » in these sectors there are numerous competing grant programs; in some cases, proponents will look to prioritize potential for grant funding over financing.

In the Broadband sector, the CIB expects that as more households are connect to broadband through the efforts of the federal and provincial government, the private sector and the CIB, the economic gap for remaining projects will become more challenging to fill. As such, opportunities to invest that align with the CIB expectations for return may become harder to identify. The CIB will continue to invest in Broadband projects when opportunities that meet our investment criteria do materialize.

In the Public Transit sector, project proponents have demonstrated a preference for federal grant funding versus a repayable CIB loan. This coupled with the larger scale and complexity of projects involving funding from multiple sources, has contributed to the CIB's slower pace of investment in public transit projects. Notwithstanding this challenge, the CIB continues to actively seek major transit investment opportunities and believes such investment has potential for use of our product.

Delivering on the Growth Plan

In October 2020, as part of the response to the pandemic, the Prime Minister announced the launch of the CIB's "Growth Plan," a \$10 billion effort over three years to invest in new major infrastructure initiatives to create jobs and economic growth. The Growth Plan featured five components:

- » \$2.5 billion for clean power to support renewable generation and storage and to transmit clean electricity between provinces, territories, and regions, including to northern and Indigenous communities.
- » \$2 billion to connect approximately 750,000 homes and small businesses to broadband in underserved communities, so Canadians can better participate in the digital economy.
- » \$2 billion to invest in large-scale building retrofits to increase energy efficiency and help make communities more sustainable.
- » \$1.5 billion for agriculture irrigation projects to help the agriculture sector enhance production, strengthen Canada's food security, and expand export opportunities.
- » \$1.5 billion to accelerate the adoption of zero-emission buses and charging infrastructure so Canadians can have cleaner commutes.

An additional \$500 million was identified to invest in due diligence and early construction works to accelerate high impact infrastructure projects in which the CIB expects to make a long-term investment.

As the CIB enters the final six months of Growth Plan timeframe it has achieved many of the goals of the plan. The CIB achieved the \$10 billion investment goal early in 2023-24, well before the timeline for the Growth Plan is completed.

Priority Sectors

The five priority sectors of public transit, clean power, green infrastructure, broadband and trade and transportation represent the foundation for all CIB investment activity.

Within the CIB's five priority sectors, the CIB seeks opportunities to invest in infrastructure projects that will:

- » Deliver outcomes in the public interest aligned to government policy priorities
- » Leverage private and institutional investment
- » Draw on sources of revenue generation or cost-savings that can repay a CIB investment
- » Allow the CIB to deploy significant capital in a single project (generally \$100 million+), or opportunities to take programmatic approach to achieve scale through standardized investments
- » Contribute to a portfolio that is balanced among short- and long-term time horizons, across regions and of varying project sizes

For each priority sector that follows, the plan describes the overall opportunity expected areas for investment, the market gaps that prevent projects from proceeding, the potential revenue sources that can finance projects and the resulting risks that are retained by our investments.

Public Transit

Investments in public transit provide citizens with cleaner and faster travel options and improve the quality of life for Canadians, particularly those living in larger cities.

Public transit has the potential to transform our cities and regions while delivering a wide range of benefits – connecting people to recreation, family, and work, getting them home faster at the end of the day, contributing to a cleaner environment and serving as a critical component of highly livable communities.

The CIB is able to play a key role filling in gaps in the structuring and financing of transit projects. This is done by assuming risks that can be challenging for public sector transit partners such as those associated with ridership demand, long project timelines or the materialization of future operating savings.

The CIB's first public transit investment was a \$1.28 billion stake in the Réseau express métropolitain project that is enhancing connections within Montreal as well as to the Trudeau International Airport and the region's south shore. In 2021 the CIB began investing in zero-emission buses. The REM began operations in July 2023, and the first ZEBs are already in operation in the City of Edmonton, with more to come into service in jurisdictions across Canada.

Major Transit Projects

Major transit infrastructure projects are often large and complex. A major transit line will require multiple governments, stakeholders and private sector partners working together to plan, construct and eventually operate the service. Smaller scale projects also face challenges in a sector where fares do not typically cover the full cost of operations, placing strain on municipal and transit agency budgets.

The CIB has established a target across our portfolio to invest in projects by 2027-28 with an expected, cumulative ridership of 210,000 daily riders.

Example Assets - Included in this subsector are traditional forms of transit: subways, commuter rail, light rail transit and bus rapid transit – including new lines, extensions, and infill stations. The CIB will also consider other forms of mass transit that can achieve its ridership objectives, for example: aerial transit systems, automated people movers and other innovative ideas that provide transit solutions.

Revenue Sources - Major transit projects have multiple revenue streams that can be used to support the repayment of CIB investment, including fare revenues, land development proceeds, land value capture tools such as development charges or tax increment financing, operating cost savings (e.g., replacement of buses with higher order transit), and ancillary revenue streams (e.g., retail concourses). These revenue streams are often insufficient in Canada to cover the full cost of transit capital and operating costs, and so will be considered alongside traditional grant funding.

Market Gap - The CIB provides financing to major transit projects that are delivered in an integrated fashion, with a private or institutional investor bearing responsibility and risk related to construction, operations, maintenance, and lifecycle, as well as volume or revenue in order to align incentives for successful projects. The transfer of volume or revenue risk is costly in the private sector, and the CIB's financing enables this risk transfer.

The CIB will also work with public and private sponsors to better leverage the increase in real estate value or development that comes from improved transit service. This real estate

value can occur well into the future after transit construction – for example, the continued development along the Canada Line in Vancouver. The CIB’s financing seeks to solve a timing and certainty gap for project sponsors, allowing the expected future increase in real estate value to be monetized up front to fund a portion of the transit construction costs. This could be achieved, for example, by developing structured investments in which the CIB may provide upfront financing alongside private capital and assume a portion of the risk associated with the timing and extent of development expected to occur over longer periods of time. Longer term development returns would be used to repay the financing as and when actual development occurs.

Collaboration - The federal government has made commitments to fund transit specifically through the Public Transit Infrastructure Fund for major projects. The CIB works in close collaboration with INFC officials in this area of investment.

Zero-Emission Buses/ Transit Fleet Projects

ZEBs reduce local air pollution, generate less noise and lead to a better rider experience, and generate ongoing operating and maintenance savings over time. They also have higher upfront capital costs that can be a challenge for transit and school bus operators to manage. The uncertainty associated with future savings means operators under budget limits are often not able or willing to finance the purchase of these vehicles.

The CIB launched its zero-emission bus financing initiative in 2021 to help address this challenge and has seen significant success over the last two years partnering with transit and school bus operators to help them convert to zero-emission bus technology.

The CIB counts the GHG reductions that result from these projects towards the overall target across our portfolio to make investments that will reduce GHG emissions by 13 MtCO_{2e}.

Example Assets - The CIB’s efforts in this subsector can include all forms of zero-emission transit including transit buses, school buses, coach buses, commuter rail or diesel light rail, and ferries. The CIB is technology-agnostic and can support all forms of zero-emission technology, including battery-electric, hydrogen and wired electrification. The CIB will support the conversion of fleets of both public operators such as transit agencies, and private operators such as some school bus operators.

Revenue Sources - The primary revenue streams for Zero-Emission Transit Fleet projects are the operating cost savings that come from conversion to electric over the existing diesel alternative. The CIB sizes its investment to be repaid from the operating cost savings over

the life of the investment. Zero-Emissions transit fleets may also increase ridership and associated fare revenue. This stems from the improved user experience and potential for faster and more frequent service in rail.

Market Gap – Zero emission transit vehicles have higher upfront costs but generate ongoing operating and maintenance savings that can be used to finance the increased upfront cost. Operators do not often have the upfront resources to fund an increased capital purchase cost – and at the same time, are not willing or able to rely on the uncertain operating cost savings to finance the purchase. The CIB’s investments in these sectors bears the risk of these cost savings being sufficient to recover the upfront costs, enabling transit operators to accelerate their transition to a zero-emission fleet.

The long-term implementation of a financing stream for ZEBs from the CIB aligns with the federal imperative to provide stable long-term funding for transit to allow transit authorities to make long-term planning and investment decisions knowing that the CIB’s program will be available to finance ZEBs.

Collaboration - The CIB’s efforts on ZEBs, realigned with government priorities, most notably the task of the Minister of Infrastructure and Communities to work with provinces and territories to help school boards and municipalities purchase 5,000 school and transit ZEBs. The CIB and INFC have collaborated to ensure their respective funding streams and financing can work together to maximize the benefit of investment.

Clean Power

Clean power is critical to achieving Canada’s 2030 and 2050 climate action goals and contributing to a more sustainable energy future. The 2030 Emissions Reduction Plan issued by the federal government notes that Canada is a world leader in clean electricity, with a sector that is currently 82% non-emitting. At the same time, the Plan points out that the phase-out of unabated fossil-fuel fired electricity generation along with increased demand for electricity in other sectors of the economy means Canada could require two to three times the generating capacity it has today. According to the plan, there is a need for “large investments in grid modernization and new non-emitting generating capacity, as well as regional interties to allow clean power to flow from jurisdictions with surplus capacity to jurisdictions that need more clean power.”

Through its efforts to advance clean power investment, the CIB is working to help address gaps in the capital structure of energy projects such as inter-provincial interties, renewables, district energy systems, energy storage, and more.

The CIB counts the GHG reductions that result from these projects towards the overall target across our portfolio to make investments that will reduce GHG emissions by 13 MtCO₂e.

The clean power sector has a significant number of projects and investment opportunities. The CIB can help jurisdictions to assess supply and demand dynamics, and to develop business cases for promising projects. We are managing this high volume by prioritizing projects that deliver significant emission savings as well as projects that are close to beginning construction. We are currently looking at projects across the country including in the territories where there is a high reliance on diesel generation. We expect to invest alongside private capital in the form of private equity, rated and unrated bonds and bank debt.

The CIB works closely with INFC, NRCan and other government departments on a number of clean power initiatives including transmission, renewable generation, storage and Small Nuclear Reactors (SMRs).

Clean Generation, Transmission and Storage

The CIB's investments in this area support the objectives of the Healthy Environment, Healthy Economy plan including producing 2-3x the clean power as we produce today by 2050, connecting more communities to the electric grid and supporting interregional transmission to better connect parts of the country with abundant clean energy to those more dependent on fossil fuels.

Example Assets – This subsector consists of zero-emission generation projects, battery and other forms of storage, transmission projects and intertie projects to better connect regional grids including both domestic and transborder connections.

Consistent with the direction of Budget 2022, the CIB includes Small Modular Reactors (SMRs) as part of this subsector. The Government of Canada has released an Action Plan, recognizing that “SMRs are a promising new technology that could unlock a range of benefits: economic, geopolitical, social, and environmental.”

In 2022, the CIB made its first SMR investment in the Darlington New Nuclear project. The CIB is considering investments when the technology is demonstrated to be sufficiently advanced so that the forecasted outcome in terms of GHG reductions relative to the risks the CIB would bear is attractive.

The CIB is actively working with partners to advance high priority regional projects, including the Mactaquac Life Achievement Project, as well as renewables projects across the country.

Revenue Sources – Clean generation, transmission and storage projects have multiple revenue streams that can be used to support the repayment of CIB and private or institutional investment, including contracted revenues from a grid operator or other offtakes, merchant revenues in a power market, and the return on capital through rate regulation.

Market Gap – CIB Investments in this subsector address two market gaps. First, transitioning to zero-emission electricity is expensive and imposes costs that may not be able to be addressed in existing project economics. Second, the CIB is also involved in merchant revenue projects. Instead of a fixed contracted offtake, these projects rely on future sales of their electricity services in markets for all or a portion of their revenue. The CIB's ability to invest in merchant revenue projects enables projects that have clear carbon reduction benefits to proceed, even when a utility or regulator is unwilling to commit to a fixed contract for the entire project costs but will instead purchase services over time in a merchant market. The CIB has and will continue to make large investments in this sector (reflecting the projects' sizes) with significant concessionality to make clean electricity projects affordable.

Collaboration – The CIB closely collaborates with NRCAN for policy advice and technical due diligence support in its assessment of all potential investments in this subsector and their benefits. The CIB works closely with NRCAN and other federal departments to ensure there is coordination and alignment in any potential activity in this area.

District Energy Projects

District Energy projects have substantial potential to contribute to decarbonization of the building sector by providing more efficient heating and cooling – saving customers money while reducing greenhouse gas emissions.

The CIB's primary offering in this area is to allow a district energy operator to increase the initial size of a district energy project to serve demand from customers that are not yet willing or able to commit to connecting. This enables economies of scale in construction, while preparing for future customer demand to cost-effectively connect.

Example Assets – Included in this subsector are projects that provide a network of heating and/or cooling energy to buildings based on a central heat source.

Revenue Sources – District Energy projects have revenue from users of the systems that can be used to support the repayment of CIB and private or institutional investment, including

those from current or committed customers and those from future customers.

Market Gap – CIB participation allows for projects to be built initially at larger scale and enable greater carbon reductions. District Energy project developers are often only able to secure senior lending against committed customer contracts which limits the size of the initial construction. By increasing the size of core infrastructure (e.g., steam pipe diameter), these projects can more cost-effectively add additional buildings – through new construction or retrofit – over the project’s life, resulting in additional greenhouse gas reductions.

Collaboration – The CIB has frequent discussions with both NRCan and INFC regarding investments in this sub-sector, which are designed to ensure that the CIB investment amount and the amount of grant funding are known to NRCan, INFC and the CIB to ensure that the total amount of federal support is optimized.

Green Infrastructure

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. The CIB’s efforts in this sector expanded significantly in 2022, as the federal government announced a broadened role for the CIB to invest in zero-emission vehicle charging infrastructure and to invest in private-sector led projects that will accelerate Canada’s transition to a low-carbon economy.

Retrofit Projects

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 inefficient equipment such as heating, cooling, and air distribution systems.

Retrofits, which include both building and industrial retrofits, contribute to climate action by enabling greenhouse gas 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 counts the GHG reductions that result from these projects towards the overall target across our portfolio to make investments that will reduce GHG emissions by 13 MtCO₂e.

Example Assets – Building Retrofit candidates can be public sector or private sector-owned and must be of a commercial, multi-unit residential, industrial, or institutional nature with an objective of reducing greenhouse gas emissions. Industrial retrofits are projects that retrofit industrial facilities or processes with the goal of reducing greenhouse gas emissions.

Industrial tenants are often higher intensity energy users than commercial office, retail or multi-unit residential buildings (MURBs), and therefore they do present a distinct building type that has high potential for carbon reductions. Agricultural facilities, like other commercial and industrial facilities, can be eligible under our building retrofits initiative.

The CIB invests in a wide range of transaction structures in this subsector, including direct investment in specific building or industrial retrofit projects or portfolios of projects and investment in aggregators, which are organizations that will aggregate multiple retrofit projects into a portfolio to support the minimum scale CIB needs (\$25 million) to make efficient investments.

Revenue Sources – Building retrofits have as their source of revenue the ongoing operational cost savings (e.g., energy and maintenance) that come from a deeply retrofitted building. Industrial retrofits have the sale of the industrial product as an additional source of revenue, while building retrofits also have leasing revenue.

Market Gaps – Building owners often lack expertise and sufficient motivation to undertake deep retrofit projects due to uncertain return on investment and unfamiliarity with the retrofit process. Projections for energy and emissions reductions from deep retrofits involve significant uncertainty, impacted by future variability in utility rates and maintenance costs. This uncertainty inhibits the availability of commercial lending to finance retrofits.

The CIB's participation in this subsector seeks to address two market gaps. First, it aims to incentivize building retrofitters to go deeper in the scoping of their projects to address a greater proportion of the emissions. Deeper retrofits are more costly and have longer payback periods and so the CIB's concessionary finance enables these deeper retrofits with longer payback. Second, retrofits have some uncertainty with respect to the time and magnitude of the cost savings. The CIB's financing bears these risks in proportion to its role in the capital structure, which enables building owners to go deeper in their retrofits.

Compared with buildings owned by the private sector, public sector owners of large institutional buildings often face longer timelines for planning, approving, and delivering retrofits. These longer timelines are driven by formal procurement requirements and complexities from additional project objectives beyond improving energy efficiency. Therefore, to accelerate

investment for such projects, the CIB engages extensively as advisors to support the business case and project definition stages.

Collaboration - As part of its effort on retrofits, the CIB has worked with NRCan on collaboration and funding and has also coordinated with INFC in relation to the Green Inclusive Buildings program.

The CIB has regular dialogue with the CMHC on coordination for deep retrofit investments related to Multi Unit Residential Buildings.

The CIB also collaborates closely with ISED's Strategic Innovation Fund / Net Zero Accelerator in its support of Industrial Retrofit projects –The CIB and SIF are currently exploring ways to better formalize their coordination in this sector, building on the success of the Algoma transaction.

Low Carbon Energy Transition, CCS, Hydrogen and Clean Fuels

CCS, Hydrogen and Clean Fuels are essential to supporting Canada's climate objectives. Such efforts are particularly important in sectors that can be hard to decarbonize such as heavy industry and transport which together represent over 230 Mt of Canada's emissions.

CIB investment activities in these subsectors began in earnest, following Budget 2022's announcement of a role for the CIB to invest in clean fuel production; hydrogen production, transportation, and distribution; and carbon capture, utilization and storage. Projects in these areas can leverage Canada's natural competitive advantages, contribute to economic growth, and align to broader government policy and initiatives. The 2030 Emissions Reduction Plan also identified both clean fuels and supporting the transition to a clean-growth economy as important components of Canada's pathway to a net-zero economy.

The CIB counts the GHG reductions that result from these projects towards the overall target across our portfolio to make investments that will reduce GHG emissions by 13 MtCO₂e.

Example Assets - The CIB will consider investments in projects that feature use of CCS, hydrogen and clean fuels (e.g., hydrogenation-derived renewable diesel or biodiesel, with a lower carbon intensity). Given the outcomes sought in reducing carbon, the CIB would only focus on hydrogen projects (and in time other forms of hydrogen production that rely on low carbon power sources) that result in carbon reductions predominantly those known as "blue" and "green" hydrogen. The CIB would not invest in steam methane reforming production absent carbon capture, often referred to as "grey hydrogen."

The CIB may invest in the capture, transportation and sequestration of carbon, the production, transport and distribution of hydrogen, and the production of clean fuels. The CIB follows

announced federal policy in these areas for further project eligibility – for example, it will follow Carbon Capture, Utilization and Storage Investment Tax Credit eligibility criteria when released and not support enhanced oil recovery projects.

It is important to note that the CIB would look to support technologies that are commercially viable; this may include first of a kind application within Canada or the industry, but with a technological component that has been demonstrated to work. The CIB is not taking on a role in the development of pre-commercial scale technologies.

Revenue Sources - Projects in this subsector can have multiple potential sources of revenue, for example fuel, energy, and product sales; the monetization of carbon reductions through carbon credits or other mechanisms; and the potential for tolling charges (e.g., for transportation of carbon, hydrogen or clean fuels).

Market Gaps - CIB investments in this subsector will address three market gaps:

- » Carbon pricing – where investors, particularly those who would provide debt financing, are unwilling to bear the risk associated with the future trajectory of carbon prices, and so as a result, do not invest.
- » Future demand/coordination – where the CIB's investment can enable systems to be built for future demand, even if not all participants are ready to commit to fixed offtake.
- » Technology commercialization – where CIB investments may be in projects that are in the early stages of at scale commercial deployment, including first-of-a-kind at scale deployments.

Collaboration - The CIB is working with NRCan to jointly fund two studies - one for Low Carbon Fuels and one for CCS that will leverage both organizations technical, financial, market knowledge to develop a body of information that the CIB can draw on to benchmark process efficiencies, cost structures, and other aspects important to investment.

The CIB has been working with the Canada Growth Fund as it establishes its investment processes and potential investment pipeline. The CIB is part of a monthly meeting with CGF, EDC and BDC to help coordinate efforts that are supporting decarbonization, energy transition and clean technology in Canada.

The CIB is also engaged with ISED's Strategic Innovation Fund, and in particular the Net Zero Accelerator in order to identify ways to leverage each other's resources to increase impact, including in the assessment of potential projects and an MOU has been established to govern this engagement.

The CIB has been working with ISED and its Call-to-Action program to target funding large emission reduction opportunities that are greater than 1 Mpta. The CIB was appointed to the Intergovernmental Expert Panel which has led to 10 new funding efforts that we plan to work with ISED on collectively, as well as projects that didn't fit the CTA mandate will be encouraged to consider the CIB for financing.

The CIB has executed an MOU with the Export Development Canada to ensure coordination in the area of clean fuels. The CIB also entered into an MOU with Emissions Reduction Alberta to better coordinate around CCS / other opportunities in the province of Alberta where there is a large pipeline of potential opportunities.

Water and Wastewater Projects

Water and wastewater projects provide critical infrastructure in municipalities and Indigenous communities across the country.

In 2022, the CIB closed its first investment in the water and wastewater sector, providing \$6.4 million in financing to the new Port Stalashen Wastewater Treatment Plant. The plant will be located on shísháhlh Nation lands near Sechelt, British Columbia, and will play a critical role in enabling economic growth, protecting the coastal environment, and safeguarding public health for this First Nation through improving the outfall.

In January 2023, CIB announced a \$7.9 million investment towards critical infrastructure required for commercial and residential development on Netmizaaggamig Nishnaabeg Reserve. The CIB's financing helps ensure future businesses and residences can connect to new water infrastructure (as well as electricity and broadband service).

Many water and wastewater projects are small, and often located in rural and remote municipal or Indigenous communities. In these cases, the appetite for involvement of private capital in the water and wastewater sector varies.

The CIB continues to develop its planned strategies and approaches in response to the unique attributes to the subsector, in parallel to advancing water and wastewater projects with interested project proponents.

The CIB works in close collaboration with INFC officials in this area of investment.

Example Assets - The CIB will consider investments in municipal and Indigenous community water and wastewater facilities or systems.

Revenue Sources - Projects in this subsector have multiple potential sources of revenue including water rates and cost savings from operations or reduced water losses due to leakage.

Market Gap - The CIB's involvement in the water and wastewater sector may address risk transfer, commercial risk and economic gaps.

Zero-Emission Vehicle Charging and Hydrogen Refuelling Infrastructure

Significant scale up of zero emission charging and hydrogen refuelling infrastructure is needed to enable broader and faster adoption of zero emission vehicles (ZEVs) in Canada.

The 2030 Emissions Reduction Plan announced that the CIB would invest \$500 million in ZEV charging and refuelling infrastructure that is revenue generating and in the public interest. Budget 2022 reiterated this announcement, noting these investments would target large-scale urban and commercial ZEV charging and refuelling infrastructure and be sourced from the CIB's existing resources under its green infrastructure investment priority area.

The CIB counts the GHG reductions that result from these projects towards the overall target across our portfolio to make investments that will reduce GHG emissions by 13 MtCO_{2e}.

Example Assets - In the fall of 2022, the CIB announced the launch of its \$500 million zero-emission vehicle (ZEV) Charging and Hydrogen Refuelling Infrastructure (CHRI) initiative. The goals of the initiative are to reduce transportation sector greenhouse gas 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 CIB is technology agnostic in the types of charging assets that might be eligible.

Revenue Sources - CIB financing will include structural features to incentivize charger performance and network reliability, including requirements for proponents to maintain minimum uptimes for chargers. Charging rates or fuel sales are expected to be a key source of revenue in this sub-sector. Other sources of revenue may also be considered.

Market Gaps - The CIB's involvement in charging and refuelling infrastructure addresses multiple market gaps. For example, charging infrastructure faces a commercial risk gap in the form of demand-side risk, as the profitability of this infrastructure depends on the adoption rate of the zero emission vehicles. Financing that enables faster and broader build-out will help ensure infrastructure can meet and in fact encourage emerging demand. As well, certain charging infrastructure present an economic gap where the infrastructure may not present a sufficient return to be financed solely in the private sector.

Collaboration - The CIB's announcement kickstarted a strategy that will, in partnership with NRCan, help to finance an additional 50,000 electrical vehicle chargers.

Investment in this infrastructure aligns with government targets for ZEV adoption in the coming years, including full transition for new vehicle sales to zero emission new light duty vehicles by 2035 and medium and heavy-duty vehicles by 2040.

Broadband

Broadband is widely recognized as critical infrastructure for the success of our communities and economy, on par with traditional infrastructure such as roads, transit, and energy.

The CIB measures the contribution towards these outcomes by measuring the number of households passed by 50/10 mbps connections.

Broadband Projects

CIB investments in broadband aim to connect households to a minimum standard of 50/10 mbps (download/upload) to deliver higher broadband speeds to enable digital connectivity for Canadians. The CIB works on private sector broadband projects as well as government programs such as ISED's Universal Broadband Fund and Ontario's Accelerated High-Speed Internet Program to further this objective.

Example Assets - This subsector may include fibre, fixed wireless or satellite connections that directly enable minimum 50/10 mbps broadband speeds, as well as supporting backbone infrastructure.

The CIB only invests in projects that connect currently underserved Canadians, as defined by ISED, to a minimum of 50/10 mbps broadband. The CIB is agnostic as to the technology solution and in many cases with government funding programs, ISED or a provincial partner will select the project and technological solution.

Revenue Sources - Projects in this sector may have multiple sources of revenue such as customer retail charges for internet and other digital services, right-of-use fees, wholesale fees, or other charges for the use of the network infrastructure.

Market Gap - Broadband infrastructure in underserved areas is often too capital-intensive for the private sector to deliver the infrastructure alone. The CIB's financing in this sector lowers the cost of capital for these projects and increases the cost per household that the private sector is willing to bear, which also reduces the subsidy requirements from government programs in the process. The CIB's financing is more efficient than direct grants as the cost

of the CIB's financing to Canada is more than offset by reduced subsidy requirements.

Collaboration - The CIB's efforts in this area are aligned with the Government of Canada's High-Speed Access for All: Canada's Connectivity Strategy, which aims to build high speed networks to connect all Canadians, no matter where they may live. The strategy includes recognition of working with the CIB to determine the best fit direction and ensure projects are funded through the most appropriate vehicle.

The CIB and ISED's UBF have established a process where applicants for larger projects are encouraged to use CIB financing in project proposals alongside UBF grant funding. This allows the UBF program to reach more households with the same dollars.

The CIB is also actively involved in projects with other government programs including the CRTC Broadband Fund, Ontario's Accelerated High-Speed Internet Program, and the Province of BC's Connecting Communities BC Program.

Trade and Transportation

The CIB's trade and transportation sector encompasses investment that contributes to a stronger economy and a more prosperous Canada. They include investments in our trade corridors, transportation networks, ports, enabling works and agricultural infrastructure. A common thread among these investments is the help they provide to Canadian businesses to compete and grow.

The CIB measures the contribution towards these outcomes by measuring the agricultural value added and total ton-equivalents of trade volume that results from the projects in which the CIB invests.

Agricultural Infrastructure

Agricultural infrastructure projects enhance the productivity and efficiency of the sector and increase the value of Canada's agricultural output. They also help to grow the economy and create jobs, improve the quality of life of Canadians and contribute to the transition away from an economy dependent upon fossil fuels. Like all CIB investments, agricultural infrastructure investments must advance infrastructure projects in the public interest, alongside private investment, while providing the minimal concessionality required to advance the project.

The CIB measures the contribution towards these outcomes by measuring the agricultural value added that results from the projects in which the CIB invests.

Example Assets – When considering agricultural infrastructure investment, the CIB looks for projects that will deliver benefits to multiple agricultural producers, whether that be in a region, a jurisdiction or aligned to a particular type of production. Examples of eligible types of agricultural investment include:

- » trade corridor infrastructure that supports the flow of agriculture products
- » irrigation and drainage infrastructure
- » investment in other priority areas such as Broadband or Green Infrastructure (e.g., rural broadband, retrofits, clean fuels) consistent with its approaches in these sectors

The CIB does not support on farm investment, or food processing investment. This means the CIB's agricultural sector does not include farm equipment, structures, or other assets such as barns, nor does it include greenhouses, vertical farms or lands. In addition, the CIB will not invest in projects or facilities that benefit only one producer (such as a rail spur or grain silo for a single farm).

Revenue Sources - Projects in this sector can draw on diverse sources of revenue from users, for example water charges or the sale of agricultural commodities that can be used to repay CIB and private financing.

Market Gaps -The CIB's investments in agricultural infrastructure helps address uncertain demand and offtake. Senior lenders are often only able to finance against long-term offtake contracts from highly credit-worthy counterparties, which means projects have difficulty securing affordable capital. The CIB's participation lowers these barriers and allows projects to proceed.

Collaboration - CIB efforts in agriculture infrastructure have been developed in collaboration with federal departments to align with federal priorities and programs including Agriculture and Agri-Food Canada. CIB also engages federal Crown Corporations involved in financing agriculture projects, such as Farm Credit Canada and Export Development Canada, to align investments.

Passenger Rail Projects

Passenger rail projects, consisting of both rail lines and station developments, connect Canadians to where they want to go while contributing to climate action through lower carbon intensity relative to other modes of travel.

The CIB has made one investment to the Tshiuetin Rail project, which will better connect

Indigenous communities in northeastern Quebec and Labrador and is actively working to develop additional projects in this subsector.

The CIB measures the contribution towards these outcomes by measuring the ridership that results from the projects the CIB invests in towards our target across our portfolio to invest in projects by 2027-28 with an expected, cumulative ridership of 210,000 daily riders.

Example Assets - This subsector includes passenger rail projects that connect multiple regions (i.e., those not included within the public transit sector).

Revenue Sources - Passenger rail projects have fare revenue which can repay CIB and private financing. The CIB also works with public and private sponsors to better leverage the increase in real estate value or development that comes from improved passenger rail service – in a similar vein as transit-oriented development within the transit sector.

Market Gaps - CIB provides financing to passenger rail projects that are delivered in an integrated fashion, with a private or institutional investor bearing responsibility and risk related to construction, operations, maintenance, and lifecycle, as well as volume- or revenue in order to align incentives for successful projects. The transfer of volume or revenue risk is costly in the private sector, and the CIB's financing enables this risk transfer.

Collaboration – The CIB works closely with Government on its High Frequency Rail efforts in this area.

Trade Corridor and Ports Projects

Trade corridor projects improve outcomes related to the flow of goods – for example by improving the flow of freight or by shifting it towards lower carbon modes of transportation. The CIB is actively engaging on several potential Canadian trade corridor projects, in close consultation with Transport Canada. These include Port of Prince Rupert – Ridley Island Export Logistics (REILP), the Contrecoeur Port Terminal in Montreal and the Robert Banks Terminal 2 in Vancouver. The CIB is also supporting a preliminary technical and financial feasibility study of a proposed rail line in east central Alberta.

The CIB measures the contribution towards trade and transportation outcomes by measuring the tonnage of annual freight that results from the projects the CIB invests in towards our target across our portfolio to invest in projects by 2027-28 with an expected total of 14 million tonnes annually.

Example Assets - This subsector includes projects throughout the freight value chain – including in, roads, airports, ports, railways, and logistics facilities that enable trade. The

CIB is working towards a more developed understanding of opportunities in this area and anticipates being able to provide additional detail in its 2024-25 corporate plan.

Revenue Sources - Trade corridor projects generate revenue from users that can be used to repay financing from the CIB and private investors. This would mostly take the form of the freight charges to users of the infrastructure – e.g., a per container or per tonne fee.

Market Gaps - The CIB's investments in this sector are well suited to address demand ramp-up risk. The CIB's flexible and patient capital enables these projects to proceed and improve Canada's trade outcomes. The CIB works closely alongside Transport Canada as policy lead in reflection of the existing user-pay model for Airports and Ports.

Collaboration - When considering trade corridor projects, the CIB works in close partnership with Transport Canada and INFC and their efforts related to the National Trade Corridors Fund. Transport Canada regularly connects the CIB with Provincial Transport Ministries to support the identification of potential trade corridor projects. The CIB will also closely collaborate with the new Transportation Supply Chain Office with Transport Canada, with a focus on attracting investment from private sector and Provinces.

Critical Minerals

On December 9, 2022, the Ministers of Natural Resources and Innovation, Science and Economic Development released The Canadian Critical Minerals Strategy. The vision of the strategy is to “increase the supply of responsibly sourced critical minerals and support the development of domestic and global value chains for the green and digital economy.” Noting that critical minerals are often located in northern and remote areas with limited access, the strategy identifies “building sustainable infrastructure” as a core focus and identifies the role for CIB efforts to complement the strategy. Investments such as roads and rail that support trade could be of benefit to the critical mineral effort, and the CIB plans to explore such opportunities in collaboration with the lead Departments.

The CIB’s critical minerals investments will facilitate the construction of enabling and supporting infrastructure like access roads, clean power generation and transmission along with wastewater management facilities in remote areas of Canada. The investments would unlock critical mineral development and support economic development. Our investments will be designed to address risks which impact the ability of mining companies to raise sufficient pre-mine construction financing.

The CIB does not invest in Mining, Extraction or Processing Infrastructure.

The CIB is working with NRCan to ensure its critical minerals investments are complementary to NRCan’s Critical Minerals Infrastructure Fund.

The CIB will also work to ensure its efforts complement existing clean energy and transportation programming, including Transport Canada’s National Trade Corridors Fund (NTCF), NRCan’s Smart Renewables and Electrification Pathways (SREPs) Program and NRCan’s Critical Minerals Infrastructure Fund.

Bridges, Tunnels and Highway Projects

Bridge, tunnel, and highway projects can ease congestion and help connect freight and people to where they want to go. The CIB's work to examine the transportation needs of Asia-Pacific Gateway transportation network, including New Westminster Rail Bridge, is one example of work in this sub-sector.

Example Assets – This subsector includes bridge, tunnel and highway projects that have a source of revenue.

Revenue Sources - Eligible projects therefore have a source of revenue as a form of user fee. This could be a toll – or could be the use of high occupancy toll lanes, managed tolls, partial tolling (i.e., only certain classes of vehicles), or other dedicated usage-linked revenue stream that helps put a price on congestion.

Market Gaps - Bridges and tunnels are rarely priced for users – leading to congestion and/or overbuilding. The CIB's financing in this sector encourages the adoption of tolled infrastructure. The CIB's financing also encourages risk transfer to private sector counterparties, particularly with respect to revenue or volume, better aligning incentives for the project, while mitigating the incremental cost of private capital for project sponsors.

Collaboration - The CIB has partnered and is providing advice on a number of projects that have the potential to achieve positive outcomes in this sector. For example, the CIB has partnered with the Alberta Government on assessing the financial feasibility of a potential toll bridge in Northern Alberta to replace a ferry crossing – a project which would significantly reduce travel times. The CIB is also collaborating closely with INFC, Transport Canada, and Public Services and Procurement Canada to evaluate opportunities for replacement of the New Westminster Bridge in British Columbia, a crucial rail link across the Fraser River as well as assessing broader opportunities in the Asia-Pacific Gateway.

3.2.6 Indigenous Infrastructure

There is a significant infrastructure gap facing Indigenous communities across Canada. The CIB's mandate includes projects in partnership with, and that benefit, Indigenous Peoples. The CIB actively invests in projects alongside Indigenous communities and supports their development in three ways.

1. 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. This recognizes the importance and impact of large-scale infrastructure and how it can benefit Indigenous communities. The CIB's role to support participation was expanded in Budget 2023 to include making loans to Indigenous communities to support ownership of equity stake.
2. Through the Indigenous Communities Infrastructure Initiative (ICII), the CIB provides a lending solution to accelerate smaller community-owned infrastructure by providing low-cost and long-term loans to finance projects across the CIB's priority sectors. ICII is the CIB's unique approach to closing the infrastructure gaps with and for the benefit of Indigenous communities. Example projects in development under ICII include:
 - a. Investment in transportation infrastructure to connect remote and rural Indigenous communities, such as the Tshiuetin Rail connecting 3 Innu First Nation communities in Quebec and Labrador,
 - b. Investment in clean power, including our investment commitment to the Atlin Hydro project that will off-set diesel through the delivery of clean power to the Yukon micro-grid;
 - c. Green infrastructure investments through enabling infrastructure for urban reserves and reserve expansion, like our investment to support the expansion of the Netmizaagaming Nishnaabed First Nation in northern Ontario and the Port Stalashen wastewater treatment facility with the Sechelt Indian Band in British Columbia;
 - d. Broadband investments to support universal connectivity to minimum 50/10

mbps internet in Indigenous communities, such as the Arrow Technology Group investment which provides better connectivity for at least 17 Indigenous and one rural community in Alberta.

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, like we are doing on the Kivalliq Hydro Fibre Link with the Kivalliq Inuit Association of Nunavut and the Fixed Link in partnership with the Chippewas of Georgina Island First Nation.

Loans for Indigenous Equity

While Indigenous communities have been able to negotiate the ability to purchase ownership stakes in infrastructure projects, they often lack access to affordable capital to exercise this ability. Market lenders are often unwilling to lend to Indigenous communities against these equity stakes at rates that allow the Indigenous community to earn a return. Budget 2023 announced a new tool for the CIB to enable more meaningful participation of Indigenous communities in infrastructure projects. The CIB will provide loans to Indigenous communities to support them in purchasing equity stakes in infrastructure projects in which the Bank is also investing.

To facilitate such investment by Indigenous groups in infrastructure that impacts their communities and advances reconciliation, the CIB has identified an opportunity to provide capital (via loans or co-equity structures) to Indigenous organizations to support their direct ownership in infrastructure projects.

In keeping with the Budget 2023 direction, capital provided would be used for investments in infrastructure projects where the CIB is also investing.

The CIB recognizes that Indigenous equity and ownership will:

- » Respond to the direction to support Government's commitment to advance Indigenous reconciliation and invest in infrastructure projects in partnership with Indigenous communities.
- » Fill a market gap by providing access to capital that is currently unavailable for most Indigenous communities;
- » Provide Indigenous communities with a source of revenue to secure long term financing, supporting self-determination, job creation and social and economic development; and
- » Be another step toward to the federal objective of reconciliation and economic inclusion of Indigenous communities and peoples.

Enabling Indigenous participation ensures that large scale, complex infrastructure can be built while securing Indigenous participation and support for projects that will bring long term economic benefit to Canadians and to Indigenous communities.

The CIB has been undertaking research and analysis on this challenge and engaging with relevant federal departments, including Indigenous Services Canada, Crown-Indigenous Relations and Northern Affairs Canada, and Natural Resources Canada. The CIB expects to make its first loans of this kind in 2023-24.

The CIB has recruited a strong team that is comprised of a specialized skillset and representation from the Indigenous communities with whom we work.

As of March 31, 2023, the CIB had:

- » made investment commitments worth \$299 million total in projects with and for the benefit of Indigenous communities.
- » reached \$195 million in ICII investment commitments across seven projects to address infrastructure gaps in 38 Indigenous communities.
- » identified an additional \$600 million of potential Indigenous investment in earlier stage or slower timeline projects.

Up to and including 2022-23, the CIB has been measuring 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. As of the end of 2022-23, the CIB through ICII has made investment commitments in thirty-eight communities.

Over the course of the past year, the CIB has been engaging with Indigenous partners to develop a more nuanced approach to assessing, measuring, and tracking the benefits of CIB-financed infrastructure projects. Going forward the CIB will be adjusting its approach to track the number of projects undertaken in this space, along with other qualitative metrics to capture a more comprehensive picture of relevant outcomes in these communities.

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

1. **Partnerships:** The CIB partnered with the Aboriginal Financial Officers Association (AFOA) to develop Project Finance training to grow additional capacity for Indigenous communities.
2. **Relationships:** The CIB meets regularly with communities to build the relationships with Indigenous communities and organizations which are critical for successful investment; CIB team members promote Indigenous inclusion across sectoral industry; and are often featured as at key conferences on infrastructure and economic reconciliation.
3. **Impact:** The CIB is working to redefine the metrics used for measuring impact of ICII investments for First Nation, Métis, and Inuit communities. Over the coming year,

the CIB is working to further develop the metrics of how infrastructure investments impact Indigenous communities.

- 4. 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, Métis, and Inuit people across various teams.

3.2.7 Advisory and Acceleration

Advisory Services

The CIB engages regularly with all levels of government to both inform potential public partners about the CIB and its role, and to understand what those partners' priorities are and where investment gaps may exist. The CIB has a unique ability to share its practical experience and expertise related to infrastructure projects and financing in areas such as investment structuring, user-pay models, risk-allocation and ongoing asset delivery and management. A key function of the advisory role is to work with potential proponents to analyze whether a proposed project might be appropriate for CIB investment. This could include discussing steps the potential public partner would need to take to have a potentially financeable project – such as identifying requirements for the development of a business case and possible scenarios regarding revenue-generation. The CIB's investment professionals support public sponsors in conducting this analysis, and sponsors can access funding for required studies through the CIB's project acceleration initiative.

Out of this regular engagement, the CIB identifies opportunities to work with public sponsors of infrastructure projects on potential investments. The CIB is able to then offer expert advice that can help public sector sponsors to consider alternative approaches to financing new infrastructure. The CIB focuses its advisory efforts on opportunities that have a high probability of leading to a future CIB investment in its priority sectors, achieve public impact outcomes from Canadians and are anticipated to be candidates to attract private and institutional investment and transfer risk to these parties because of project characteristics and public partner appetite to explore the CIB model. These can be both in the near-term (e.g., supporting a municipality evaluating a zero-emission bus purchase or a building retrofit)

and longer-term (e.g., a toll-bridge or major transmission line).

The advisory role that CIB plays spans the entire development cycle of a project, as CIB expertise and advice can be brought to the table from early-stage development when assessing business cases or potential revenue streams through to final investment structuring where CIB expertise on terms can help ensure a deal can succeed. For the most part, the CIB's advisory work is in the early development of projects, where project proponents may lack capacity or in-house expertise.

In some cases, the CIB will take on formal advisory mandates with public sector partners at the early stages of potential projects, to help public sponsors bring more innovation, options, and structures to their planning. In other instances, our involvement will take the form of early due diligence on the project and could be part of a project acceleration effort.

The core focus of the advisory role is aligned with our investment mandate and delivered through our team of investment professionals engaging deeply with public and private sponsors to aid in project development. The intent is to bring CIB expertise and advice to the table to explore the potential and options for CIB involvement, and to do so in a manner that helps advance the project for potential private and institutional or CIB investment, or quickly identify that it is not an appropriate fit for CIB investment. This results in clarity on the subjects and types of advisory expertise the CIB can provide. If a potential partner and the CIB identify that a project is not an appropriate fit for CIB investment, it may mean other organizations are likely a better fit to support the potential public partner.

Advisory on Major Projects

As part of its effort to provide advice to all levels of government with regard to infrastructure projects, the CIB is engaged on a number of significant priority projects of interest to the federal government and other potential partners. In keeping with its role, the CIB provides advice on how these projects may be structured to optimize delivery outcomes in the public interest while attracting private and institutional investment and generating revenue.

High profile examples include:

High Frequency Rail

The current transportation network in the Quebec City to Toronto Corridor is approaching the limits of its capacity to serve the growing demand of the residents of the Corridor.

By 2043, an additional five million people, an increase of 21% from 2020, are projected to live in Québec and Ontario: over half of the projected growth in Canada. Most of these new residents will live and work in the Corridor. While rail passenger ridership in the Corridor has increased in recent years, rail passenger travel accounted for only 2.3% of all trips through the Corridor in 2019, with 94% of the trips within the Corridor being made by car.

The HFR Project presents an historic opportunity for Canada to start to restore the social, economic, and environmental balance for intercity travel within the Quebec City – Toronto Corridor.

The CIB was invited in December 2018 by VIA Rail and Government of Canada to conduct an assessment of the original Business Case for robustness and its ability to transfer key risks to the private sector. Additionally, CIB was also invited to assess its role as a catalyst investor in the project.

This assessment from the CIB led to the establishment of a Joint Project Office (JPO) between VIA Rail and the CIB in 2019 by way of a joint venture agreement to further de-risk and develop the project. As part of the JPO, the CIB collaborated to conduct further due diligence, de-risking, pre-procurement and planning activities for the HFR Project, including on financial advisory services and developed and created the business case. The work of the JPO was completed in 2021-22. After the JPO was wound down, the CIB continued to provide advisory services and support services to Transport Canada, the lead on the project, and other departments working with Transport Canada.

On February 17, 2023, the Government of Canada launched an RFQ process to identify and qualify candidates who will be invited to participate in the Request for Proposals (RFP) process, anticipated to begin in fall 2023. Through the procurement process a private developer partner will be selected to work in collaboration with VIA HFR-VIA TGF Inc., a newly created crown corporation and wholly owned subsidiary of VIA Rail, to design and develop the High Frequency Rail project.

As the project progresses, the CIB's ongoing role will continue to be to provide advice to Government on the role of the private sector in the transaction with a view to facilitating a substantial investment in the project by the CIB. The CIB will also provide advice on financial structuring and process in an effort to attract private sector capital alongside a potential CIB investment.

Project Acceleration

Larger infrastructure projects take time to plan and develop and can be delayed in part due to limits in development funding.

To address this issue the CIB has established a target of \$500 million for project acceleration efforts. This funding can be used for projects within the CIB's priority sectors of all sizes towards two main purposes:

1. to expedite due diligence, planning and development activities which could include engineering studies, demand forecasting or other activities necessary to establish the project business case and possible scenarios regarding revenue-generation; and
2. to help finance early works construction with the goal of shortening the critical paths of high impact projects in which the CIB expects to invest as part of overall CIB capital plan.

To date, the CIB has supported expedited due diligence, planning and development activities on projects that have been announced such as the Calgary-Banff Rail project, the Chippewas of Georgina Island Fixed Link, the Kivalliq Hydro-Fibre Link project and the Highway 697 Toll Bridge. Project acceleration is a tool that differentiates the CIB from private investors, by being willing to invest in projects at earlier stages in their development cycle. This is enabled by the CIB's ability to bear losses on its investments within the fiscal framework.

The CIB's acceleration funding focuses on projects that are actionable in the short-term and have probability for future investment, following the CIB's normal course analysis and decision-making processes. The acceleration funding is intended to have a measurable impact on the development of projects, such as faster timelines or more comprehensive due diligence. Starting from fiscal 2023-24 and considering the market's funding gap in energy transition projects' development, the CIB's project acceleration funding will also include front end engineering and design (FEED) capital expenditures being undertaken by the private sector in carbon capture and storage, hydrogen and low carbon fuels. The CIB FEED financing will help accelerate the development of energy transition projects with a clear commercial value proposition, low aggregate technology risk and high likelihood of proceeding to financial close once FEED is completed.

Acceleration funds are structured with a view to rolling these amounts into eventual CIB investments in projects. In all cases where the project proceeds with any CIB or private capital

it is anticipated that the CIB acceleration funds will be incorporated into the overall financing terms for the project. In exceptional circumstances where a project does not proceed with CIB or private capital or the project does not proceed at all, repayment to the CIB of the accelerator funding will be determined on a case-by-case basis. Given the early-stage nature of this work, there is risk that the CIB may not be able to recover its financing.

The CIB FEED acceleration funding will be structured as a short-term debt facility repayable at FEED completion or converted into a long-term equity or debt instrument if the project reaches financial close. Key terms and project selection criteria are aligned with the CIB’s target investment outcomes and objectives. Funds for project acceleration are different and distinct from any expenses related to CIB internal operations. In accordance with accounting standards, the CIB will account for the lack of repayment certainty by reflecting non-capital project acceleration work as an operating expense. When the project proceeds with CIB or private capital, these funds will be repaid and reflected as income as revenues from project. Where there is sufficient certainty to capitalize this work, the CIB will account for it through its capital allocation by priority sector. In the event that the project does not proceed, and the CIB is not repaid, the CIB manages this through its provision for investment losses.

3.2.8 Research

The CIB’s Knowledge and Research initiative is an additional way to have a meaningful impact on the evolution of infrastructure investment in Canada. High quality research supports the development of good projects by the CIB and its public and private sector partners and can lead to better informed policy and investment choices.

Within the CIB, Knowledge and Research activities take place across a spectrum, ranging from commercially oriented activities that can yield insights on markets and opportunities for CIB investment, to more publicly oriented work that can inform governments, sectors, and sponsors of infrastructure more broadly as to the nature of issues, challenges and solutions in the infrastructure space.



The CIB's research activities can:

- » Inform the CIB and market participants on the considerations involved in investing in a sector
- » Convene stakeholders to develop a path forward for infrastructure development in a CIB priority sector
- » Assess public policies necessary to catalyze greater investment in infrastructure projects in the public sector
- » Increase public awareness of the benefits and opportunities from greater infrastructure investment in the CIB's priority sectors

The CIB is deliberately placing an emphasis on research initiatives that shape our internal investment strategy and catalyze or accelerate projects in our sectors. Depending on the nature of the research undertaken, it may result in publication or be retained internally.

As part of this effort, we seek to partner with leading experts from across Canada to develop and distribute knowledge and research that will be relevant to the CIB, public project sponsors, private sector and institutional investors and to the broader public policy community. Generally, the CIB requires that the research it supports be made publicly available.

In the past year, the CIB has participated in and supported the following research projects:

Green Retrofit Economy Study (Delphi Group and the Canada Green Building Council) - identified how to scale up retrofits, including industrial, commercial, and large residential buildings; examined workforce capacity and supply chains.

Secure Smart Cities: Making Municipal Critical Infrastructure Cyber Resilient (Cybersecure Policy Exchange at Toronto Metropolitan University) - examined the challenges and needs of municipalities to secure critical infrastructure from cyber threats.

The CIB is currently supporting research on topics that align to investment priorities, including projects on transit-oriented development and electricity capacity. The CIB is also pursuing research topics related to electricity transmission, trade bottlenecks, investments to adapt and mitigate impacts of climate change, and the development of hydrogen hubs.

The CIB will seek out opportunities to advance research in these areas, while remaining flexible to respond to or advance other opportunities to benefit from research on a case-by-case basis. Research on these topics proceeding is contingent on the advancement of projects that can benefit the CIB's investment activities.

As part of the research function, the CIB will support the National Infrastructure Assessment being developed by INFC. The CIB will contribute perspective and expertise regarding priorities for investment and approaches for innovative financing in cooperation with private and institutional partners.

3.2.9 Investment-related Risk

The CIB is designed to be a risk-bearing institution. CIB investments are meant to solve a gap in the capital structure of the project, either by sharing risks that other investors cannot effectively bear on their own, or by providing concessionary pricing – including below the Government of Canada's cost of borrowing – that makes the project's financial model viable. These risks are detailed in the market gaps for each subsector above.

As an investment making institution the CIB faces risks commonly associated with investment activity. These include:

- » partnership risks such as commercial disputes with third parties or an inability to attract partner investment into projects.
- » investment management risks related to investments and changes in the macroeconomic environment that can impact CIB positions such as interest rate fluctuations.

Decision-making related to investments is governed by the Investment Policy, which defines investment practices and guidelines.

In addition to the Investment Policy, management may adopt guidelines that provide information, direction or explanation to assist with the implementation of the Investment Policy. The CIB does not manage its portfolio risk to fixed investment allocations by geography or fiscal year. The CIB has established target capital allocation ranges by priority sector. Given the nature of the CIB mandate, the CIB will always have a more concentrated set of risk exposures than would be typical for an infrastructure investment portfolio of its size. Sectoral and industry concentration risks are an unavoidable consequence of the CIB's mandate and role in the marketplace. The CIB will manage concentration risk by tracking, stress testing and forecasting expected losses against its fiscal envelope.

The CIB has adopted an internal risk rating methodology applicable to Project Finance transactions to assess risks. The internal rating methodology provides for a consistent approach to risk rating transactions. With respect to corporate borrowers, the CIB uses industry standard corporate debt rating.

The CIB also faces risks related to others' perception of the CIB (and thus their willingness to support or partner with the CIB) and project development (such as delays arising from a project related issue such as opposition to the project or poor design).

3.2.10 Risks related to Project Delivery

The CIB invests in infrastructure projects that are procured and delivered by investment partners. Each proponent must lead their project through its development lifecycle and manage the risks and challenges associated with major infrastructure investment. Decisions to proceed with a project and how they are managed are in almost all cases the decision of the project sponsor.

Given the potential for disruption, projects may not always be delivered on the original planned schedule. Examples of circumstances and events that can have an impact on a partner's project timing and delivery include:

- » **Project development timelines** – Major projects take significant time and resources to be developed to an investable stage. This requires cooperation from multiple stakeholders, and means timing is variable and outside of the CIB's control. The CIB Investments team works closely with project sponsors to take all possible steps to accelerate project development timelines.
- » **Coordination with other sources of funding** – While significant private and institutional capital is available, it will only invest in projects that generate appropriate risk-adjusted returns. Projects often require more subsidization than what is available through CIB's financing tools alone to close the gap that prevents the project from proceeding. In these cases, the CIB must coordinate sizing and timing of grants with other governmental partners. For example, the CIB coordinated its support of applicants to the ISED Universal Broadband Fund as well as with INFC on the design of respective programs to accelerate investment in ZEBs. In other cases, the CIB coordinates its financing with support from a Provincial partner (e.g., Alberta Irrigation and the Alberta government). The absence of these partner funding programs could slow the pace of CIB capital deployment or affect our ability to crowd in private sector capital alongside us.
- » **Technological readiness** – The risk that needed technologies may not be commercially ready on planned project development timelines (e.g., within the

hydrogen and clean fuels subsector, where technology is rapidly developing). The CIB also manages this risk at a portfolio level, ensuring it is appropriately balancing resources across projects that have the potential to reach a final investment decision in the near-term, and working with project sponsors to develop projects with longer time horizons that may reach final investment decision in the later years of this capital plan.

- » **Coordination across value chain** – Some projects, for example, a carbon pipeline, require concurrent investments at both ends to be useful – in capture and storage. Projects face difficulties to proceed unless multiple projects are able to proceed in parallel. The CIB seeks to mitigate this risk through engagement with multiple projects sponsors across the value chain, as well as close coordination with other sources of federal support (e.g., Net Zero Accelerator) to ensure projects have the enabling infrastructure required.
- » **Cost inflation** – the Canadian and global economy are experiencing supply chain disruptions and general cost inflation, including specific pressures on construction cost and materials. This increases project costs. The CIB mitigates this risk in its investments through thorough due diligence, including through third party lenders' technical advisors, to ensure that labour and materials is appropriately costed, and appropriate contingency is included.

The CIB structures its investment agreements recognizing these dynamics and includes provisions in financing agreements that protect CIB investments.

CIB Investment Portfolio as of end of Q4 2022-23

Project	Province / Territory	CIB Investment	Partners
Final Diligence and Closing: Projects in this stage are CIB investment commitments; many but not all investment commitments have been announced; the CIB and proponents are finalizing all terms in preparation for financial close; financial close terms may differ from what was reported at Investment Commitment			
Clean Power			
Atlin Hydroelectric Expansion	YK	\$80,000,000	Taku Tlingit First Nation
Green Infrastructure			
University of Toronto	ON	55,700,000	University of Toronto
Flo EV Charging	Canada wide	220,000,000	AddÉnergie Technologies Inc. dba FLO
Funding, Monitoring and Exit: Projects in this stage have reached financial close, where the CIB has executed an investment agreement with the project partner			
Broadband			
ATG Alberta Indigenous Broadband Project	AB	\$8,100,000	ISED, CRTC, Arrow Technology Group Limited Partnership
Manitoba Fibre	MB	\$163,836,420	Various Municipalities, Valley Fiber, DIF Capital Partners
Clean Power			
Darlington Small Modular Reactor	ON	\$970,000,000	Ontario Power Generation
Bekevar Wind Power	SK	\$173,000,000	Cowessess First Nation, Innagreen Management Limited
Oneida Energy Storage	ON	\$693,616,211	Oneida Energy Storage LP
Enwave District Energy	ON	\$600,000,000	Various Municipalities, Enwave Energy Corporation

Lulu Island District Energy	BC	\$175,000,000	City of Richmond, Lulu Island Energy Company
Markham District Energy	ON	\$135,000,000	CIBC, Markham District Energy Inc.
Green Infrastructure			
Netmizaaggamig Nishnaabeg Reserve Extension	ON	\$7,860,000	Netmizaaggamig Nishnaabeg
Grasswoods Urban Reserve Wastewater Treatment Facility	SK	\$27,286,247	Des Nedhe Group, English River First Nation (ERFN)
Algoma Steel Retrofit	ON	\$25,086,000	Algoma Steel Inc
Ameresco Retrofits	Canada wide	\$100,000,000	Ameresco Canada, Inc
Avenue Living Energy Retrofits	AB	\$129,870,000	Avenue Living
IonicBlue and Johnson Control Retrofits	Canada wide	\$100,000,000	Johnson Controls Inc. IonicBlue
BMO Retrofits	Canada wide	\$100,000,000	Bank of Montreal
Fairmont Royal York Hotel Retrofits	ON	\$46,500,000	Fairmont Royal York Hotel, KingSett Capital
Modern Niagara Retrofits	ON	\$25,000,000	Modern Niagara Group Inc.
Enerkem Vareenes Carbon Recycling	QC	\$277,000,000	Government of Quebec joint venture, Shell, Suncor, Proman
Noventa Energy Retrofits	ON	\$100,000,000	Ancala Partners LLP, Noventa Energy Partners
Toronto Western Hospital Retrofit	ON	\$19,500,000	University Health Network, Noventa Energy Partners, Vancity Community Investment Bank
Dream Retrofits	ON; SK	\$136,700,000	Dream Group of Companies

Port Stalashen Wastewater Treatment Plant	BC	\$6,400,000	shíshálh Nation Government District (sNGD)
SOFIAC Retrofits	QC	\$100,000,000	SOFIAC, Econoler and Fondation, Fiera Private Debt, Desjardins Global Asset Management
Public Transit			
Montréal-Trudeau International Airport REM Station	QC	\$300,000,000	Investissement Québec, Transport Canada, Aéroports de Montréal
Réseau Express Métropolitain (REM)	QC	\$1,283,000,000	Government of Quebec, CDPQ Infra
Autobus Seguin Zero-Emission School Buses	QC	\$15,000,000	Quebec Government, Autobus Seguin
British Columbia Zero-Emission School Buses	BC	\$30,000,000	Association of School Transportation Services BC
City of Calgary Zero-Emission Buses	AB	\$165,000,000	City of Calgary, Calgary Transit
Durham Region Zero-Emission Buses	ON	\$61,500,000	Durham Region. Durham Region Transit
City of Brampton Zero-Emission Buses	ON	\$400,000,000	City of Brampton
City of Edmonton Zero-Emission Buses	AB	\$13,293,023	City of Edmonton
City of Ottawa Zero-Emission Buses	ON	\$380,000,000	City of Ottawa, OC Transpo
York Region Zero-Emission Buses	ON	\$136,000,000.	York Region. York Region Transit
Quebec Zero-Emission School Buses	QC	\$400,000,000	Ministère des Transports du Québec, Fédération des transporteurs par autobus

Trade & Transportation

Alberta Irrigation	AB	\$466,349,350	Government of Alberta
Kahkewistahâw Landing Infrastructure	SK	\$15,400,000	Kahkewistahâw First Nation
Tshiuetin Railway	NL; QC	\$50,000,000	Transport Canada, Société du Plan Nord, Tshiuetin Rail Transportation Inc.

3.3 Corporate Activities

Given the importance of what investments can achieve and the timeline on which we must deliver, it is critical that the CIB continues to evolve by strengthening its processes, enhancing its capabilities, investing in its people, and demonstrating it is an accountable and responsive institution.

In alignment with this priority, the CIB will continue to mature and evolve as a leading institution. There will be additional emphasis on people and culture, particularly related to Diversity and Inclusion, human resource strategy including compensation framework (as outlined in the 2021-22 Annual Report), and training and leadership development. The CIB maintains a diversity and inclusion committee of employees from across the organization to contribute to and guide goals and actions that support a positive, respectful, and productive workplace. The CIB has returned to normal operations under a hybrid format, whereby employees work within the CIB's offices on average three days per week, while also continuing to focus on health and safety of our employees.

This section details the activities and expected outcomes in the corporate functions of the CIB.

3.3.1 Asset Management

The CIB has a dedicated asset management function to onboard closed transactions, actively monitor investment performance, as well as execute on operational activities.

To support the onboarding of new investments, the CIB is developing strong long-term partnerships and working with its counterparties on the execution of agreed upon terms. As the CIB continues to broaden its portfolio, it will interact with entities of all sizes and experience. The CIB is dedicated to helping its counterparties understand and execute their obligations, including the defined impact outcomes.

Monitoring investment performance entails collecting relevant information and measuring performance over the investment horizon, including tracking impact outcomes, construction, financial performance, and monitoring risk. The CIB takes an active approach in its asset management to ensure that investments are contributing to target outcomes and to ensure that risks are appropriately monitored, measured and, where appropriate, mitigated.

Operations involve the CIB's day-to-day responsibilities related to its portfolio, including executing draws, calculating interest and principal payments, remitting payment notices, timely reporting to both internal and external stakeholders, and maintaining appropriate books and records.

As the portfolio continues to grow and mature, the Asset Management team will work to identify and execute on value creation activities including the aggregation of similar infrastructure projects into larger portfolios to attract private and institutional investors as well as other exit strategies that align with the CIB's objectives.

3.3.2 Enterprise Risk Management

The purpose of the ERM program is to systematically identify, assess and mitigate significant risks which could impact the CIB's objectives. In 2019-2020, the CIB developed and implemented an ERM program and an independent risk function within the organization.

The CIB continues to evolve and enhance its risk management processes. The CIB's Enterprise Risk Management (ERM) Policy and Framework is being reviewed will be adjusted to support the organization's focus, with clear roles and responsibilities across the organization.

Our risk management program includes a risk register and dashboards for tracking and reporting issues, respectively. This process ensures that risks (as both threat and opportunity) are communicated internally on a timely basis and managed or mitigated, as required. Details on risk and mitigation are included in Appendix F.

3.3.3 Communications and Public Affairs

Efforts will continue to ensure awareness of the CIB externally with partners, the media, thought-leaders, stakeholders, and the public.

Communications opportunities, platforms and products are tailored to each investment and our corporate objectives. Investment communications emphasize our partnerships with project sponsors including governments, Indigenous communities, and the private and institutional sectors. We highlight the positive impact of CIB investments in terms of environment, the economy and how they can connect and improve the lives of Canadians. More broadly, we also highlight the potential for private and institutional investor participation and our innovative advisory and investment approaches.

The CIB will continue to collaborate and coordinate with INFC communications.

3.3.4 Legal and Compliance

Legal and compliance risks are a sub-category of operational risk, and policies and procedures are adopted and implemented to effectively manage these risks across the CIB's operations. The Board approved the CIB's Corporate Governance and Compliance Policy Framework (the "Framework"), which is maintained by the General Counsel & Corporate Secretary and describes the principles and activities for the development and ongoing review of the CIB's corporate policies and related procedures. The Framework also catalogues the CIB's various legislative and policy compliance requirements and describes the CIB's reporting requirements and other obligations under its legislative accountabilities. The Human Resources and Governance Committee of the Board monitors the Framework and receives regular reports from the General Counsel & Corporate Secretary on the CIB's compliance obligations, including new federal requirements.

3.3.5 Information Technology

During the pandemic, the CIB's business continuity was successfully supported by its cloud-based Information technology platform. Its applications, collaboration tools and general IT infrastructure setup allowed for a smooth transition to remote working throughout the pandemic and helped support its operational capabilities to continue to execute on its core mandate and invest in infrastructure projects.

The CIB continues to develop its information technology capabilities through the development and expansion of its core systems. During the year, CIB successfully adopted a new Enterprise Resource Planning (ERP) application and continued to evolve its Customer Relationship Management (CRM) application to reflect the CIB's revised Investment Framework. These systems improve efficiencies while increasing control through the automation of workflows and audit trails. In addition, the CIB is continuously working to enhance information security to protect the confidentiality, availability, and integrity of its information assets, as data security is fundamental in how we do business.

3.3.6 Human Resources

The CIB is prudent and responsible in planning and managing its resources to align with requirements.

We continue to closely monitor workloads and volume of activity to ensure that additional resources are hired as required to meet business needs.

The recruitment and retention of specialized experts in infrastructure investment has occurred in the context of a highly competitive labour market. As a result, we continue to strive to create a positive employee experience by focusing on attracting diverse candidates and retaining them with development opportunities and experiences that make the CIB a place to learn and grow. Our hybrid work environment supports our employees with flexibility that fits their lives while promoting cross-functional and team collaboration.



FINANCIAL OVERVIEW

4. Financial Overview

This section describes CIB's current and anticipated financial health and key factors expected to affect the financial forecasting over the five-year planning horizon.

Financial and resource plans have been developed to support the CIB in achieving its strategic objectives and desired outcomes. The CIB's projected financial statements, detailed operating, and capital budget, and supporting tables are provided in Appendix E have been prepared in accordance with the Public Sector Accounting Standards (PSAS) which the CIB uses when reporting to the public.

Effective April 1, 2021, the CIB adopted PSAS as issued by the Public Sector Accounting Board (PSAB). This change better aligns the CIB reporting framework with its business objectives, to share risk and/or provide concessionary pricing to investments as outlined in its investment approach.

The external auditors were supportive of this change in reporting framework and other government departments were consulted as an additional step to ensure overall alignment, with no issues prohibiting the transition noted.

4.1 Financial Management and Stewardship

The CIB's financial plan focuses on ensuring that it has the capacity, skills, and competencies, through its resources, systems and funding, available to carry out its mandate effectively throughout the planning period. The CIB operating and investment teams continue to build on a strong foundation through the hiring of resources appropriately commensurate with the level of business activity. To fund operating expenses, we will retain sufficient cash resources based on quarterly forecasts of near-term operating requirements. All operating expenses will be borne under Board-approved processes for monitoring such costs, and in line with the Directive on Payments to Crown corporations.

Funds for investment financing will be requested from the Government on a quarterly basis as needed, based on expected project investment draws. The CIB will request its drawdown of appropriations in a manner consistent with the Directive on Payments to Crown corporations. Due to the long-term nature and complexity of infrastructure investments, timing variances in funding will occur, and it may be several years from the time of financial close until investments are fully funded, and income is accrued or received.

4.2 Commitment and Investments

The CIB invests in infrastructure projects making a binding commitment at financial close and delivering the cash funding over time. Future funding amounts as noted in the capital expenditure budget are the best estimate of cash required based on our current investment pipeline. The investing pace will vary by project and may change over time. As most projects are multi-year, variances may occur between years, driving differences in actuals versus budget; therefore, we will work closely with central agencies to review the impact of investments on estimates and cash requirements.

Capital Trajectory

As part of the planning process, the CIB regularly reviews projections for reaching financial close in each sector across its portfolio. In doing so, the CIB assessed its existing capital trajectory, considered the differing nature of infrastructure investment in each of its priority sectors and how this feeds into results. Based on experience of the first years of CIB operations, investment size can be seen to fall into three general categories and time horizons:

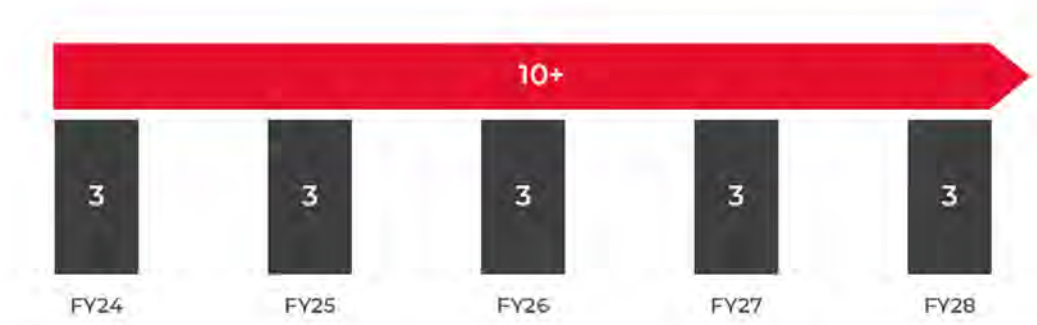
1. **Standardized Programs** – replicable investment programs with standard terms that can be repeated among partners and completed in short time frames (examples include retrofits and ZEBs). The CIB expects to deliver several projects in this category each year.
2. **Small-Medium Projects** – typically less than \$1.5 billion in capex, these projects lead to impactful infrastructure for a sector or region. Examples include projects such as the Enwave District Energy project in the Toronto area, and Varennes clean fuel project in Quebec. While timing can vary, the volume of such projects across the country lead to an expectation that several will reach financial close each year, although the specific composition of projects will vary year to year.
3. **Large Projects** – typically larger than \$1.5 billion in capex, projects are complex and involve multiple stakeholders and partners, timing for delivery is more uncertain and should be expected over the life of the planning horizon. Projects such as the REM in Montreal and potentially HFR are examples.

As noted earlier in the discussion on corporate objectives, it is important for the CIB to ensure it can balance the need to maintain a steady pace of investment in all sectors and all regions of the country, while also giving due focus on efforts to advance larger transformative investments.

The CIB is engaging on the largest infrastructure projects across the country. A number of these opportunities are in the intake and appraisal stages of the CIB investment process. Given their large and complex nature, such projects feature a more extensive need for development, due diligence, engagement and in many cases the undertaking of the duty to consult. As such, the exact investment terms, structure, and timing is far more unpredictable than in more straightforward and advanced projects. It is reasonable to expect that many of these projects will not materialize or may not advance to investment during the timespan of this corporate plan. At the same time, the CIB's efforts will endeavor to advance major projects and our capital trajectory anticipates for a subset to be in an investable state.

The CIB has refined its projections to reflect the inclusion of the potential for larger projects. It has distinguished in its allocation the base yearly expectation for investment in categories 1 and 2, and the longer time horizon across which to anticipate investments in category 3. This projection provides a more accurate picture of how the capital may be deployed in any given year, better aligns to management expectations for investment teams and is reflected in the updated targets outlined in Appendix C.

Financial Close Trajectory (\$ Billions)



The refined trajectory continues to anticipate the delivery of on average, approximately \$5 billion in financial closes each year, but recognizes the potential for the timing of large and complex projects to vary. This uncertainty is reflected in the graphic above, showing a portion of the trajectory as falling across the five years of the plan as opposed to any one specific year. This more accurately reflects the variability in these types of projects. The estimated sectoral

breakdown of capital reaching financial close over the course of this plan also includes a component for larger more uncertain projects, not yet specifically targeted to a specific sector.

The CIB Pipeline

The CIB's investment pipeline provides an indication of progress towards long-term sector ranges in each priority sector. As of March 31, 2023, the composition of the CIB's investment funnel by stage was:

	Stage 5: Funding Monitoring and Exit	Stage 4: Final Negotiations and Closing	Stage 3: Investment Structuring and Commitment	Total (Stage 3-5)
Sector	<i>Investments where the CIB has executed an investment agreement and reached financial close with the project partner</i>	<i>Investments where the CIB has executed a term sheet with the project partner and is in the final stages of due diligence and closing</i>	<i>Investments where the CIB has assessed the opportunity, determined it is likely to meet its investment criteria and is in negotiations on a term sheet. Not all of these investments will ultimately reach Stage 5.</i>	
Public Transit	\$3.2B	\$0.0B	\$1.8B	\$5.0B
Clean Power	\$2.7B	\$0.1B	\$7.4B	\$10.3B
Green Infrastructure	\$1.2B	\$0.3B	\$1.6B	\$3.0B
Broadband	\$1.8B	\$0.1B	\$0.5B	\$2.2B
Trade and Transportation	\$0.5B	\$0.0B	\$3.1B	\$3.6B
Total	\$9.3B	\$0.4B	\$14.3B	\$24.0B

*figures may not add due to rounding

Managing within our \$15 Billion Fiscal Expense

The CIB has been allocated \$35 billion in capital to invest, of which \$15 billion can be expensed against the Government of Canada's fiscal framework. The CIB seeks to maximize the infrastructure it delivers and our resulting outcomes within this envelope.

The \$15 billion in fiscal expense is consumed in three ways:

1. Through provisionary and impairment losses on its investments, where the CIB bears, by design, risks that the market is unwilling or unable to effectively bear
2. Through investment pricing below the Government of Canada's cost of funds which results in temporary provisions for concessionary investments that are subsequently recovered over the life of the investment
3. The CIB's operating expenses including project development costs and any acceleration investments that do not ultimately lead to investments

The CIB does not make grants, where the total expense can be estimated with accuracy at the time of decision. Instead, it makes investments which have a distribution of outcomes. The CIB's risk function estimates the provisionary losses on its investments prepared at the time of the investment decision and are regularly reviewed over the life of the investment. This estimate is primarily based on construction risk, operational and financial structuring risk factors and evolves through the life of the transaction in response to the performance of the investment, and ultimately results in the return of the CIB's capital, or a loss of the CIB's capital. Like any investment, there is a likelihood that actual investment financial performance will diverge from expectations.

Due to the uncertainty involved in measuring risk and similar to other financial institutions, the CIB also reserves a portion of its capital for future unexpected losses. The CIB has set an objective of targeting a fiscal expense of 30% of invested capital – or \$10.5 billion of the \$15 billion allocated – through the provisionary and impairment losses, pricing, and operating expenses. This target reserves \$4.5 billion for unexpected losses, correlated risk exposures in its portfolio and the potential impact of future syndication and securitization strategies. This ensures the CIB does not exceed the \$15 billion in fiscal expense.

As the CIB matures and its understanding of these risks advances, the CIB will refine this target in subsequent corporate plans to ensure it maximizes the impact of its investment

activities which remaining within the fiscal expense envelope established by the Government of Canada. This could result in an increase or decrease to the 30% target.

Over the life of this capital plan, the CIB anticipates reaching \$35 billion in capital reaching financial close, and therefore has an expected fiscal impact of \$10.5 billion (30%) from these investments. Accounting standards do not allow the full, upfront recognition of these risks within the CIB's financial statements, and therefore this full \$10.5 billion is not recognized in our statements until specific events occur, as detailed in the subsequent section.

Valuation of Investments / Credit Losses

The CIB invests alongside private and institutional investors in infrastructure projects that cannot proceed with private capital alone. This requires the CIB to provide support at below market terms including pricing and risk to enable these projects to proceed. Our objective is to balance the dual goals of achieving our impact outcomes, crowding in private investment, while managing the risk to the CIB.

For financial reporting purposes, the CIB incurs fiscal expense within the federal fiscal framework for its investments through concessionary interest rates and provisioning for credit losses. Investments are recognized at cost unless the concessionary terms are significant and exceed 25% of the face value of the loan using the Government of Canada borrowing as the discount rate. Significant concessionary interest expense is recognized on a prorated basis as funds are advanced. Credit deterioration is captured through a general valuation allowance that is applied to each loan and is based on a short-term estimate of portfolio credit risk that is monitored on an ongoing basis and adjusted with changes in credit risk. A specific valuation allowance is established in instances of known impairment events that would reduce their expected recoverability. Together these represent the loan valuation allowance provision that is recorded against the loan receivable.

The financial statements in Appendix E have been projected using PSAS reporting standards.

4.3 Financial and Operational Overview

This section presents an overview of CIB's operating plan for fiscal 2023-24 to 2027-28. The projections for the CIB's operations are based on the resources required to carry out the activities outlined in this Corporate Plan.

The CIB has adopted best practices for the sound and rigorous stewardship of its financial resources. We continue to build capacity and capabilities across the organization to deliver on our Corporate objectives and targets.

This operating plan follows the strategic direction represented in the Investment Framework presented in the 2022-23 Corporate Plan.

Our average deal size reflects small to mid-size projects that provide flexibility and help accelerate the pace of capital deployment in each of our sectors as well as larger scale projects that by nature take longer to develop. Operating expenses are driven primarily by number of deals and not total dollars deployed, driving increased headcount requirements.

Continued effort through our Project Accelerator Growth Plan initiative to support project development, incurs CIB staff costs as well as third party advisory costs.

4.3.1 Implementing the 2023 Federal Budget measures related to spending

Budget 2023 committed to ensure that Canadians' tax dollars are being used efficiently and being invested in the priorities that matter most to them.

For departments and agencies, Budget 2023 proposed identifying cost reductions on consulting, other professional services, and travel by 15 per cent of planned 2023-24 discretionary spending in these areas and a phased in cost reduction of 3 per cent of planned 2024-25 administrative costs. Federal Crown corporations, including the CIB, were expected to achieve comparable spending reductions.

In keeping with the guidance received, the CIB has identified reductions for operating expenses (net of professional fees and travel) of 0.8 per cent in 2024-25, 1.7 per cent in 2025-26, and at least 3.0 per cent in 2026-27 and 2027-28. These reductions have been applied to the projected operating budget as was set out in the initial draft of the 2023-24 corporate plan approved by the CIB Board.

This approach reflects that since the CIB's Board approved its 2022-23 to 2026-27 operating budget in March 2022, the CIB's investment activity has continued to accelerate, its shareholder has identified new priority areas of investment, and it has been managing growth in its portfolio of infrastructure investments in construction.

This plan has been prudently designed in this context considering factors such as:

- » A reduction in our professional fees as we continue to streamline due diligence processes, leverage the synergies of our programs like ICII and BRI, and at the same time drive costs down by performing some of these activities in house;
- » A continued evolution in our investment activity. The CIB is deploying \$3-5B/year into infrastructure projects. Many investments require a multi-year development and structuring process – particularly on the largest, most complex interprovincial projects. At the same time, the CIB has also been actively making investments in smaller sized projects through standardized initiatives such as ZEBs and BRI. Reflecting this level of investment and impact in the Canadian infrastructure market, the CIB has seen a continued reduction in its average deal size to \$208M, with 35% of our transactions below \$100M. CIB costs are driven in part by its number of transactions, including investment costs, diligence, and risk and asset management staffing requirements;
- » Direction from government to develop initiatives in new areas – including zero emission vehicle charging, Small Modular Reactors, CCUS, hydrogen and clean fuels – that have required new investment capabilities. These costs were not fully reflected in previous budgets; and
- » A significant increase in our active portfolio of closed investments. The CIB now has 32 investments under construction, up from 13 at the end of F2021-22. The CIB now has a much better understanding of the resourcing and costs associated with portfolio management monitoring across its asset management and risk functions.

Details of this approach are outlined in the table below:

Adjusted Operating Expenditures

	F2023-2024	F2024-2025	F2025-2026	F2026-2027	F2027-2028
Professional fees, travel, and communications					
Corporate Plan 2022-23	26,533	27,763	28,985	30,211	n.a
Reduction in line with target	(1,327)	(3,980)	(3,980)	(3,980)	(3,980)
Additional savings identified	(3,316)	(813)	(1,109)	(1,385)	n.a
Corporate Plan 2023-24	21,890	22,970	23,896	24,846	25,820
Administration					
Corporate Plan 2022-23	48,627	50,189	50,849	51,153	n.a
New requirements as reflected in originally submitted Corporate Plan 2023-24	6,999	11,073	15,122	17,931	n.a
Initial corporate plan 2023-24	55,626	61,262	65,971	69,084	72,209
CIB spending reductions	-	(389)	(827)	(1,459)	(1,459)
Revised Corporate Plan 2023-24	55,626	60,873	65,144	67,625	70,750
Revised total operating expense	77,516	83,842	89,040	92,471	96,570
Revised total operating expense as % of committed capital	0.56%	0.42%	0.36%	0.30%	0.28%

It should be noted that the recently completed Legislative Review recommended an enhanced role for the CIB to conduct outreach and provide advisory services to partners, undertake leading research and advocate for the benefits of the models used by the CIB. These activities, which are also emphasized in the 2023 SPA, will have associated operating costs which are not reflected in proposed 2023-24 Corporate Plan operating budget. The CIB will identify required resourcing to support these priorities as part of its Fall 2023 planning process.

This approach will deliver on the requested savings targets while maintaining the CIB's ability to deliver ongoing investment and portfolio growth, oversee its growing portfolio and execute future government priorities.

4.3.2 Staffing and Compensation

Over the course of this plan, the CIB's work force is expected to grow from 122 to 193 permanent positions to manage its growing portfolio.

Compensation expense will increase in line with an increase in headcount. Independent contractors and consultants and CIB Board members are excluded from this number.

The CIB offers market-competitive compensation, with a focus on total rewards (a mix of salary, variable performance incentive, group benefits and pension, and developmental opportunities). Further to this, we benchmark our compensation using third-party providers' proprietary databases of entities in financial services, investment management and the public sector while ensuring that employee compensation is tied to both individual and corporate performance.

More details on staffing and the compensation assumptions are contained in Appendix E – Financial Statements.

4.3.3 Expenditures

To meet its commitment targets, the CIB will be investing across a spectrum of unique programs and initiatives in projects that vary in size and complexity, across a range of sectors and project sponsors, while attracting and leveraging private and institutional capital.

The operating expenses include projected salary, short-term and long-term incentives, benefit costs and taxes for directors and employees, as well as estimated costs for professional fees, premises and equipment, communication, travel, information technology and administration. The CIB's operating expense projections have changed from the previous year's corporate plan. The 2023-24 operating budget reflects an increase in operating expenditures of \$2.3 million to \$77.5 million and an average of \$87.9 million over the forward five-year planning period on a cash basis (excluding the project acceleration) compared to a five-year average of \$75.6 million in the previous year's corporate plan. Expected spend is primarily driven by our pace of deal volume, which results in professional fees and resource requirements to execute these transactions.

Professional fees include deal-related consulting fees for unique structuring of investments in special purpose vehicles designed to recover capital through revenue-based repayment models, technical due diligence, legal fees including in the drafting of credit agreements and investment due diligence activities and planning costs to help accelerate projects.

Professional fees are also incurred for post close asset management activities including Lender Technical Advisor expenses and corporate activities such as research initiatives and system implementation expenses. Professional services may also augment staff resources when the CIB faces short-term increases in activity levels or specific projects that require specialized expertise. The reduction in professional fees from prior year's corporate plan is driven by increased reliance on internal expertise as we build out our team, as well as efficiencies gained through experience and knowledge retention from prior projects. As the organization continues to hire employees in 2023-24, we will also incur professional recruitment fees for some roles.

We continue to evaluate resource requirements to carry out our mandate, resulting in adjustments to the previous projections. The change in expected resource requirements is necessary to help manage the increase in investment activity across various sectors and project sizes. The CIB has maintained its aperture of investable projects where we have had significant success including through the Growth Plan and Indigenous Community Infrastructure initiatives which all require a breadth of specialized expertise. This includes a higher volume of medium and small-sized projects and a mix of large projects that are more complex and require more time to cultivate. Increasing portfolio size also results in additional staff required to help ensure diligent control over the flow funds through project monitoring, compliance, and finance activities.

As our internal teams and capabilities grow and the scope of activities expands, the volume of travel related to stakeholder outreach, shareholder and governance meetings will rise. The CIB has significant opportunities to influence the infrastructure market and traditional solutions related to long-term projects, and meetings will be required to explain the support we offer, advise sponsors on projects, attend meetings related to investment deals and due diligence, attend industry conferences, and meet with our shareholder. For fiscal 2023-24 travel has decreased marginally and remains lower than pre-pandemic levels. The CIB has adopted a travel policy which 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).

4.3.4 Advisory and Project Development

As part of the early stages of the Investment lifecycle, the CIB often provides advisory services to help support the advancement of projects. While this work is often done directly by the CIB investment staff, additional external support is sometimes required. Support includes costs incurred for technical advisors to assist project sponsors (either partially or in full) in the planning, pre-procurement and potentially the procurement phase of a project. These funds are not necessarily recoverable and do not guarantee the CIB's involvement in a project.

Project acceleration expenses include amounts the CIB has allocated to development and due diligence activities that will expedite the advancement of projects to shorten project critical paths. These expenses are expected to be recovered as revenue once a project proceed with either CIB and/or private capital.

CIB appreciates that our costs are funded through taxpayer dollars, and we endeavour to use our resources efficiently and effectively, looking at a variety of cost-effective alternatives where possible. We have established policies governing the reimbursement of reasonable expenses required for the purposes of business travel, hospitality, conferences, and events in close alignment with Treasury Board guidelines. These policies include processes for preparation and approval of expenses for reimbursement.

A summary of the operating budget for the planning period is set out in Appendix E.

4.3.5 Revenue

Over the planning period, given the long-time horizon for infrastructure investments and the uncertainty in the final structures for new investment commitments, the CIB has projected investment income on both deals that have reached financial close based on their expected effective return, and assumed investment income on future commitments at an effective rate of 1.66% using sector specific average historical return profiles. Actual results will differ from our forecasts.

4.3.6 Appropriations and Cash Flow

Annual statutory appropriations for operating and capital (investment and nominal fixed assets) purposes are shown in the operating budget in Appendix E.

Actual requests to draw down capital appropriations will never exceed financial commitments as per agreements signed with project counterparties.

The CIB has been given access to \$35 billion in appropriations for capital and operations, with a maximum of \$15 billion in fiscal expense. The CIB anticipates catalyzing infrastructure projects by managing the \$15 billion in fiscal expense through support concessionary lending, investment risks accounted for through provisioning, and our operating costs. As a result, we anticipate ongoing drawdown of our appropriations for both capital and operating over the forecast period.

Subject to the Government's approval, total appropriations made available to cover operating costs are projected to be \$439.4 million over the five years through fiscal 2027-28 excluding Project Development and Advisory Services consisting of \$70.5 million (project acceleration). Operating appropriations will cover all costs for the coming year. The cash flow requirements are expected to grow modestly over the five-year plan, with the exception of compensation expense, which ramp up in the early years of the planning period due to hiring, and professional fees, which are related to transaction volumes. The CIB expects a nominal amount of \$4.4 million of capital appropriations for equipment and leasehold improvements for expanded office space correlated with headcount increases. The CIB expects to make operating appropriation requests to central agencies on a quarterly basis, or as needed.

While the CIB's revenues will exceed its operating expense, the CIB will require Government appropriations to maintain operations for the foreseeable future based on the current forecast. This is because the CIB's investment portfolio currently earns investment income through payment-in-kind (PIK) arrangements on most of its transactions, and therefore significant income is not expected to be received in cash in this planning period. For certain loans where CIB does receive cash payments the amounts are used for the funding of operations and investments, in place of government appropriations.

4.4 Audits and Review

The CIB Board and management team is committed to fostering a strong compliance culture. This culture includes ongoing policy development, commitment to training and communication, and development of effective internal controls. In addition, the CIB maintains a robust governance framework that is guided by legislation, government policies and guidelines, and financial industry best practices.

The CIB's financial statements are jointly audited by the Auditor General of Canada and an external independent auditor appointed by the Governor in Council. BDO Canada LLP was appointed as CIB's external auditor for fiscal 2022-23. In addition to the joint auditors, the CIB also maintains an independent internal audit service to ensure effective internal controls and processes.



APPENDICES

APPENDIX A – Statement of Priorities and Accountabilities

The September 2023 SPA set out the Government's priorities and expectations for the Bank as an infrastructure investor, an advisor, and a center of expertise, drawing on the findings of the legislative review and provisions from recent federal budgets.

The 2023 SPA builds on and incorporates earlier SPA letters issued in 2017 and 2021.

The full text of the 2023 SPA follows. The 2023 SPA is also available on the CIB's website at <https://cib-bic.ca/en/about-us/governance/>



September 26, 2023

Ms. Tamara Vrooman
Chair of the Board of Directors
Canada Infrastructure Bank
150 King Street West
Toronto, Ontario M5H 1J9

Dear Ms. Vrooman:

I write to outline the Government of Canada's priorities and expectations for the Canada Infrastructure Bank (CIB).

I am encouraged to see that, over the past two years, the CIB has accelerated the pace of its investments. These projects are now driving more than \$28 billion in investment into communities from coast to coast to coast, that in many cases would not have come to be without the CIB's financial support. Moreover, these projects are supporting economic growth, creating good paying jobs, facilitating Canada's transition to a clean economy, and delivering on Canada's commitment to advance reconciliation with Indigenous Peoples.

This Statement of Priorities and Accountabilities lays out the Government's expectations for the Bank as an infrastructure investor, an advisor, and a centre of expertise. It also sets forth how the CIB, as a federal Crown corporation, is expected to report its progress and results back to the Government and to Canadians.

The CIB as an Impact Investor

The CIB was conceived as an infrastructure investor, extending the reach of public funds by investing in revenue-generating infrastructure projects that serve the public interest, through collaboration with federal, provincial, territorial, municipal, Indigenous, institutional investors, and private investor partners. Within these partnerships, the following continue to be areas of priority investment: Public Transit (\$5 billion), Green Infrastructure (\$10 billion), Clean Power (\$10 billion), Trade and Transportation (\$5 billion), and Broadband Connectivity (\$3 billion). The CIB should also continue to support

investments in infrastructure projects that advance reconciliation with Indigenous Peoples across all five of these priority areas.

Budgets 2022 and 2023 broadened the CIB's role in new areas, including:

- Private sector-led infrastructure projects that will accelerate Canada's transition to a low-carbon economy in asset classes such as small modular reactors; clean fuel production; hydrogen production, transportation and distribution; and carbon capture, utilization and storage;
- Large-scale zero-emission vehicle (ZEV) charging and refueling infrastructure under its Green Infrastructure priority sector;
- Supporting the development and implementation of Canada's Green Building Strategy with below-market loans to commercial and institutional building owners and operators that drive energy efficiency, emissions reductions and climate resiliency;
- Enabling infrastructure to support Canada's Critical Minerals Strategy; and,
- Providing loans to Indigenous communities to support them in purchasing equity stakes in infrastructure projects in which the Bank is also investing, across all priority sectors.

I am pleased by the progress the CIB has made in these new areas and look forward to seeing more investment in infrastructure projects that will improve the lives of Canadians. I also want to bring to your attention two areas of growing importance for the Government of Canada.

First, we must use all federal tools available, including the CIB, and work in partnership with other levels of Government and the private sector to address Canada's national housing shortage. The CIB does and should continue to invest in infrastructure that enables housing developments, including water, wastewater, district energy, and public transit. I would ask that the CIB work closely with my officials and other federal departments and agencies to explore further options to attract investment in the enabling infrastructure necessary to accommodate home construction, in line with the CIB's existing mandate.

Moreover, as an advisor and centre of expertise on the use of alternative financing for infrastructure development, I am interested in the CIB's advice on any further actions that the Government of Canada can take or opportunities that can be leveraged to facilitate investment in Canada's national housing supply, and contribute to building more affordable and sustainable housing options for Canadian families and communities. I respectfully request that you report back on them no later than December 1st, 2023.

Second, as you know, climate change poses one of the most significant challenges of our time. Canadians are experiencing the devastating effects of extreme weather events such as increased precipitation, heat waves, wildfires and flooding, and the resulting impact on our communities, environment and economy. As we strive to transition to a net-zero economy, it is also critical that we make our infrastructure more resilient to the effects of climate change. This will both reduce costs associated with climate related damage, but also ensure that Canadians remain safe during severe weather events and have access to vital infrastructure in their communities, including access to broadband and cellular

connectivity. Continuing to embed climate resilience into infrastructure development will be critical to safeguarding our infrastructure from climate-related events.

I expect the CIB to continue to work with relevant federal departments, Crown corporations and agencies, as applicable, to advance and expand the use of innovative financial tools in each asset class. In doing so, I ask that the CIB continue to engage with Infrastructure Canada and relevant federal departments and agencies and make use of collaboration tools, such as memorandums of understanding, to ensure federal support is delivered in an efficient manner and the CIB's investments remain aligned with the Government's priorities.

While all orders of government across Canada are making significant investments to meet the infrastructure needs of the future, there is a general recognition that Canada faces large and varied infrastructure gaps. This places a significant burden on taxpayers and calls for a larger role for alternative financing models to supplement traditional funding methods such as government grants and contributions. The Government has allocated, and Parliament approved, \$35 billion for the CIB, and allocated \$15 billion in net fiscal expense within the fiscal framework to invest in revenue-generating projects, using innovative financing structures to de-risk projects and attract private-sector investment to projects that would not otherwise be viable. The CIB is expected to fully deploy its \$35 billion in capital and manage its portfolio to use these resources towards achieving its main goal of advancing infrastructure projects which might not otherwise be built.

With this in mind, the CIB should continue to work alongside other orders of government, Indigenous partners, and private-sector and institutional investors to invest in projects that generate revenue, and deliver social, economic, and environmental benefits for Canadians. By doing so, we can ensure that our infrastructure investments are not only driven by financial returns but also enable us to deliver lasting positive impacts to the lives of Canadians.

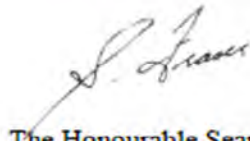
To fully realize its purpose and functions, the CIB should draw on a diverse range of talent and perspectives from across Canada as well as international best practices. This includes continued commitment to diversity of the workforce in your organization, and efforts to foster the inclusion of a broad range of voices and views in governance and decision-making. In doing so, the CIB should take into consideration Canada's gender, linguistic, cultural and regional diversity, including the unique perspectives of Indigenous Peoples. This should include an effort to invest in projects from coast to coast to coast and should also seek to invest in projects that will reduce socioeconomic barriers and help build a more inclusive society.

In closing, I want to express my sincere thanks to you, the CIB Board of Directors and all CIB staff, for your ongoing commitment and dedication to advancing this important work on behalf of the Government of Canada. I have watched with interest the valuable contributions the Bank has made over the last few years and firmly believe that it is well-positioned for continued success in helping to advance infrastructure projects across Canada that will deliver social, economic, and environmental benefits for all Canadians.

The annexes to this letter provide more details on the priorities and expectations outlined in this letter. As you work to respond to this Statement of Priorities and Accountabilities through the Corporate Plan and Annual Report, sustained and close collaboration between federal and CIB officials will be critical to success.

I look forward to working with you to advance our collective priorities and would welcome the opportunity to meet with you and members of the CIB Board of Directors in the near future to discuss this important work going forward.

Yours sincerely,

A handwritten signature in black ink, appearing to read "S. Fraser".

The Honourable Sean Fraser, P.C., M.P.
Minister of Housing, Infrastructure and Communities

Enclosures: 2

ANNEX A: Government Priorities and Expectations for the Canada Infrastructure Bank

The following Annex elaborates on priorities and expectations to assist the Canada Infrastructure Bank (CIB) in responding to the Statement of Priorities and Accountabilities.

The Canada Infrastructure Bank as an Investor

Under the *Canada Infrastructure Bank Act*, the CIB is mandated to invest in – and to seek to attract – private and institutional capital in revenue-generating infrastructure projects in Canada or partly in Canada that are in the public interest. In carrying out its mandate, the CIB is expected to ensure its investments are aligned with the Government of Canada’s priorities and policies.

The Government has set long-term investment targets to guide the CIB as it deploys its \$35 billion in capital across sectors and asset classes in support of Government priorities and in line with the CIB’s mandate. This includes increased investment targets announced through Budget 2023 of \$10 billion for clean power and \$10 billion for green infrastructure.

The Government understands that progress against long-term investment targets are influenced by a number of factors, such as the willingness of project proponents to make use of alternative financing models and the state of readiness of specific infrastructure projects. The CIB should provide regular forecasts of potential capital deployment by sector, broken down by sub-sectors, through its corporate plans.

The CIB is expected to continue to provide at least \$1 billion in investments in Indigenous infrastructure projects in collaboration with federal departments, Indigenous partners and other stakeholders by:

- Delivering on Indigenous infrastructure across all priority sectors, including supporting smaller projects through the CIB’s Indigenous Community Infrastructure Initiative;
- Providing loans to Indigenous communities to support them in purchasing equity stakes in infrastructure projects in which the Bank is also investing; and,
- Working collaboratively with Infrastructure Canada, Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs Canada to identify and apply best practices and lessons learned in advancing Indigenous infrastructure.

The CIB’s priority areas represent infrastructure projects that can deliver significant benefits for Canadians. Across all its investments, the CIB should focus on projects with the greatest opportunity to create jobs and growth, build a clean economy and support the transition to net-zero, promote social inclusivity, and advance reconciliation with Indigenous peoples. In doing so, the CIB should consider the following objectives and expectations:

- *Significant GHG Reductions:* Prioritize projects that make significant contributions to meeting Canada’s 2030 target in the Emissions Reductions Plan and contribute to achieving net-zero by no later than 2050;

- *Economic Benefits*: Aim to invest in infrastructure projects that foster economic growth and boost the productivity and capacity of Canada's low-carbon economy, with connectivity for people, goods and information;
- *Closing the Indigenous Infrastructure Gap*: Aim to invest in ways that ensure Indigenous peoples have access to needed infrastructure and can participate in the ownership of infrastructure; and,
- *Attracting Private Investment and Catalyzing New Private Markets*: Invest with the aim of helping to develop financing markets and models that will encourage significant private and institutional participation and reduce the need for CIB support over time. This includes working to incentivize co-investments for private and institutional investors alongside private-sector project proponents to accelerate Canada's transition to a low-carbon economy.

In making investments across its priority sectors, the CIB is expected to:

- work collaboratively with federal departments, Crown corporations and agencies, as applicable, to promote alternative financing models;
- discuss and collaborate on project pipelines;
- develop innovative structures reflective of sectoral needs; and
- ensure the CIB's investments are aligned with broader Government priorities and complementary to existing and future federal programming. In some cases, this would include putting in place collaborative arrangements to provide clarity on respective roles and responsibilities.

The Canada Infrastructure Bank as an Advisor

Under the *Canada Infrastructure Bank Act*, the CIB was mandated to provide advisory services with regards to infrastructure projects. It endeavors to do so in a manner that helps to advance projects for potential private, institutional, or CIB investment, or to quickly identify those that are not appropriate for CIB investment. In working with provinces, territories, municipalities and Indigenous communities as a project advisor, the CIB is expected to:

- Make efforts to increase its internal capacity to identify, engage and provide advisory services to rural, northern, and Indigenous communities with respect to revenue-generating infrastructure;
- Provide advice and establish expectations around financial structuring and project/process standardization; and,
- Continue cultivating potential projects for investment and to establish a robust project pipeline.

The Canada Infrastructure Bank as a Centre of Expertise

To complement its advisory work, under the *Canada Infrastructure Bank Act*, the CIB was also mandated to act as a centre of expertise on infrastructure projects in which private sector investors or institutional investors are making a significant investment. In recent years, the CIB has strengthened this role, partnering with an increasing range of institutions across Canada to advance knowledge on expertise related to infrastructure financing.

The CIB should describe in its corporate plans and annual reports: its ongoing efforts to strengthen its role as a centre of expertise; its plans to strengthen its research capacity; and its external engagement efforts. In particular, this should:

- outline plans to engage with federal, provincial, territorial, municipal, and Indigenous partners, industry, and international stakeholders (including peer infrastructure banks) to deliver more revenue-generating infrastructure projects through models that support private and institutional investment; and
- include supporting, as necessary, the National Infrastructure Assessment with regards to alternative financing models for infrastructure development as well as participating in international dialogues and forums to broaden understanding of the CIB and to share best practices.

Transparency and Accountability

The CIB is accountable to the federal government and the Canadian public through mechanisms set out in its enabling legislation, as well as legislation applicable to all Crown corporations, including the *Financial Administration Act*, *Access to Information Act*, *Privacy Act*, and *Official Languages Act*. The CIB is responsible for meeting its statutory and legal obligations, including any duty to consult obligations that may arise when it is providing funding that may adversely impact potential or established Aboriginal or treaty rights, and any environmental assessment or regulatory requirements.

The CIB's annual Corporate Plan should set out how the CIB will invest across its priority areas, for example by detailing investment strategies and by ensuring that investments are revenue-generating and in the public interest. It should explain the total capital and operating budget for the organization over a five-year period and should continue to describe how the CIB will conduct due diligence and analysis as it manages its resources and investment portfolio, including under challenging investment scenarios. It should also describe how the CIB plans to implement the Budget 2023 announcement that Crown corporations will achieve spending reductions, starting in its 2023-24 Corporate Plan.

The CIB must remain accountable to the Government and Canadians through its Corporate Plan, which will include plans to achieve objectives and outcomes through its ongoing activities. This should involve articulation of an investment framework with a clear description of the characteristics, thresholds and risks for specific investments or initiatives. Additionally, the CIB should articulate a results framework with a balanced scorecard that highlights: the intended outcomes, such as greenhouse gas emissions reductions and economic growth; the pace of investment activity; and attraction of private and institutional investment over the short- and long-term. The CIB should align its compensation framework to results on this balanced scorecard.

The CIB is required to produce an Annual Report on its operations and activities that must be tabled in Parliament. The Annual Report must include information on the CIB's finances, an auditor's report and information on how the CIB has met the objectives and achieved the outcomes set out in its Corporate Plan. It should seek to publicly communicate the tangible benefits that CIB's investments deliver, focusing on the public interest accrued in certain investments in private infrastructure, including relevant comparisons to capital deployed. It should also demonstrate how the CIB is responding to the priorities and expectations outlined in this Statement of Priorities and Accountabilities.

APPENDIX B – Corporate Governance

Overview

The CIB has broad authorities to participate in infrastructure investments through a wide array of innovative approaches including by way of equity investments, loans and derivatives. As a Crown corporation that operates at arm's length from government, the CIB is governed by an independent Board. The Board is responsible for supervision of business operations, forward planning, strategic direction, and investment decisions, in line with the Government of Canada's priorities. Transactions are executed with a high degree of due diligence and discipline. The Board approves and oversees the strategy of the organization, including planned results as outlined in the annual corporate plan, and is actively involved in risk oversight and investment decision-making.

While independent in its operations, the CIB is accountable to the Government of Canada and Canadians. The CIB reports to Parliament through the Minister of Housing, Infrastructure and Communities (the designated Minister). The Minister establishes high-level priorities for the CIB through a Statement of Priorities and Accountabilities (SPA).

The most recent SPA, issued in September 2023, reinforced that the CIB was established to ensure Canadians benefit from modern and sustainable infrastructure through partnerships between governments and the private sector, and that the CIB can help public dollars go further by investing in revenue-generating projects that are in the public interest. The SPA also sets out the authorities and accountabilities for the CIB Board, noting that “the CIB’s Board is responsible for the organization’s ongoing governance and supervision of its business, final investment decisions, and forward planning and strategic direction, in line with the Government of Canada's priorities.”

Consistent with the *CIB Act*, the CIB works closely with INFC and to seek approval of the Minister of Infrastructure and Communities and concurrence from the Minister of Finance to recommend the CIB’s corporate plan for the approval of the Governor in Council, and to recommend the CIB’s operating and capital budgets for approval by the Treasury Board.

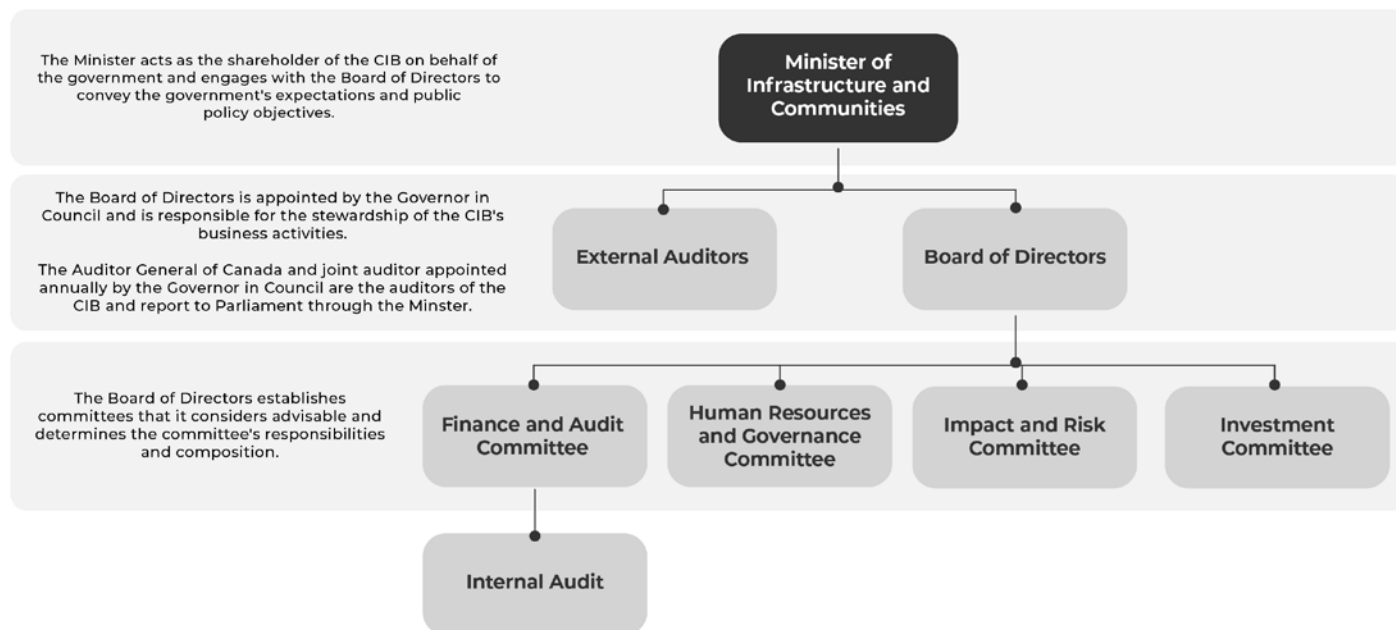
The CIB is accountable to Canadians and regularly reports to the public through a variety of mechanisms. This includes required disclosures such as Quarterly Financial and Annual

Reports, and less formal communications through market updates, event appearances and press materials. The CIB also conducts an Annual Public Meeting and meets a number of other reporting obligations through disclosures on our website. The CIB’s most recent Annual Report is available on its website at <https://cib-bic.ca/en/about-us/reports-and-transparency/>.

The CIB is subject to the provisions of the *CIB Act*, federal legislation and policies that apply generally to Crown corporations including the *Financial Administration Act*, the *Official Languages Act*, the *Privacy Act*, the *Access to Information Act*, the *Conflict of Interest Act*, and the *Canada Labour Code*. The CIB aligns with Treasury Board Guidance and directives for Crown corporations.

Corporate Governance Structure

The CIB is established under the *Canada Infrastructure Bank Act* and subject to federal legislation and policies that apply generally to Crown corporations, including Part X of the *Financial Administration Act*. The CIB is accountable to Parliament through the Minister of Infrastructure and Communities (the “**Minister**”). The chart below provides an overview of our governance structure:



Board of Directors

The CIB is governed by an independent Board of Directors, composed of the Chairperson and not fewer than eight, but not more than 11, other directors. The Board of Directors is currently composed of 11 directors, including the Chairperson. Collectively, the directors possess a balance of professional skills, infrastructure expertise and investment experience, and reflect gender, linguistic, cultural and regional diversity. Currently, 64% of the directors are women and 18% self-identify as a member of one of the “designated groups” as defined in the *Employment Equity Act* (Canada), including visible minorities, persons with disabilities and Indigenous peoples.

The Chairperson is appointed by the Governor in Council on the advice of the Minister for a term that the Governor in Council considers appropriate. Each director is appointed by the Governor in Council for terms not to exceed four years. All directors are eligible for reappointment on the expiration of their term.

On December 6, 2022, the Minister announced two new appointments to the Board of Directors. Michael Bernstein and Andrée-Lise Méthot were appointed to four-year terms respectively, replacing James Cherry and Christopher Hickman whose terms had expired. As of March 31, 2023, there currently remain 8 directors with expired terms and there is currently one vacancy on the Board of Directors. The CIB, through the Chairperson, has communicated with the Minister about board appointments and renewals and provided information regarding the competencies, skills and experiences needed for directors.

The table below sets out the members of the Board of Directors and their respective appointment date and term of office. Director biographies and corporate governance policies applicable to the Board of Directors, including charters, policies and the Code of Conduct for Directors, are available on the CIB’s website under [Governance](#).

DIRECTOR	LOCATION	APPOINTMENT DATE	TERM
Tamara Vrooman Chair	Vancouver, British Columbia	January 27, 2021	4 years
Kimberley Baird	Delta, British Columbia	November 16, 2017	2 years *
Michael Bernstein	Toronto, Ontario	December 2, 2022	4 years
Jane Bird	Vancouver, British Columbia	November 16, 2017	4 years *
David Bronconnier	Calgary, Alberta	November 16, 2017	3 years *
Michèle Colpron	Saint-Lambert, Québec	November 16, 2017	4 years *
Bruno Guilmette	Montréal, Québec	June 1, 2018	4 years *
Andrée-Lise Méthot	Frelighsburg, Québec	December 2, 2022	4 years
Poonam Puri	Toronto, Ontario	November 16, 2017	3 years *
Stephen Smith	Toronto, Ontario	November 16, 2017	4 years *
Patricia Youzwa	Regina, Saskatchewan	November 16, 2017	3 years *

* Although the terms have expired, the directors continue to hold office until their successor is appointed or until renewed, as permitted under the *Canada Infrastructure Bank Act*.

Board Responsibilities

The Board is responsible for the overall governance of the corporation in accordance with the Canada Infrastructure Bank Act and its by-laws. The Board has adopted a charter to promote its effectiveness, including with respect to the following:

- » Oversee the management of the businesses, activities, and other affairs of the corporation.
- » Approve the corporate plans and budgets that set out the corporation's strategic direction in alignment with the Minister of Infrastructure and Communities' Statement of Priorities and Accountabilities.
- » Approve the corporation's annual reports and quarterly financial reports.
- » Set performance targets and monitor the corporation's progress and results.
- » Appoint the Chief Executive Officer, set his annual performance objectives and evaluate his performance.
- » Approve the enterprise risk management (ERM) framework and ensure that the principal risks of the corporation's business are identified and well-managed.
- » Approve investment proposals and oversee the corporation's investment activities and investment portfolio.
- » Oversee the corporation's talent management practices, culture, and ethical conduct.
- » Ensure the highest standards of corporate governance and Board effectiveness are respected.

The Board has established a regular process for evaluating its performance. This process includes evaluating the performance of the Chairperson, Board committees, and the contributions of individual directors. Assessments are conducted through surveys, and director interviews conducted by the Chairperson.

Board Committees

The Board of Directors is supported by four standing Board committees. All directors serve on at least one Board committee and the Chairperson is an ex officio member of all committees. The table below sets out the delegated responsibilities for each of the Board Committees, as well as the membership as of April 1, 2023.

FINANCE AND AUDIT COMMITTEE

Members:

Michèle Colpron (Chair);
David Bronconnier;
Michael Bernstein; Bruno
Guilmette;
Tamara Vrooman

- » Provides oversight on the effectiveness of the CIB's internal controls
- » Oversees the integrity of the CIB's financial reporting and recommends to the Board the annual financial statements and quarterly financial reports
- » Monitors and evaluates the CIB's financial risks
- » Oversees the joint external auditor's qualifications, independence and performance
- » Oversees the finance and internal audit functions
- » Oversees compliance with legal and regulatory requirements, including whistleblowing procedures
- » Oversees risk and compliance policies, with respect to delegations of signing authority, procurement, AML/ATF/S, information security and business continuity
- » Oversees special examinations

HUMAN RESOURCES AND GOVERNANCE COMMITTEE

Members:

Stephen Smith (Chair);
Kimberley Baird;
Jane Bird;
Poonam Puri;
Tamara Vrooman

- » Confirms that adequate processes are in place to identify, assess and manage risks associated with the CIB's human resources
- » Recommends the CEO's performance objectives and performance evaluation to the Board
- » Oversees leadership, succession planning and total compensation
- » Monitors and assesses the "tone at the top" set by the CEO and compliance with the CIB's standards of integrity and conduct, including conflicts of interest
- » Monitors risks associated with the CIB's corporate governance framework and compliance with legislation applicable to Crown corporations
- » Participates in the shareholder's process for selecting the Chairperson, the CEO and Board members, and assesses the performance and effectiveness of the Board and its committees

IMPACT AND RISK COMMITTEE

Members:

Patricia Youzwa (Chair);
Kimberley Baird; Jane
Bird;
Michael Bernstein;
Andrée-Lise Méthot;
Tamara Vrooman

- » Reviews Investment Framework and methodologies, including key performance metrics, to measure the impact of investments
- » Reviews and recommends to the Board the CIB's ERM Framework, risk appetite statement and other key risk management policies
- » Satisfies itself that management is operating within the CIB's ERM framework and risk appetite statement
- » Oversees the CIB's strategy to manage and report ESG-related risks and opportunities

INVESTMENT COMMITTEE

Members:

Bruno Guilmette (Chair)

*The Investment
Committee is comprised
of all the directors
and functions as a
"Committee of the
Whole."*

- » Supervises the management of the CIB's investment activities
- » Reviews and recommends to the Board policies and delegations of approval authorities concerning investment activities
- » Reviews and, if satisfied, is delegated the authority from the Board of Directors to approve the investment decisions and activities
- » Reviews and assesses risks (e.g., credit, financial, market risks) associated with investments and their management
- » Monitors the performance of the projects in the investment portfolio

Board Remuneration

Pursuant to *the CIB Act*, the rate of any remuneration paid to the Board Chair and the other directors is fixed by the Governor in Council.

For the fiscal year ending March 31, 2022, the remuneration rates are as follows:

- » **Directors:** \$40,000 – 50,000 per annum (Order in Council # 2017-1463).
- » **Board Chair:** \$85,000 – 100,000 per annum (Order in Council # 2021-0018). The Board Chair and other directors are not entitled to any performance-based bonuses or other incentives.

Board members are also reimbursed for reasonable out-of-pocket expenses while performing their duties related to the CIB, including travel, accommodation, and meals. Monthly travel and hospitality expenses reimbursed to Board members are posted on the CIB's website under [Reports & Transparency](#).

Executive Leadership

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

Under the direction of the Chief Executive Officer, the **Executive Committee** leads the CIB's operations and activities to execute on corporate strategy and objectives, implements organizational policies and procedures, and executes direction from the Board of Directors. The Executive Committee includes the:

- » Chief Investment Officer who is responsible for advisory and investment strategy and activities, capital deployment and asset management.
- » Chief Financial Officer who is responsible for corporate finance, asset management, risk, information technology and administration.
- » Group Head, Communications and Public Affairs, who is responsible for federal government relations, communications, and media and stakeholder relations.
- » General Counsel & Corporate Secretary, who is responsible for legal affairs, the corporate secretariat, as well as the compliance functions and regulatory activities.
- » Head of Strategy, who is responsible for sector and portfolio allocations and strategy, the Investment Framework, public outcomes and impacts, corporate outcomes and reporting, and knowledge and research.

The Chief Executive Officer has also established two management committees to provide advice and support corporate decision-making.

The **Management Investment Committee (“MIC”)** is comprised of the members of the Executive Committee and is responsible for managing the CIB's investment activities within the authorities of the Canada Infrastructure Bank Act, the permitted activities in the CIB's approved corporate plans and the parameters established by the Board of Directors. The MIC reviews infrastructure projects at various stages and recommends investment proposals that achieve the CIB's targeted public impact outcomes and fiscal impact to the Investment Committee of the Board. Every investment decision or activity requiring Board approval must first be recommended for approval by the MIC. The MIC may also approve investment proposals within the parameters, conditions and authorities delegated by the Board. The MIC has adopted terms of reference setting out the approval, review, and governance process for investment decisions and investment activities.

The **Portfolio and Results Committee (“PRC”)** 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 strategy, investment focus areas, corporate targets and performance indicators, and organizational development initiatives. With regards to the PRC’s decision-making responsibilities, the committee reviews, provides advice and recommends proposals to the Board’s Impact and Risk Committee on the CIB’s investment strategies and initiatives, having regard to the CIB’s mandate and authorities, expected public impact outcomes, materials risks and key performance indicators. The PRC also acts as an advisory body with regards to the CIB’s progress against its corporate objectives and the performance of the investment portfolio against the targeted short-term and long-term public impact outcomes in the approved corporate plan.

Compensation of Key Management Personnel

Key management personnel are defined as those officers having authority and responsibility for planning, directing and controlling the activities of the CIB, including members of the Board of Directors. The following table presents the compensation expense of key management personnel.

As at March 31	2022	2021
Salaries and short-term employee benefits	\$ 3,064	\$ 3,075
Post-employment benefits	155	110
Termination benefits	-	-
Other long-term benefits	580	476
	\$ 3,799	\$ 3,661

The CIB is committed to being open and transparent with Canadians about its operations. The CIB does not disclose individual total compensation received by the Chief Executive Officer and other executive officers, consistent with the requirements and governance standards recommended by the Treasury Board of Canada Secretariat.

Information about the CIB’s compensation philosophy and policies, including the performance-based incentive compensation framework, is disclosed in the 2021-22 Annual Report posted on the CIB’s website under [Reports & Transparency](#).

APPENDIX C – Planned Results

Strategic Priority	Outcomes	Result Indicator	Targets
Short Term (2023-24)			
Accelerating investment to modernize infrastructure	Increase total infrastructure investment in Canada from CIB and private and institutional investors	Scale of projects and diversity of portfolio	\$3-5B value of new CIB investment commitments
			20-30 new CIB Investment Commitments
			\$3-5B value of new CIB financial closes
			85% of Investment Commitments (#) close within 12 months of investment commitment date
			1x Private Capital: Short-Term Multiplier: the ratio of private and institutional capital to CIB capital across portfolio for new or materially revised commitments
			4x Private Capital: Long-Term Multiplier – the ratio of private and institutional capital to the concessional value of CIB investments for new or materially revised commitments
Executing as results-focused and accountable organization	Strengthen governance, capabilities, and process	Develop employee value proposition for attraction, retention, engagement, and development	Less than 17.5% turnover
			Develop employee support policies and initiatives, with success measured by an employee engagement survey as compared to median results of peer organizations
		Execute on key organizational improvements	Completion of portfolio of management operational improvement initiatives

Strategic Priority	Outcomes	Result Indicator	Targets
Long Term (2027-28)			
Accelerating investment to modernize infrastructure	Increase total infrastructure investment in Canada from CIB and private and institutional investors	Scale of projects and diversity of portfolio	7 investments reaching financial close since inception in each geographic region (i.e., West, Ontario, Quebec, Atlantic, North) \$1B of CIB investments since inception reaching financial close in partnership with and benefits for Indigenous Peoples
		Capital success factors	1x Private Capital: Short-Term Multiplier: the ratio of private and institutional capital to CIB capital across portfolio 4x Private Capital: Long-Term Multiplier – the ratio of private and institutional capital to the concessional value of CIB investment across portfolio
			Fiscal impact remains below 30% as a percentage of capital committed
			Draw Curve: For investments closed in FY2024-25, 80% achievement of Financial Close draw curve at end of FY2027-28
	Achieve public impact outcomes from project investments for climate action, connectivity of Canadians, Economic Growth, and Indigenous Infrastructure	Deliver the Growth Plan outcomes and go beyond to result in long-term benefits from new infrastructure	Greenhouse Gas Reduction: Cumulative 13Mt Annual CO2e reduction
Cumulative 210,000 Daily Trips on mass transit, passenger rail and other modes The CIB will also track and report the number of Zero Emission Buses financed by its investments			
Cumulative 900,000 Underserved Households passed by 50/10 MBPS Broadband			
Cumulative 30 Indigenous infrastructure (ICII) projects			
Contribution to economic growth, as measured by: <ul style="list-style-type: none"> » 14M Total ton-equivalents of trade volume » \$90M Total agricultural value added The CIB will also track and report job creation from its investments, consistent with other Federal programs			

*figures in this category are based on projects reaching financial close. When measuring outcomes, the CIB considers a project in its entirety, irrespective of the percentage share of financing provided by the CIB.

CEO Commitment

I, Ehren Cory, Chief Executive Officer of the Canada Infrastructure Bank (“CIB”), am accountable to the CIB Board of Directors for delivering the results described in this corporate plan and outlined in this appendix. I confirm that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.



A handwritten signature in black ink that reads "Ehren Cory".

Ehren Cory

Chief Executive Officer

September, 28, 2023.

APPENDIX D – CFO Attestation

In my capacity as Chief Financial Officer of the Canada Infrastructure Bank (CIB), accountable to the CIB Board of Directors through the Chief Executive Officer, I have reviewed the corporate plan and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described, and material assumptions having a bearing on the associated financial requirements have been identified and are supported, with the following observations: Determination of accounting provisions or expected losses on investments are difficult to accurately estimate with the nascent stage of the organization's investing activities. These estimates will be refined over time with ongoing portfolio risk monitoring and loss experience.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed, with the following observations: Projects and investments assumed for the planning period are based on the best available information at the time. Due to the nature of infrastructure investing, transaction development, structuring, negotiation, and agreements on commitments may take longer than anticipated.
3. Financial resource requirements have been disclosed and are consistent with the stated assumptions in the corporate plan, and options to contain costs have been considered, with the following observations: Resource requirements are based on the level of business activity assumed within the plan and the organization will actively adjust resource requirements to ensure cost containment opportunities are realized, without jeopardizing the execution of CIB's mandate.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the corporate plan, with the following observations, including observations with regard to appropriations that have not yet been approved: As noted in item #2, the estimates provided are based on the best available information at time of writing; commitments and funding requirements may change.

5. The corporate plan and budget(s) are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the corporate plan), with the following observations: This corporate plan outlines potential commitments and cash funding. Commitments to investments may involve multi-year funding requirements. Authority is being sought to enter into commitments for any of the transactions listed which are determined to deliver outcomes that will benefit the public in accordance with criteria and process set out in the Investment Policy and Framework, some of which may or may not require cash funding in the 2023-24 fiscal year. Total project commitments will exceed the estimated cash funding requirements for the 2023-24 year. Once commitments are entered into, future funding obligations, regardless of fiscal period, must be fulfilled (if conditions precedent are met) in order for CIB to meet its legal obligations under investment agreements. Accounting presentation of the financial statements is based on CIB's interpretation of the relevant accounting standards and is still subject to concurrence from CIB's Joint Auditors, and therefore is subject to change.

6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of CIB.

In my opinion, the financial information contained in this corporate plan and budget(s) is sufficient overall to support decision-making.



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

Evelyn Joerg

Chief Financial Officer

September, 28, 2023.

APPENDIX E – Financial Statements

Pro-forma Statement of Financial Position (Unaudited)

\$(000)s	Actual		Latest Estimate		Planned									
	As at March 31	F2021-22	F2022-23	F2023-24	F2024-25	F2025-26	F2026-27	F2027-28						
Financial assets														
Cash	\$	45,540	\$	170,553	\$	172,304	\$	174,281	\$	174,745	\$	175,463	\$	175,982
Government funding receivable		3,430,322		7,548,611		9,463,242		11,867,461		12,642,600		14,766,606		15,583,170
Loans receivable		1,457,743		1,695,812		4,221,566		7,533,697		11,105,173		14,676,397		18,173,966
HST receivable		1,997		1,524		3,970		4,503		4,769		4,878		5,029
Related party accounts receivable		-		1,400		1,000		-		-		-		-
Interest receivable		-		630		1,130		1,630		2,130		2,630		3,130
		4,935,602		9,418,530		13,863,212		19,581,572		23,929,417		29,625,974		33,941,277
Liabilities														
Accounts payable and accrued liabilities		10,641		12,612		16,759		18,613		19,681		20,843		21,837
Deferred liabilities		3,076		3,745		3,895		4,050		4,213		4,381		4,556
		13,717		16,357		20,654		22,663		23,894		25,224		26,393
Net financial assets		4,921,885		9,402,173		13,842,558		19,558,909		23,905,523		29,600,750		33,914,884
Non-Financial assets														
Tangible capital assets		1,949		2,121		2,669		2,570		2,558		2,301		1,986
Prepaid expenses and advances		420		167		167		167		167		167		167
		2,369		2,288		2,836		2,737		2,725		2,468		2,153
Accumulated surplus	\$	4,924,254	\$	9,404,461	\$	13,845,394	\$	19,561,646	\$	23,908,248	\$	29,603,218	\$	33,917,037

Assumptions – Pro-forma Statement of Financial Position (Unaudited)

1. Cash is expected to remain at a steady level, and it is assumed quarterly draws are made for operating and capital expenditures when required.
2. Government Funding Receivable is created at the time an investment reaches financial close. The government receivable is reduced when appropriations funding is received to fulfil project funding requirements.

Government funding receivable

\$(000) s	Actual		Planned				
	F2021-22	Latest Estimate F2022-23	F2023-24	F2024-25	F2025-26	F2026-27	F2027-28
As at March 31							
Opening balance	\$ 407,500	\$ 3,430,322	\$ 7,548,611	\$ 9,463,242	\$ 11,867,461	\$ 12,642,600	\$ 14,766,606
New investments financial close	3,188,535	4,451,239	4,600,000	5,934,863	4,600,000	5,934,863	4,600,000
Government appropriations received investments	(165,713)	(332,950)	(2,682,457)	(3,521,069)	(3,789,106)	(3,782,877)	(3,708,420)
Less principal and interest	-	-	(2,912)	(9,575)	(35,755)	(27,980)	(75,016)
Government funding receivable	\$ 3,430,322	\$ 7,548,611	\$ 9,463,242	\$ 11,867,461	\$ 12,642,600	\$ 14,766,606	\$ 15,583,170

Assumptions – Pro-forma Statement of Financial Position continued ...

3. Loans Receivable is based on scheduled drawdowns. It also includes capitalized interest earned, and capitalized transaction costs that are part of the initial carrying value of the loan and amortized to income, based on the effective interest rate (EIR) method. Drawdowns of \$2.7 billion to \$3.8 billion per year is a best estimate of cash funding required based CIB's long-term capital model (described in Capital and Investment Budget section below). For simplicity, we have assumed these investments are loans receivable recognized at amortized cost, however they could take on the form of equity investments or fair value loans. The loan is reduced for any concessionary loan provision, cash received from principal repayment and the loan valuation allowance.

Loans receivable

\$(000) s	Actual		Latest Estimate		Planned									
	As at March 31	F2021-22	F2022-23	F2023-24	F2024-25	F2025-26	F2026-27	F2027-28						
Opening balance	\$	1,307,500	\$	1,457,743	\$	1,695,812	\$	4,221,566	\$	7,533,697	\$	11,105,173	\$	14,676,397
Drawdowns		125,979		218,546		2,685,369		3,530,644		3,824,861		3,810,857		3,783,436
Capitalized interest paid in kind		22,246		17,501		21,534		28,251		37,051		40,935		36,989
Transaction costs (net of amortization)		2,826		2,836		7,600		7,511		7,381		7,012		6,874
Concessionary loan provision		-		(189)		(3,121)		(4,483)		(7,119)		(11,433)		(16,816)
Accretion of concessionary loan provision		-		3		176		400		756		1,328		2,878
Cash received from principal repayment		-		(40)		(699)		(3,047)		(23,714)		(10,715)		(50,951)
Loan valuation allowance		(808)		(588)		(185,105)		(247,145)		(267,740)		(266,760)		(264,841)
Loans receivable	\$	1,457,743	\$	1,695,812	\$	4,221,566	\$	7,533,697	\$	11,105,173	\$	14,676,397	\$	18,173,966

1. Interest paid on investments and principal repayments are expected to be used for future funding needs. These funds are maintained in a business account at a schedule I Canadian Bank. CIB Finance monitors the funds available to cover its cash flow requirements and uses these funds prior to submitting drawdown requests to central agencies.
2. Where a loan is deemed to be significantly concessionary relative to its face value, the concessionary loan provision is recognized at a cost equivalent to the face value less the discount (discounting using the Government of Canada average cost of borrowing) on a prorated basis as funds are advanced.
3. Loan valuation allowance is comprised of general and specific valuation allowances.

The general valuation allowance applies to loans receivable and is based on a short-term estimate of portfolio credit risk that is monitored on an ongoing basis and adjusted with changes in credit risk. The budgeted general allowance is approximately 2% of the loan receivable amount and could differ based on actual results.

A specific valuation allowance is established in instances of known impairment events (by extension write-offs) that applies to all financial assets that would reduce their expected recoverability. Note, an impairment event is not often predictable in advance of its occurrence. Therefore, a contingency amount of approximately 5% of the loan receivable amount is included in the budget.

\$(000) s	Planned					
	As at March 31	F2023-24	F2024-25	F2025-26	F2026-27	F2027-28
General loan valuation allowance (2%)		\$ (52,887)	\$ (70,613)	\$ (76,497)	\$ (76,217)	\$ (75,669)
Specific loan valuation allowance (5%)		(132,218)	(176,532)	(191,243)	(190,543)	(189,172)
Loan valuation allowance		\$ (185,105)	\$ (247,145)	\$ (267,740)	\$ (266,760)	\$ (264,841)

4. HST Receivable is based on the CIB's current tax status as a not-for-profit being substantially funded by government appropriations. This assumption may change over time as the CIB's business develops and as a result, recoverability may change.
5. Accounts payable and accrued liabilities include the short-term incentive compensation accrual based on projected staff as well as the portion of the long-term incentive that is payable within 12 months for each fiscal year.
6. Non-financial assets is increasing compared to the F2022-23 CP by leasehold improvements related to office expansion and computer equipment for new hires and replacement machines that are past their useful life.

Pro-forma Statement of Operations and Accumulated Surplus (Unaudited)

\$(000) s	Actual		Latest Estimate		Planned		
	F2021-22	F2022-23	F2023-24	F2024-25	F2025-26	F2026-27	F2027-28
For the 12-month period ending March 31							
Revenue							
Government appropriations investments	\$ 3,188,535	\$ 4,451,239	\$ 4,597,088	\$ 5,925,288	\$ 4,564,245	\$ 5,906,883	\$ 4,524,984
Government appropriations operations	50,500	51,500	91,616	98,331	103,967	108,030	112,129
Interest income	22,658	23,246	23,923	35,179	49,848	59,528	63,932
	3,261,693	4,525,985	4,712,627	6,058,798	4,718,060	6,074,441	4,701,045
Expenses							
Compensation	23,973	28,599	44,507	50,020	52,964	56,051	58,713
General and administration ¹	12,674	15,441	21,860	23,688	26,180	27,683	29,182
Project development	1,360	961	14,100	14,100	14,100	14,100	14,100
Concessionary loan provision	-	189	3,121	4,483	7,119	11,433	16,816
Loan valuation allowance	808	588	185,105	247,145	267,740	266,760	264,841
Contingency	-	-	3,001	3,110	3,355	3,444	3,574
	38,815	45,778	271,694	342,546	371,458	379,471	387,226
Advisory services	9,553	-	-	-	-	-	-
Annual surplus	3,213,325	4,480,207	4,440,933	5,716,252	4,346,602	5,694,970	4,313,819
Accumulated surplus beginning of year	1,710,929	4,924,254	9,404,461	13,845,394	19,561,646	23,908,248	29,603,218
Accumulated surplus end of year	\$ 4,924,254	\$ 9,404,461	\$ 13,845,394	\$ 19,561,646	\$ 23,908,248	\$ 29,603,218	\$ 33,917,037

¹General and administrative expenses are net of capitalized transaction costs.

Pro-forma Statement of Change in Net Financial Assets (Unaudited)

\$(000) s	Actual		Latest Estimate		Planned		
	F2021-22	F2022-23	F2023-24	F2024-25	F2025-26	F2026-27	F2027-28
For the 12-month period ending March 31							
Annual surplus	\$ 3,213,325	\$ 4,480,207	\$ 4,440,933	\$ 5,716,252	\$ 4,346,602	\$ 5,694,970	\$ 4,313,819
Change in tangible capital asset acquisition	(388)	(745)	(1,182)	(708)	(915)	(778)	(834)
Change in tangible capital asset amortization	382	573	634	807	927	1,035	1,149
Change in prepaid expenses and advances	(280)	253	-	-	-	-	-
Net financial assets, beginning of year	1,708,846	4,921,885	9,402,173	13,842,558	19,558,909	23,905,523	29,600,750
Net financial assets, end of year	\$ 4,921,885	\$ 9,402,173	\$ 13,842,558	\$ 19,558,909	\$ 23,905,523	\$ 29,600,750	\$ 33,914,884

Assumptions – Pro-forma Statement of Income and Comprehensive Income

1. A government funding receivable is created and is reduced when appropriations funding is received by the CIB to be deployed in the near-term to fulfill project funding requirements.

Government funding (appropriations) are requested quarterly to provide funding for operations, equipment, and for investment activities.

\$(000) s	Actual		Latest Estimate		Planned		
	F2021-22	F2022-23	F2023-24	F2024-25	F2025-26	F2026-27	F2027-28
For the 12-month period ending March 31							
New investments financial close	\$ 3,188,535	\$ 4,451,239	\$ 4,600,000	\$ 5,934,863	\$ 4,600,000	\$ 5,934,863	\$ 4,600,000
Less principal and interest	-	-	(2,912)	(9,575)	(35,755)	(27,980)	(75,016)
Government appropriations investments,	\$ 3,188,535	\$ 4,451,239	\$ 4,597,088	\$ 5,925,288	\$ 4,564,245	\$ 5,906,883	\$ 4,524,984

Interest income is comprised primarily of accrued interest from investments which is inclusive of amounts being paid in kind and capitalized to the outstanding loan receivable balance plus interest earned on cash balances. Given the CIB's unique approach to financing projects, the timing and amount of revenue on new commitments can vary significantly. For non-committed capital we applied a blended average interest rate by sector based on historical

data from committed capital projects. For reasons of simplicity, we've assumed most of these investments are debt financed.

Concessionary interest for deals that have reached financial close or are near close is recognized evenly in each period that an interest payment is made. For uncommitted capital the concessionary value for each sector is determined as the interest rate differential (difference between the GoC yield and applicable sector weighted average interest rate) factor multiplied by the interest payment in the period.

2. Compensation expense includes projected salaries, short-term and long-term incentives, benefits, and payroll related taxes. More detail is provided in the following pages.
3. General and Administrative expenses include professional fees, administration costs including travel, communication and other administration expenses, information technology and premises and equipment.
 - a. Professional fees include assumptions for investment and operating expenses. Investment related consulting and legal costs fluctuate with deal activity and may be eligible for capitalization upon financial close. Operational professional fees include consulting, legal, audit and translation.
 - b. Travel expenses include airfare, lodging/hotel, and meals. Expenses are based on an assumed rates that are applied against expected travel for each department. As the company grows, the volume of travel related to stakeholder outreach, shareholder and governance meetings, investment due diligence and conferences is expected to increase.
 - c. Communication expenses are based on the current annual run rate plus expected deal volume. These costs include industry related sponsorships, subscriptions and memberships, design, production and translation of various statutory reports and media communications related to the CIB's investments.
 - d. Administration expenses include telephone, office supplies, and training expenses which are based on an assumed cost per employee for each department and other expenses such as insurance and non-recoverable HST/GST.

- e. Information technology expenses include assumptions for the cost and maintenance of core systems, desktop and software support and licensing. These expenses are expected to grow as new tools and systems are implemented to increase efficiencies and productivity.
 - f. Premises and equipment are based on projected rental operating expenses for the Toronto head office location and satellite offices in Montreal and Calgary. Expenses include equipment and leasehold improvements for expanded office space.
4. A contingency of 10% of operating costs, excluding compensation, has been included to account for uncertainties in estimates.
5. Project development and advisory fees include a provision for costs related to the accelerator program that do not meet the requirements for capitalization. The budget amount included is based on an estimate of potential needs and contains uncertainty in the timing of the expense amount.

Pro-forma Statement of Cashflows (Unaudited)

\$(000) s	Actual		Latest Estimate		Planned		
	F2021-22	F2022-23	F2023-24	F2024-25	F2025-26	F2026-27	F2027-28
For the 12-month period ending March 31							
Cash provided by (used in) Operating activities:							
Surplus	\$ 3,213,325	\$ 4,480,207	\$ 4,440,933	\$ 5,716,252	\$ 4,346,602	\$ 5,694,970	\$ 4,313,819
Items not involving cash:							
Interest income on accrued loans receivable	(22,246)	(17,501)	(21,534)	(28,251)	(37,051)	(40,935)	(36,989)
Interest receivable	-	(630)	(500)	(500)	(500)	(500)	(500)
Amortization of tangible capital assets	382	573	634	807	927	1,035	1,149
Loan valuation allowance	808	588	185,105	247,145	267,740	266,760	264,841
Concessionary loan provision	-	189	3,121	4,483	7,119	11,433	16,816
Accretion of concessionary loan provision	-	(3)	(176)	(400)	(756)	(1,328)	(2,878)
Changes in non-cash working capital							
Government funding receivable	(3,022,822)	(4,118,289)	(1,914,631)	(2,404,219)	(775,139)	(2,124,006)	(816,564)
Transaction costs	(2,826)	(2,836)	(7,600)	(7,511)	(7,381)	(7,012)	(6,874)
Related party receivable	-	(1,400)	400	1,000	-	-	-
HST receivable	945	473	(2,446)	(533)	(266)	(109)	(151)
Prepaid expenses and advances	(280)	253	-	-	-	-	-
Accounts payable and accrued liabilities	1,937	1,971	4,147	1,854	1,068	1,162	994
Deferred liabilities	989	669	150	155	163	168	175
Principal repayment	-	40	699	3,047	23,714	10,715	50,951
Loan disbursements	(125,979)	(218,546)	(2,685,369)	(3,530,644)	(3,824,861)	(3,810,857)	(3,783,436)
Total cash provided by (used in) operating activities	44,233	125,758	2,933	2,685	1,379	1,496	1,353
Capital activities							
Acquisition of tangible assets	(388)	(745)	(1,182)	(708)	(915)	(778)	(834)
Total cash used in capital activities	(388)	(745)	(1,182)	(708)	(915)	(778)	(834)
Net increase/(decrease) in cash during the year	43,845	125,013	1,751	1,977	464	718	519
Cash, beginning of year	1,695	45,540	170,553	172,304	174,281	174,745	175,463
Cash, end of year	\$ 45,540	\$ 170,553	\$ 172,304	\$ 174,281	\$ 174,745	\$ 175,463	\$ 175,982

Assumptions – Resource Growth and Compensation

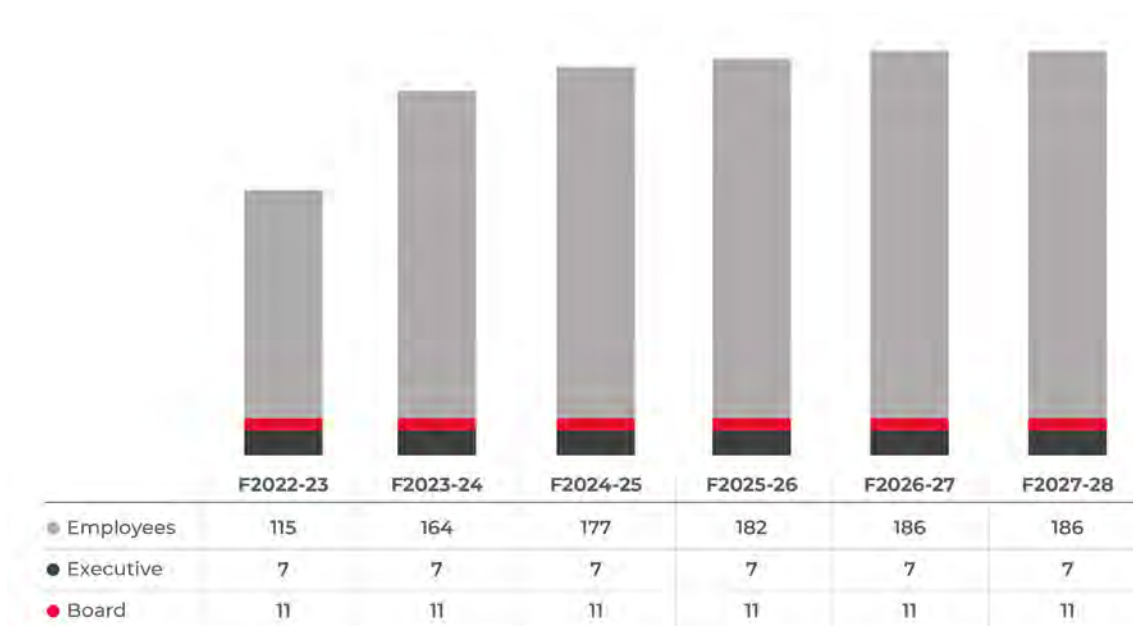
The CIB had 122 employees as of March 31, 2023. The current staffing plan entails increasing the full-time equivalent complement in 2023-24 to 171 employees. Compensation expense will increase in line with the increase in headcount. The CIB will continue to be efficient in aligning its resources to its responsibilities. Independent contractors and consultants and Board members are excluded from the above numbers; when including the Board, the staff and director complement is expected to peak at 204 in 2027-28.

The Executive team continuously monitors and manages long-term staffing requirements to execute on the mandate, and the focus continues to be on resourcing the CIB predominantly with full-time employees. Contractors and professional service firms are used to supplement resources when the CIB faces short-term increases in activity levels or special projects. Contractor and professional service costs are included in the Professional Fees line in the financial statements, and such services are subject to the CIB's Procurement Policy.

We are committed to the principles of the Pay Equity Act. We maintain a formal compensation structure to establish pay based on objective factors, including external survey data, required qualifications including education and experience. Annually, we review this structure to continually assess and enhance our practices. We monitor regularly to ensure an equitable compensation structure for all employees.

The following chart outlines the anticipated growth trajectory in full-time employees by department as well as total head count including Board members.

Projected Long-term Headcount



Cash Operating Budget

Excluding project development and advisory activities, final operating costs for 2021-22 were \$39.8 million. The operating budget of \$49.4 million reflected assumptions for higher external deal related professional fees which were not incurred due to efficiencies and experience gained from closing of deals, compensation which was impacted by timing of hiring and lower than anticipated travel due to COVID 19 restrictions. For 2022-23 the CIB is estimating actual operating expense of \$51.3 million, versus \$63.4 million in the 2022-23 corporate plan. The positive variance is mainly attributed to lower-than-expected expenses related to compensation, professional fees, and travel.

For 2023-24, the planned operating cash costs are \$77.5 million and the forecasted total cash operating budget over the five-year planning period is \$439.4 million. The operating budget was developed using a driver-based approach driven by updated compensation assumptions, including headcount, costs for employees, directors, and contractors, as well as benefits and performance pay. The budget also includes planned costs for professional fees, administration, IT and premises and equipment, and a contingency. An overall contingency of 10% of non-compensation costs has been added because the pace of due diligence activity is difficult to predict. If activities occur at an accelerated pace, additional resources will be required.

The CIB undertakes project development (acceleration) and advisory activities which are also included in the operating cash budget at a total of \$70.5 million over the planning period. Project development expenses include amounts that the CIB has allocated to development and due diligence activities that will expedite the advancement of projects to shorten project critical paths. Funds for project acceleration are different and distinct from any expenses related to the CIB's internal operations. These expenses are expected to be recovered as revenue once a project proceeds with either the CIB and/or private capital.

Cash Operating Budget (UNAUDITED)

\$(000s)	Actual		Planned				
	F2021-22	Latest Estimate F2022-23	F2023-24	F2024-25	F2025-26	F2026-27	F2027-28
Compensation	\$ 23,973	\$ 28,599	\$ 44,507	\$ 50,020	\$ 52,964	\$ 56,051	\$ 58,713
General & Administrative							
Professional Fees							
Deal Related	9,336	13,297	17,115	17,642	18,430	19,238	19,997
Non-Deal Related	3,193	4,603	3,843	4,368	4,482	4,600	4,789
Administration	1,650	3,031	4,190	4,570	4,998	4,996	5,134
Information Technology	885	958	2,890	3,094	3,509	3,709	3,927
Premises and Equipment	771	798	1,970	1,427	2,129	1,892	1,895
Total General & Administrative	15,835	22,687	30,008	31,101	33,548	34,435	35,742
Contingency	-	-	3,001	3,110	3,355	3,444	3,574
Federal Spend Reduction	-	-	-	(389)	(827)	1,459	(1,459)
Total Operating Expense	39,808	51,286	77,516	83,842	89,040	92,471	96,570
Accelerator	1,360	961	14,100	14,100	14,100	14,100	14,100
Advisory services	9,553	-	-	-	-	-	-
Total delivery cost	\$ 50,721	\$ 52,247	\$ 91,616	\$ 97,942	\$ 103,140	\$ 106,571	\$ 110,670

Capital and Investment Budget

The latest estimate for the capital and investment appropriation amount for 2022-23 was \$219 million (inclusive of investments and other corporate assets). The original investment budget for 2022-23 was \$1,990 million. The variance was due to planned funding of investments that had already closed, and investments that were not finalized during the year. As is the nature of long-term and complex infrastructure investing, actual funding may vary between years on multi-year projects that are also sensitive to the timing of financial close and therefore there may be big discrepancies between planned and actual figures within individual years. Over the five-year planning period, the total financial close forecast is \$25.7 billion. As mentioned previously, the CIB is targeting approximately \$3 billion of financial closes per year related to standardized programs and small-medium projects, and \$10 billion over the 5-year period for large projects. For purposes of our investment funding forecast, we have assumed financial closes between \$4.6 billion and \$5.9 billion per year, however these can vary depending on the timing of closes of projects, particularly ones typically larger than \$1.5 billion.

Based on the total financial close forecast of \$25.7 billion, the 5-year capital funding budget anticipates drawing \$17.5B for capital funding. The forecasted capital costs include both new and existing investment commitments and corporate assets (such as computer software, equipment, and furniture). As discussed below, this forecast is based on historical experience, scenario analyses and contractual draw schedules. However, timing of funding can vary significantly due to timing of future financial closes, construction delays, changes in scope, etc., making it challenging to forecast within specific fiscal years. Note that based on existing investments, the CIB has a contractual agreement to fund up to \$8.5 billion in 2023-24. Our estimate of \$2.7 billion considers delays based on historical experience and updated forecasts.

Investment Funding (Unaudited)

\$(000) s	Pre-F2021-22	Latest Estimate	Planned					Grand Total
		F2022-23	F2023-24	F2024-25	F2025-26	F2026-27	F2027-28	
Investment funding	\$ 1,408,979	\$ 218,546	\$2,682,457	\$3,521,069	\$3,789,106	\$3,782,877	\$3,708,420	\$ 19,111,454
Corporate assets/ leaseholds	3,058	745	1,182	708	915	778	834	8,220
Total funding	\$ 1,412,037	\$ 219,291	\$2,683,639	\$3,521,777	\$3,790,021	\$3,783,655	\$3,709,254	\$19,119,674

This is based on the planned schedule of the CIB financial closes presented below.

\$(000) s	Pre-F2021-22	Latest Estimate F2022-23	Planned					Grand Total
			F2023-24	F2024-25	F2025-26	F2026-27	F2027-28	
Investments reaching financial close	\$4,879,035	\$4,451,239	\$4,600,000	\$5,934,863	\$4,600,000	\$5,934,863	\$4,600,000	\$35,000,000

The CIB provides flexible financing terms to accelerate transactions and enable projects to proceed. This results in less visibility on the timing of the deployment of capital. We expect that most transactions will require capital to be deployed based on spend over the life of the construction period.

It is prudent for the CIB to ensure there is a sufficient capital budget each year to appropriately meet funding needs. To safeguard, the CIB has developed a long-term capital model to project financial closes and funding requirements. In building the capital projections, the CIB considers existing commitments, uncommitted capital, and the composition of its portfolio over a five-year time horizon at a sector level and manages towards the balanced scorecard it has established for its investment portfolio as part of its corporate objectives.

The exercise of forecasting the capital needs evolves every year as we gain more experience from projects closed to date and through modifications to capital allocation. Our committed capital drives our key assumptions and scenario analysis and includes those projects that have reached financial close and near closed deals where the CIB and partners have agreed upon terms that set out capital commitment and other financial terms of an investment, such as length, interest rates and financing structure. Historical experience, scenario analysis and contractual draw schedules are factored into the corporate plan's investment funding expectations.

Uncommitted capital represents the gap between committed capital and our annual long-term financial close targets. Projections for income, principal repayment, funding, and loan provisions are based on blended average interest rates, operating period length, provision for bullet repayments and credit rating by sector based on our existing investments. Funding is projected using draw curves which are based on deals that have reached financial close or are in final stages of due diligence and provide draw length and distribution by sector in each year.

The Government of Canada provides funding for the CIB to advance its priorities and deliver on its mandate. Consistent with the CIB's financial reporting framework, at the time an investment reaches financial close, a government receivable is created. The government receivable is reduced when appropriations funding is received. The CIB will recognize \$17.5 billion of government appropriations over the five-years of this corporate plan.

Investment Commitments (UNAUDITED)

Based on the above, the CIB is projecting financial closes of approximately \$25.7 billion over the five-year horizon comprised of approximately \$3.0 billion per year of small to medium sized projects and approximately \$10.0 billion of larger transformative projects over the 5-year period, with undefined timing.

\$ (000) s		Planned					Total
Financial closes	Allocation	F2023-24	F2024-25	F2025-26	F2026-27	F2027-28	
Broadband	10%	\$ 460,000	\$ 593,486	\$ 460,000	\$ 593,486	\$ 460,000	\$ 2,566,972
Clean Power	28%	1,288,000	1,661,762	1,288,000	1,661,762	1,288,000	7,187,524
Green Infrastructure	28%	1,288,000	1,661,762	1,288,000	1,661,762	1,288,000	7,187,524
Public Transport	18%	828,000	1,068,275	828,000	1,068,275	828,000	4,620,550
Trade and Transport	16%	736,000	949,578	736,000	949,578	736,000	4,107,156
Total	100%	\$ 4,600,000	\$ 5,934,863	\$ 4,600,000	\$ 5,934,863	\$ 4,600,000	\$ 25,669,726

Funding of Investment Commitments (UNAUDITED)

The total forecast for the deployment of capital includes funding for existing investment commitments, a forecast based on projects expected to reach financial close, and a provision for uncommitted capital which includes a forecast for projects expected to reach financial close. This supports the execution of the CIB's investment approach which provides flexible funding terms as required to advance projects. The forecasted funding of investment commitments may change overtime. Funding is based on project activity that may be impacted by unforeseen factors that result in construction delays, changes in scope or design. The CIB monitors project advancement prudently, recognizing they are entrusted with investing public funds and only providing funds based on activity.

Funding	Planned					Total
	F2023-24	F2024-25	F2025-26	F2026-27	F2027-28	
Broadband	\$ 368,374	\$ 695,382	\$ 479,257	\$ 47,509	\$ -	\$ 1,590,522
Clean Power	1,227,515	576,181	294,774	158,216	68,059	2,324,745
Green Infrastructure	381,329	350,454	212,844	108,762	14,183	1,067,572
Public Transport	226,490	416,832	382,915	434,757	371,564	1,832,558
Trade and Transport	7,299	59,522	95,738	133,658	79,500	375,717
Financial close	2,211,007	2,098,371	1,465,528	882,902	533,306	7,191,114
Broadband	76,897	124,631	82,204	1,686	-	285,418
Clean Power	20,000	40,000	20,000	-	-	80,000
Green Infrastructure	162,126	250,290	298,136	216,573	16,000	943,125
Public Transport	-	-	-	-	-	-
Trade and Transport	-	-	-	-	-	-
Near financial close	259,023	414,921	400,340	218,259	16,000	1,308,543
Total committed	2,470,030	2,513,292	1,865,868	1,101,161	549,306	8,499,657
Broadband	25,629	122,687	248,888	358,229	399,682	1,155,115
Clean Power	91,781	398,416	667,849	824,296	916,586	2,898,928
Green Infrastructure	25,557	181,388	497,783	795,137	1,005,451	2,505,316
Public Transport	56,650	239,445	395,085	504,199	589,027	1,784,406
Trade and Transport	15,722	75,416	149,388	227,835	323,384	791,745
Total non-committed	215,339	1,017,352	1,958,993	2,709,696	3,234,130	9,135,510
Total funding	\$ 2,685,369	\$ 3,530,644	\$ 3,824,861	\$ 3,810,857	\$ 3,783,436	\$ 17,635,167

APPENDIX F – Risk and Risk Responses

The CIB mandate to finance revenue generating projects that are in the public interest and the nature of our activities requires us to assume higher risks than those the private sector is willing or able to accept. By assuming higher risk, we are able to attract greater private sector investment allocation to the infrastructure asset class. Risks are managed and mitigated through an Enterprise Risk Management (ERM) program, and by building and promoting a strong risk culture across the organization.

As discussed in section three of this corporate plan, the adoption of a revised ERM Policy and Framework along with adjustments to Credit Policies and Procedures, employee training and the establishment of risk culture is ongoing.

Risks associated with the CIB's focus on achieving key outcomes and attracting private sector investment are clearly identified, assessed, and mitigated as part of the decision-making process.

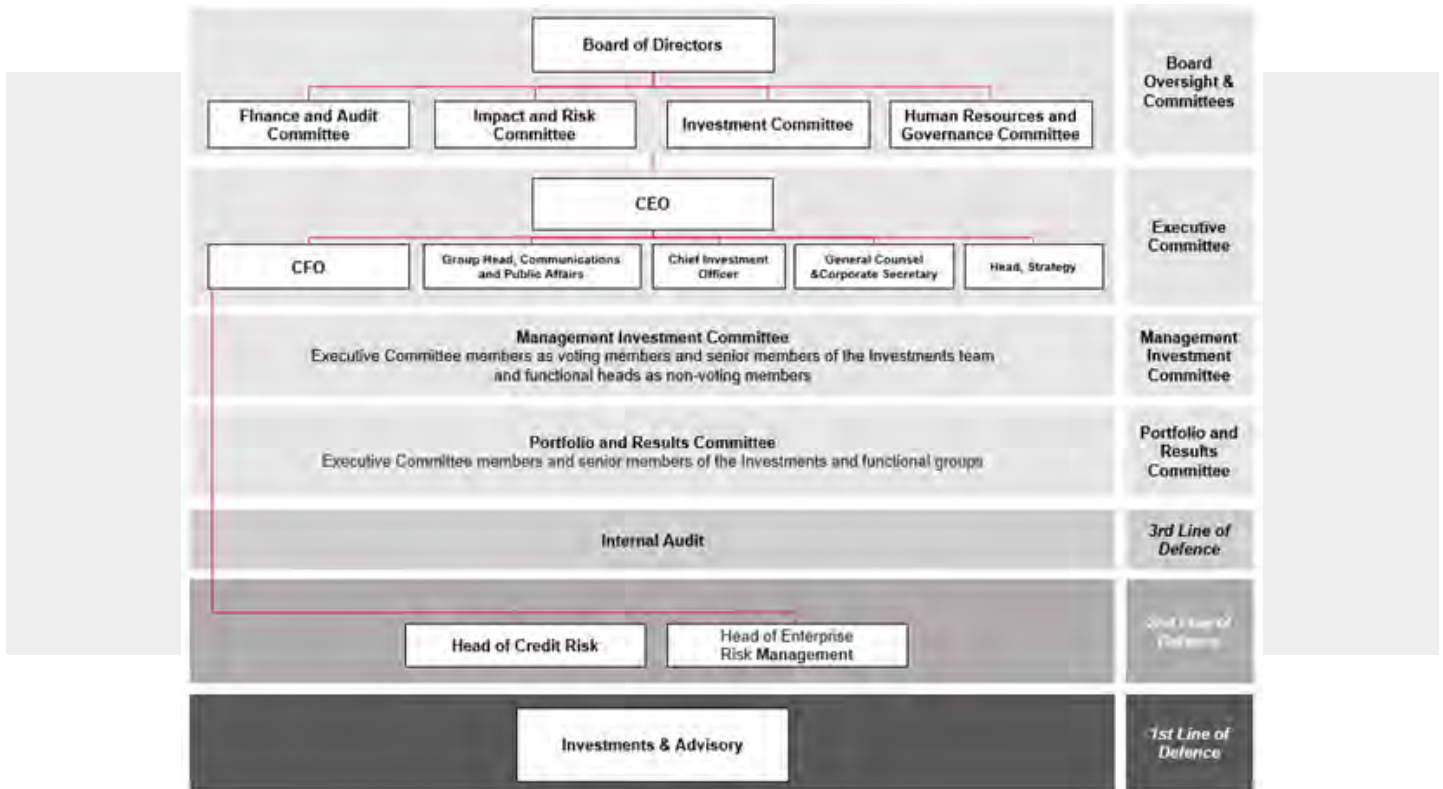
CIB's Risk Management Approach

The CIB recognizes that assuming some level of risk is an essential part of doing business, in particular given the context of our specific mandate and business model, which differ materially from those of traditional financial institutions. The measurement of risk against the public impact outcome expectation is evaluated at the Management level and put forward for recommendation to the Board on this basis.

Given the unique CIB mandate, ERM remains focused on completing an update of the design and implementation of an integrated risk management approach across the organization via processes, procedures and continues to build out a strong risk culture in order to address and mitigate potential challenges early and efficiently, to support informed, risk-based decision making.

Risk Governance Model

The CIB's risk governance model is illustrated in the table below and supported by the Enterprise Risk Management framework, risk management processes and procedures and risk management training.



Risk Management Policy and Framework

The CIB's ERM Policy and Framework is being revised in 2023 to provide the vision, principles, objectives, taxonomy, governance structure, risk assessment process and reporting for effective risk management at the CIB. The policy and framework applies to all CIB employees and activities.

Investment Risk Rating Methodology

The CIB has developed an in-house internal risk rating methodology to support the CIB's Investments team through its evaluations and resulting investment risk rating for each investment under consideration. The methodology provides for a consistent approach for risk rating Project Finance transactions in accordance with best market practices. With respect to corporate borrowers, the CIB uses industry standard corporate debt rating methodologies. The underlying risk rating for a borrower constitutes a fundamental input to the assessment of CIB's lifetime provisional losses.

Risk-related Policies and Procedures

A dedicated digital repository has been created where all CIB policies and procedures, including risk-related ones, are classified, stored and available to all employees.

Information security and information management policies are in place, including IT-related procedures with respect to cybersecurity, business continuity and acceptable use of technology, as well as the corresponding training and testing.

An operational risk management program is being revised, including the key risk indicators reported to the Board each quarter.

APPENDIX G – Legislative and Policy Compliance

The CIB is governed by the *Canada Infrastructure Bank Act*, and is subject to the general governance framework for Crown corporations in the *Financial Administration Act* (“FAA”) Part X and to other federal legislation and policies that apply generally to Crown corporations, including:

- » *Access to Information Act*
- » *Canada Labour Code*
- » *Canadian Human Rights Act*
- » *Canadian Multiculturalism Act*
- » *Conflict of Interest Act*
- » *Employment Equity Act*
- » *Financial Administration Act*
- » *Impact Assessment Act*
- » *Official Languages Act*
- » *Privacy Act*
- » *Public Servants Disclosure Protection Act*

The CIB also complies with Treasury Board policies, Governor in Council directives that apply generally to Crown corporations. The CIB has not received a ministerial directive under section 89 of the *Financial Administration Act*.

To manage and mitigate compliance risk, the Board approved the CIB’s Corporate Governance and Compliance Policy Framework (the “**Framework**”), which is maintained by the General Counsel & Corporate Secretary and describes the principles and activities for the development and ongoing review of the CIB’s corporate policies and related procedures. The Framework also catalogues the CIB’s various legislative and policy compliance requirements and describes the CIB’s reporting requirements and other obligations under its legislative accountabilities.

The Human Resources and Governance Committee of the Board monitors the Framework and receives regular reports from the General Counsel & Corporate Secretary on the CIB's compliance obligations, including new federal requirements.

The following illustrates the CIB's efforts to comply with a selection of the legislation and policies to which it is subject.

Access to Information Act

The CIB is committed to transparency and meeting its obligations under the *Access to Information Act*, while respecting the confidentiality of commercially sensitive information. In investing, and seeking to attract investment, in infrastructure projects in the public interest, the CIB will respect commercial confidentiality with investors and will strike a balance between the public's right of access and the protection of privileged information in relation to the proponents of, or private sector investors or institutional investors in, infrastructure projects pursuant to section 28 of the *CIB Act*.

The CIB's Access to Information Procedure describes the general principles and practices CIB has implemented to assist requesters and provide complete, accurate and timely responses to requests made under the *Access to Information Act*. The CIB also regularly delivers training and education sessions on access to information to make its employees aware of their duties and legal responsibilities under the *Access to Information Act*.

The CIB publishes on its website the annual report submitted to Parliament on the administration of the *Access to Information Act*, including the statistics on requests for access to information. The disclosure of travel and hospitality expenses for the members of the Board, the CEO and senior executives is proactively published on our website within 30 days after the end of the month of reimbursement.

Accessible Canada Act

The *Accessible Canada Act* aims to identify, remove, and prevent barriers facing people with disabilities. The CIB published in December 2022 its first multi-year Accessibility Plan. This plan outlines the CIB's strategy and offers a clear roadmap towards meeting our accessibility commitments and goals. These commitments include:

- » identifying opportunities to extend our reach and accommodations to persons with disabilities,
- » training our employees on accessibility and disability inclusion,
- » improving our built environment and information technology to create a seamless

experience for our employees and clients, and

- » enhancing communication to provide persons with disabilities the same opportunity to access our programs and services.

Employment Equity Act

The CIB is committed to building a workforce that reflects the gender, linguistic and cultural diversity of Canada and is developing a diversity and inclusion strategy to ensure that the CIB is an inclusive workplace that can attract, hire, retain and promote talent for diverse backgrounds. The CIB has created a diversity and inclusion committee comprised of employees from across the organization to contribute to and guide goals and actions that support a positive, respectful, and productive workplace.

Canadian Human Rights Act

The CIB is committed to providing equal employment opportunities with regard to hiring, compensation, promotion, training, and other terms of employment for all persons. The CIB's obligations under the *Canadian Human Rights Act*, and its value to promote a diverse, inclusive and respectful workplace are embedded in the Code of Conduct for Employees and the Respectful Workplace Policy, which were reviewed and updated during the 2020-21 fiscal year.

Privacy Act

The CIB is subject to the *Privacy Act* and is committed to protecting personal information and managing this information with utmost responsibility and care. The CIB has adopted the Personal Information and Privacy Protection Procedure to describe the general principles and practices that the CIB's employees and agents must follow to protect the privacy, confidentiality, and security of personal information held by the CIB. The CIB limits as appropriate the collection, use and disclosure of personal information; identifies the purposes for which this information is collected at or before the time of collection; and protects the information with the appropriate safeguards. These measures and activities are disclosed in the [Privacy Policy published on the CIB's website](#).

Personal information collected and held by the CIB is listed in Personal Information Banks and published annually in its Info Source chapter, which describes the purpose for the collection, notes any consistent uses and specifies the retention and disposal standards of the information. The CIB delivers training and education on privacy and privacy breach

awareness to make its employees aware of best practices as well as their duties and legal responsibilities under the *Privacy Act*.

Official Languages Act

The CIB has put in place a governance structure and tools to comply with Parts IV, V, VI and VII of the *Official Languages Act*, the *Official Languages (Communications with and Services to the Public) Regulations*, and the *Treasury Board Policy on Official languages* (including related directives). During the last fiscal year, the Board approved revision to the CIB's Official Languages Policy, which describes the activities the CIB has adopted to implement its obligations under the *Official Languages Act*. In addition, the CEO has approved the *Guidelines on Official Languages for Communications and Services to the Public*, which describe practices and procedures in place to ensure the CIB provides services to and communicates with the public in the official language of their choice.

Trade agreements

As a Crown corporation, the CIB sets its own principles, policies, and procedures in respect of the procurement of goods and services. The CIB's Procurement Policy and the Procurement Procedure reinforces the CIB's commitment to open, transparent, and non-discriminatory procurement practices. All procurement opportunities meeting the trade agreement thresholds are posted publicly to ensure equal access to all qualified suppliers, while acknowledging that the CIB reserves the right to engage in non-competitive procurements in appropriate circumstances. As is required and requested, related reporting is submitted to government.

Values and Ethics

CIB has adopted a Code of Conduct for Employees and companion policies that reflect the highest standards for good governance, integrity, and transparency. The Code of Conduct for Employees incorporates the Values and Ethics Code for the Public Sector and describes the guiding principles and the following seven guidelines for ethical conduct that all employees must demonstrate to exercise sound, ethical judgment in their actions and decisions:

- » We promote a diverse, inclusive and respectful workplace;
- » We maintain a healthy, safe and secure workplace;
- » We communicate openly and honestly;
- » We avoid and disclose conflicts of interest;
- » We decline inappropriate gifts, hospitality and other benefits;

- » We protect the CIB's assets and information; and
- » We comply with laws and regulations.

Each employee is required, upon joining the CIB and annually thereafter, to certify their compliance with the Code of Conduct and acknowledge that they have a duty to prevent, correct and promptly report their knowledge of a potential breach of CIB's policies.

The CIB has also adopted the Disclosure of Wrongdoing Policy for Employees, which describes the internal procedures for employees to disclose wrongdoing in the workplace or breach of the CIB's policies, legislation, or regulations. The CEO has designated the General Counsel & Corporate Secretary as the Senior Officer accountable for supporting the CEO in meeting the requirements of the *Public Servants Disclosure Protection Act*.

Conflict of Interest Act

The Board has adopted a Code of Conduct and Conflict of Interest Policy for Directors. Directors must annually review and affirm their commitment to and compliance with these policies, which incorporate the duties and responsibilities under the *Conflict of Interest Act* and the Ethical and Political Activity Guidelines for Public Office Holders released by the Privy Council Office.

Violence and Harassment in the Workplace

The CIB is committed to providing a safe, healthy, and supportive workplace environment that is free of sexual harassment, harassment, violence, and discrimination, and where persons are treated with respect, fairness and courtesy. During the 2020-21 fiscal year, the CIB reviewed and updated the Respectful Workplace Policy to comply with the amendments to the *Canada Labour Code* under Bill C-65 and the *Workplace Harassment and Violence Prevention Regulations*. All employees are required to complete mandatory training on how to recognize, minimize, prevent, and respond to harassment, violence and discrimination in the workplace.

APPENDIX H – Government Priorities

The CIB's priorities and activities focus on the infrastructure and investment spaces, and therefore are aligned with the government's Investing in Canada infrastructure plan. CIB activities also align with government-wide priorities in the following key areas.

Transparency and Open Government

CIB supports and promotes the Government's priorities towards openness and accountability in a number of areas. CIB openly reports to Canadians about its operations, investments, and decision-making processes, while still respecting the confidentiality of commercially sensitive information obtained from partners and counterparties, as required under the *CIB Act* and *the Financial Administration Act*.

An important initiative towards supporting this priority is the CIB's Communications and Stakeholder Relations Policy. The policy describes the guidelines adopted to ensure the CIB's internal and external communications are well coordinated, effectively managed and responsive to the diverse needs of CIB's stakeholders. In accordance with our policy, we make available the following information on our website:

- » Quarterly financial reports;
- » Summary corporate plans, including operating budgets and capital budgets, once submitted to the Minister and tabled in Parliament;
- » Annual reports of our operations, including annual audited financial statements and auditor's report, once submitted to the Minister and tabled in Parliament;
- » Travel and hospitality expenses incurred by Board members and senior executives;
- » Annual reports on the administration of the *Access to Information Act* and the *Privacy Act*; and
- » Annual public meetings and related documents.

The CIB is also committed to the full transparency of our human resources and compensation strategies and operational procedures.

CIB proactively publishes its completed access to information request summaries on the Open Government portal (open.canada.ca) within 30 days of the end of the calendar month in which the requests were closed.

Each year, CIB holds an annual public meeting to share financial and operational results. The public meeting provides an opportunity for the public to provide feedback and engage in a dialogue with the CIB's Board and CEO on matters directly relating to its business and operations. Following the public meeting, CIB publishes on its website the related proceedings, presentations, and responses to questions. The last annual public meeting took place on June 15, 2022.

CIB will continue to support increased transparency of its activities, operations, investments, and decision-making processes over the planning period. This effort will include providing increased disclosure and access to information by employing a variety of ways and means – from traditional methods to digital approaches – to communicate to Canadians.

Gender-Based Analysis Plus (GBA+)

In development of an Investment Framework, the CIB has expressly made outcomes the focal point for articulating the expected return of any CIB potential investment. The CIB recognizes that in assessing outcomes, it is important to understand what will be the impacts of its activities and investments, including gender and diversity considerations.

The CIB now considers its return on investments in how they achieve benefits for Canadians, particularly in the areas of GHG reduction, connecting Canadians, increasing economic growth, and addressing the Indigenous infrastructure gap.

Building on the outcomes focus of the Investment Framework, the CIB is currently piloting GBA+ assessment of its investments. Over the coming year the CIB will explore approaches to applying a GBA+ lens to its portfolio and investment strategies, resulting in integration in its Investment and/or Impact Frameworks.

Diversity and Employment Equity

The CIB continues to build a diverse and inclusive workplace that celebrates our differences. We recognize that our distinct skills, backgrounds, and knowledge make us stronger and that our employees and stakeholders all bring something to the table, and we can all learn from each other.

Our Diversity and Inclusion (D&I) Committee, which is led by employees from across the organization, has continued to bring awareness on issues and provide consultation on proposed internal CIB programs. We are also taking the next step to elevate and evolve our

D&I strategy and in 2023, will begin work to formulate the CIB's D&I road map, action plan, and governance structure.

The CIB will also be launching our first self-identification questionnaire in support of the *Employment Equity Act* in 2023 which will yield important data on the representation of women, Indigenous peoples, persons with disabilities, and racialized people working at the CIB.

Indigenous and Northern Interests

The CIB will contribute to the government's commitment to achieve reconciliation with Indigenous communities, and to establish and maintain mutually respectful relationships.

The CIB is responsible for meeting its statutory and legal obligations, including any duty to consult, and where appropriate, accommodation obligations that may arise when it is providing funding that may adversely impact potential or established Aboriginal or treaty rights. The CIB will work with government departments or other governments to coordinate consultation.

Through its active engagement and outreach activities, CIB meets with various groups across the country. Indigenous communities and organizations, along with stakeholders representing northern territories have pressed for considerations of the unique infrastructure gaps facing their communities and regions. CIB has met with all three territorial governments to discuss their overall priorities and to identify potential projects for CIB involvement. CIB will continue to explore opportunities to work with Indigenous and Northern communities to understand the challenges and opportunities relevant to these communities' infrastructure needs, including how they intersect with our mandate.

In March 2021, the CIB launched the Indigenous Communities Infrastructure Initiative (ICII), with the aim of building new infrastructure projects in Indigenous communities. The initiative will generate more investments in projects that are vital to economic growth and environmental protection with Indigenous communities across Canada. This ICII was developed with input from Indigenous leaders, communities, and infrastructure organizations, to create an initiative that will support access to capital for community-based projects.

We are also actively investing in Indigenous communities across Canada and have set a target to invest at least \$1 billion in Indigenous infrastructure across our priority sectors.

The CIB has established a dedicated, specialized team, comprised of subject matter expertise and Indigenous representation for this purpose. This team is dedicated to providing advice and developing projects with Indigenous communities and will conduct internal due diligence on all project investment opportunities.

Sustainable Development

The CIB makes investment commitments to projects that are in the public interest. One factor we consider is whether a project contributes to the sustainability of infrastructure in Canada. This could mean, for example, that a project contributes to the government's ability to fund and maintain critical infrastructure assets for the benefit of Canadians over the long term, or that it would result in positive climate impacts and community benefits.

Investing in a low carbon future for all Canadians is a driving force behind many of our investments. As set out in the Statement of Priorities by the Minister of Infrastructure for the CIB, a significant portion of our effort is dedicated to investing in green infrastructure projects and ensuring that meaningful progress is made in reducing green house gas emissions and creating a sustainable future for all Canadians.

In December 2022 the CIB issued a publication dedicated to “Sustainability and Impact at the CIB” which provided a detailed overview of activities and progress related to sustainability. The document provided a calculation of scope 1 and 2 GHG emissions associated with CIB operations, the first CIB Task Force on Climate-related Financial Disclosure (TCFD) report and articulated the CIB’s framework for sustainability and approach to net-zero targets.

The CIB has established a Sustainability Working Group. The group is comprised of leadership and representatives from across the organization, to ensure a wide range of input and perspective on sustainability issues impacting the CIB, such as policy and sustainability-focused outputs for the organization. The CIB regularly liaises with other climate-action focused stakeholders in our industry and participates in the Crown Corporations Greening Community of Practice (CCGCP).

Safe Workspaces

CIB recognizes that all employees have the right to work in a safe and healthy environment. Employees have the right to be informed of known or foreseeable hazards in the workplace, to participate in identifying and correcting job-related health and safety concerns, and to refuse dangerous work. At all times, CIB and its employees are required to observe and comply with the requirements of *Part II of the Canada Labour Code* (Occupational Health and Safety), the *Canada Occupational Health and Safety Regulations*, any applicable government directives, and with internal policies. CIB will provide health and safety information and training to employees and temporary/contract staff as required.

All CIB executives and employees have a responsibility to take all reasonable and necessary precautions to ensure their own health and safety as well as that of other employees and of

any person likely to be affected by acts or omissions. Employees are in the best position to identify any health and safety issues and to recommend and develop appropriate solutions, including implementing reasonable measures to secure CIB's facilities and to promptly and diligently respond to workplace accidents or other emergencies.

We are also committed to providing a respectful workplace and culture that does not tolerate or condone workplace harassment, sexual harassment, discrimination, or violence. CIB has a Respectful Workplace Policy, the purpose of which is to minimize the risk of violence or harassment occurring in the workplace and to provide a process to be followed should an alleged incident or incident take place, or should an employee become aware of a potentially violent or harassing situation.

Accessibility

CIB strives at all times to provide services in a way that respects the dignity and independence of persons with disabilities. We are committed to providing access to our facilities and delivering excellent service at all times in a way that respects the dignity and independence of all of our clients and visitors.

Pay Equity Act

The *Pay Equity Act* was enforced by the Government of Canada on August 31, 2021, to close the gender wage gap and ensure that workers receive equal pay for work of equal value. The CIB is in the initial stages of analyzing, developing, and implementing an internal pay equity plan which is in line with the *Pay Equity Act* legislation and will complete its review within 3 years from that date.

APPENDIX I – CIB Investment Framework

The most critical activity of the CIB is to make infrastructure investments that will generate outcomes for Canadians in accordance with our legislated mandate, the priorities outlined in the SPA and other relevant direction.

The Investment Framework is a methodology that governs CIB investment decisions and ensures that our investments align with CIB outcomes and result in benefits for the public. The Investment Framework guides the organization in its evaluation and approval of proposed investments, consistent with the CIB Board’s authority to make final investment decisions within approved priority sectors.

The Investment Framework has four components:



Component 1: Focused on Public Impact and Defining Outcomes

Modernizing infrastructure and achieving outcomes that benefit Canadians are critical to the success of the CIB. Both imperatives are included among the CIB's top strategic priorities.

The Investment Framework supports these priorities by establishing clear quantifiable outcomes to define what will be considered success. These outcomes are informed by Government priorities as articulated through the *CIB Act*, *SPA*, Federal Budgets, and other broader Government policy to ensure its investing activities align to the public interest.

Investing to **modernize infrastructure** is measured in terms of the overall increase in total infrastructure investment in Canada from the CIB and private and institutional investors.

To quantify this outcome, the CIB evaluates an investment's potential as part of the overall CIB portfolio in accordance with the following attributes which will indicate the scale and diversity of its investments:

- » How it contributes to the pace of capital deployment – both in terms of number of investments and total value
- » How it feeds into a diversity of capital deployed across the CIB's priority sectors and regions of the country
- » Whether it is made in partnership with and will benefit Indigenous Peoples, consistent with the \$1B target articulated in the SPA

This outcome leads to creation of construction jobs as infrastructure projects are enabled and delivered with CIB financing.

The CIB also evaluates capital success factors which reflect unique elements of the CIB mandate, including:

- » Attracting private and institutional capital to invest alongside the CIB
- » The use of resources to provide for concessional interest rates, bearing risks associated with infrastructure project development to catalyze investment

The **outcomes of investments** are measured by the extent to which a project achieves positive public impact outcomes for climate action, connectivity of Canadians, Economic Growth, and Indigenous Infrastructure.

To quantify this outcome, the CIB measures its progress in terms of delivering Growth Plan outcomes and similar results in long-term benefits from new infrastructure as follows:

- » **Climate action** – reductions in Greenhouse Gas emissions, consistent with Canada’s 2030 and 2050 goals
- » **Connecting people and communities** – including improved broadband access, increased transit ridership, and closing Indigenous infrastructure deficits
- » **Economic growth** – through increased trade volume and agricultural productivity

Component 2: Linking Impact Outcomes to Deployment of Capital and Risk Appetite

The CIB differs from a traditional investor in many respects, but one of the most fundamental ways in which the CIB differs is how it measures the return on its capital. While a traditional investor will look to maximize return in the form of profits, the CIB seeks returns in the form of outcomes that benefit Canadians.

This provides the flexibility and scope for the CIB to use its capital to innovate, take more risk than the market will take, and be a patient impact investor.

Determining how and when to deploy this capital and for what type of return, however, requires an understanding of the differences among projects and sectors and the differing impacts and outcomes that may be achieved.

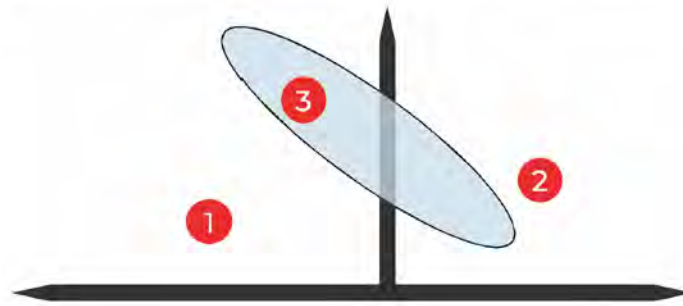
For this reason, the Investment Framework links the achievement of the portfolio’s public interest outcomes to the use of the CIB’s financial resources.

It does this by comparing the public interest outcome of an investment to its use of the CIB’s financial resources. The CIB is willing to invest more in projects that better achieve target public interest outcomes.

For each project under consideration through the Investment Framework, the public interest outcome must link to one of the public interests defined in the first component of the Investment Framework and be rigorously quantified in collaboration with project proponents.

Public Interest Outcome

(i.e., Greenhouse gas reduction, transit ridership, broadband households passed, economic growth, Indigenous infrastructure gaps addressed)



Fiscal Impact

(Risk/Return)

1. The outcomes from this investment do not yet justify a CIB investment. We evaluate whether we can improve the outcomes – or make the project happen with less CIB investment.
2. This investment exceeds our expectations – can we accelerate it? Are there other similar opportunities we can develop?
3. If we consistently make investments in our target zone, we will achieve our overall objectives for the portfolio.

The financial resources for a project are quantified in terms of its fiscal impact. Fiscal impact includes concessionary pricing relative to the Government of Canada's borrowing rate and the impact of the risk being assumed in any given investment, including a credit risk assessment that considers factors such as market conditions, construction costs and other factors that can have a material impact on the likelihood of the CIB's investment being repaid. The fiscal impact can be positive or negative depending on pricing and risk. Fiscal impact aligns to the impact of the investment on the Government of Canada's consolidated surplus or deficit.

The CIB is actively exploring investment approaches to ensure it is fully utilizing its capital and allocation with the fiscal framework to accelerate delivery of high impact projects.

Identifying the public interest outcome and the fiscal impact provides the CIB with an understanding of the value of a proposed investment, and also enables the CIB an opportunity

to improve investments by:

- » Working with project proponents to improve their project's public interest outcomes (e.g., increasing the scale of a district energy project to allow it to connect to more premises and increase GHG reduction).
- » Crowding in private capital which reduces the size of CIB's investment
- » Providing financing on less concessional terms, or optimizing risk transfer

'Target Zones' developed for each sector create clear expectations for the relationship between public interest outcomes and use of financial resources. They also reflect the characteristics of investments in that subsector – the target zone for power transmission reflects the larger capital cost, the risk profile and the high public interest outcomes, while the target zone for ZEBs reflects the smaller capital cost, different risk profile and outcomes from those investments.

Component 3: Clear Guardrails

The Investment Framework enables the CIB to focus on the outcomes from its investments. This focus on outcomes, however, does not replace the need for the CIB to operate within clear guardrails for evaluating and deciding on potential investments. In addition to assessing the public impact outcomes of the investment against the use of the CIB's financial resources, this step ensures that CIB Investments are consistent with the *CIB Act*, aligned with federal policy objectives and reflect and best practice amongst investment organizations.

The CIB has established two sets of "guardrails" to ensure this takes place.

The first set of guardrails speak to consistency with the purpose set by the *CIB Act*, that it is:

- » An infrastructure project
- » In the public interest by achieving one or more of our public interest outcomes
- » In or partially in Canada
- » Revenue generating – that is, does grow the total funding available for infrastructure projects through a revenue source, cost savings or other periodic source of income
- » Involving private and institutional capital at an appropriate point in the project life

The second set of guardrails relate to investment structuring and ensure that the CIB investment

is sized to address a gap that is preventing the project from proceeding:

- » The transaction has taken all reasonable steps to increase public impact outcomes (e.g., reduce more GHG) and reduce CIB fiscal impact (e.g., crowd in private capital, ensure an appropriate market return on private capital, shrink investment amount)
- » That the project would not proceed, or would proceed in a substantially more inefficient form, absent the CIB's involvement

The CIB assesses this gap by considering the project's financials in a structure with and without the CIB. The CIB seeks to provide the minimal level of support that is required to catalyze an investment decision in a project that delivers against a public interest outcome. If a project has sufficient financial returns to proceed absent the CIB's investment, the CIB will not invest. This ensures that there is no undue private benefit from the CIB's investment.

This financial diligence takes into account prevailing regulations (e.g., carbon pricing), other federal financial support and support from other levels of government and assesses the level of return for private partners. This gap that is preventing a project from proceeding could stem from:

- » **An economic gap:** the project's financial benefits are insufficient to cover operating costs and provide a reasonable return on private sector capital
- » **A commercial risk gap:** there are specific risks that private investment cannot effectively price or bear – for example the pace of initial demand growth on a new infrastructure asset
- » **A structural investment gap:** where commercial investment products are not easily available, for example in lending at required scale to support Indigenous infrastructure projects or to aggregators of building retrofit packages
- » **A risk transfer gap:** where the CIB's investment supports a public sponsor's decision to pursue a delivery model that transfers incremental risk to a private sector investor.

For example, in its assessment of the CIB's investment in the Algoma Steel project, the CIB assessed the financial benefits to Algoma from converting its steel-making process to electric arc, and concluded the operational cost changes, and the financial benefits from reduced carbon emissions were insufficient to justify the incremental capital cost. This created an economic gap, that the CIB's investment closed through lower cost financing.

These guardrails will be encoded in the next review of the CIB's Investment Policy, which is publicly available on the CIB's website.

Component 4: Taking a Portfolio View

Investments across the CIB's priority sectors have very different characteristics with respect to outcomes, time, geography, and capital deployment.

For example, ZEB and retrofit initiatives are targeted programs involving projects of relatively small size, that can advance quickly through the project lifecycle, with potential projects in every region of the country. Other investments, however, such as transmission lines or public transit systems have very long development lifecycles, require considerable time and resources and are more likely to be concentrated in certain regions. The buses will each yield GHG reductions, but the quantity will be modest in keeping with the size of the investment. A larger investment in a sector such as clean power or transit may yield substantially larger GHG reductions.

In this context, the CIB sets expectations for the relationship between outcomes and fiscal cost with regard to how they drive a diversified portfolio across our balanced scorecard outlined in Appendix C. The CIB's Investment Framework therefore requires that the CIB maintain an overall portfolio strategy that manages and balances the outcomes the CIB seeks to achieve across its investment portfolio and sets clear expectations for investments to be made in each priority sector and subsector.

The portfolio view component of the Investment Framework sets clear expectations for investments in each subsector based on the role they place in achieving overall portfolio objectives.

cib-bic.ca



Contact us

contact@cib-bic.ca

1-833-551-5245

Canada Infrastructure Bank
150 King Street West,
Suite 2309, P.O. Box 15
Toronto, ON M5H 1J9

Follow us

