

# Green Bond Impact Report 2020



# Green Bonds

Since their introduction in 2007, green bonds have become a mainstream way for companies, governments and other organizations to raise funds for projects that have environmental benefits. In 2018, CPP Investments became the first pension fund manager to issue a green bond. It achieved another first in January 2019 with the first sale of a euro-denominated green bond issued by a pension fund manager, a €1-billion, 10-year fixed-rate note. We currently have four green bond issues outstanding and in December 2019 we issued our first USD-denominated green bond transaction. This one-year deal involved a US\$500 million green bond floating rate security linked to the Secured Overnight Financing Rate (SOFR). This was part of the industry's move away from the legacy London Interbank Offered Rate (LIBOR) as the principal reference rate for short-term interbank financing. The landmark deal was among the largest green SOFR offerings and one of the first socially responsible investment private placements referencing a risk-free rate.

Green bonds provide CPP Investments with additional funding as we pursue acquisitions of attractive long-term investments eligible under our Green Bond Framework. The framework has been evaluated by the Center for International Climate Research (CICERO), a leader in providing second opinions on the qualification of debt for green bond status.

CPP Investments' cross-departmental Green Bond Committee includes representatives from SI, Capital Markets & Factor Investing, Power & Renewables, Legal, and Public Affairs & Communications. The committee, which met in October 2019 and June 2020, determines which projects are eligible for green bond proceeds in the following categories.

## **Renewable energy (wind and solar)**

- Acquisition, operation, maintenance and upgrades of wind- and solar-energy projects
- Efficiency improvements to wind- and solar-energy projects

## **Sustainable water and wastewater management**

- Acquisition, operation and upgrades of projects that improve efficiency of water distribution and water recycling services
- Investments in tail water recovery systems, which collect run-off water from fields that is then recycled for agricultural production

## **Green Buildings (LEED Platinum certified)**

- Direct investments in buildings certified as LEED Platinum over the 24-month lookback period and during the life of the bond

**CPP Investments Green Bond Issuance details for FY2020**

**During FY2020, CPP Investments issued two Green Bonds for a total amount equivalent to \$2.2B**

Issuer: CPPIB Capital Inc.  
 Ratings: AAA/AAA/Aaa  
 Format: Reg S  
 Size: USD 500M  
 Pricing Date: 03 Dec 2019  
 Maturity Date: 10 Dec 2020  
 Coupon: SOFR + 32bp

Issuer: CPPIB Capital Inc.  
 Ratings: AAA/AAA/Aaa  
 Format: Reg S  
 Size: EUR 1.0B  
 Pricing Date: 30 Mar 2020  
 Maturity Date: 6 Apr 2027  
 Coupon: 0.25%

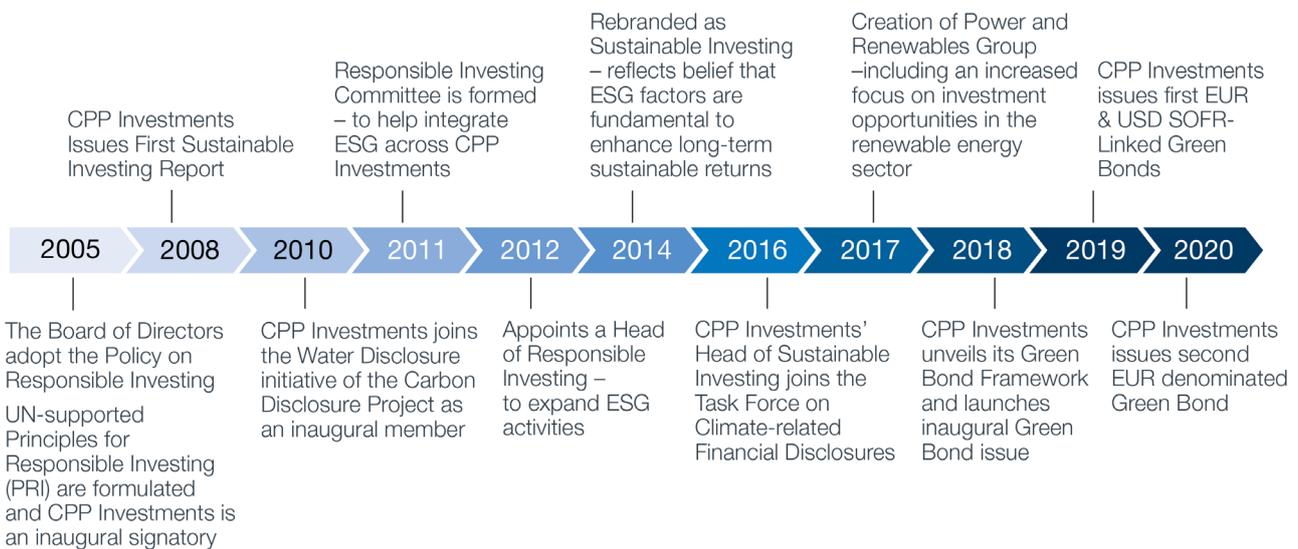


**Consistent with United Nations Sustainable Development Goals**



In March 2020, CPP Investments acquired Pattern Energy Group Inc., a renewable energy company with a portfolio of 28 renewable energy projects in Canada, the U.S. and Japan. The transaction has an enterprise value of approximately US\$6.1 billion, including net debt.

**Evolution of CPP Investments' ESG Platform**



## Green Bond Register

The Green Bond Committee also oversees the Green Bond Register. It documents the value of green bond issuance and which assets proceeds have been allocated to. Below is the register as of June 2020 (for further details on CPP Investments renewable energy assets see page 26 of our Report on Sustainable Investing 2020, <https://www.cppinvestments.com/SIReport2020>). All figures are in Canadian dollars unless otherwise noted.

### Register for FY2020 Green Bond Issuance:

As of June 30, 2020

Bonds		
USD	US\$500,000,000	\$681,000,000
EUR	€1,000,000,000	\$1,529,750,000
<b>Total</b>		<b>\$2,210,750,000</b>
Exchange Rates – June 30		
USD/CAD		1.36200
EUR/CAD		1.52975
	Investment	Currency

### Renewable Energy

Pattern Energy	USD
<b>Total</b>	<b>\$3,813,600,000</b>

### Register for FY2019 Green Bond Issuance<sup>1</sup>:

As of June 28, 2019

Bonds		
CAD	\$1,500,000,000	\$1,500,000,000
EUR	€1,000,000,000	\$1,488,100,000
<b>Total</b>		<b>\$2,988,100,000</b>
	Investment	Currency

### Renewable Energy

Cordelio Power	CAD
Votorantim Energia's Piaul I & Ventos III	BRL
Enbridge	CAD
Enbridge	EUR
Enbridge	USD
ReNew Power	USD

### Green Buildings

Centennial Place (Alberta)	CAD
Eau Claire Tower (Alberta)	CAD
Richmond Adelaide Centre – 111 Richmond (Ontario)	CAD
<b>Total</b>	<b>\$3,033,821,458</b>

1. The value of the assets against which FY2019 green bond proceeds were allocated and the exchange rates used for these assets have not been changed in this register from 12 months earlier.

## Highlights FY2020

**2** Green  
Bonds  
(USD and EUR)

**\$2.2** Billion  
Raised

**1** New Renewable  
Energy Project

**9.29** Million Metric  
Tons of CO<sub>2</sub>  
avoided GHG emissions per year

Equivalent to GHG emissions from  
**2,007,545**  
passenger cars  
driven in one year\*

**14.04** Million Megawatt  
Hours (MWh)  
of renewable energy generation  
contributed annually

Equivalent CO<sub>2</sub> emissions  
from electricity used by  
**1,573,245** homes  
for one year\*

\* Data is derived using the following website: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator> based on CPP Investments' pro rata investment in renewable energy only.

## Estimated Impact of Operational Renewable Energy Projects

Investment	Location	Date of Initial Investment	Description	Technology	CPP Investments Ownership <sup>2</sup>	Gross Capacity (GW) <sup>1</sup>	CPP Investments' Pro rata Capacity (GW)
<b>Pattern Energy</b>	Canada/ United States/ Japan	March 2020	A company with a portfolio of 28 renewable energy projects in the United States, Canada and Japan	Wind	72%	3.38	2.42
<b>Cordelio Power</b>	Canada	April 2018	Portfolio of six Canadian operating wind- and solar-power projects	Solar Wind	100%	0.40	0.40
<b>Enbridge</b>	Canada/ United States	May 2018	North American onshore renewable power assets	Solar	49%	1.30	0.64
	Germany		Two German offshore wind projects	Wind		0.31	0.15
<b>Votorantim Energia</b>	Brazil	December 2017	Two operational wind parks located in northeastern Brazil	Wind	50%	0.57	0.29
<b>ReNew Power</b>	India	January 2018	Leading Indian renewable energy developer and operator with clean energy capacity diversified across wind, utility-scale solar and rooftop solar	Wind	18%	3.25	0.59
				Solar	18%	2.18	0.39
<b>Total</b>						<b>11.39</b>	<b>4.88</b>

1. Gross capacity represents the capacity held by CPP Investments' investment, after deducting any minority interests.
2. Figures are rounded up.

## Estimated Green Building Impact<sup>1</sup>

### Qualitative Summary<sup>2</sup>

Investment	Location	Description	CPP Investments Ownership	Certification
<b>Richmond Adelaide Centre – 111 Richmond</b>	Canada	255,313 sqft Multipurpose Commercial Space	50%	LEED EB Platinum
<b>Eau Claire Tower</b>	Canada	659,839 sqft Multipurpose Commercial Space	50%	LEED CS Platinum
<b>Centennial Place</b>	Canada	1,458,600 sqft Multipurpose Commercial Space	50%	LEED EB Platinum

### Quantitative Summary – Energy Use Intensity (EUI) and Carbon Emission Intensity (CEI)<sup>3</sup>

Investment	EUI (MJ/sqft)	Industry Standard EUI (MJ/sqft)	EUI Variation <sup>5</sup>	CEI (kg CO <sub>2</sub> e/sqft)	Industry Standard CEI (kg CO <sub>2</sub> e/sqft)	CEI Variation <sup>5</sup>
<b>Richmond Adelaide Centre – 111 Richmond<sup>4</sup></b>	112.88	143.99	-22%	3.42	5.23	-35%
<b>Eau Claire Tower</b>	79.55	143.99	-45%	8.79	16.16	-46%
<b>Centennial Place</b>	87.15	143.99	-39%	9.66	16.16	-40%

1. The change in reporting format from the previous year is to increase reliability and reduce subjective variability in reference rates.
2. The methodology to measure square footage of the assets has changed from the previous year. The numbers included in this year's report are based on Gross Floor Area.
3. Industry standard EUI and CEI rates are calculated from data provided in the 'Energy Star – Canadian Energy Use Intensity by Property Type Technical Reference' <https://portfoliomanager.energystar.gov/pdf/reference/Canadian%20National%20National%20Median%20Table.pdf>. Source EUI is used for this calculation.
4. 111 Richmond's lower EUI and CEI variation from the standard in comparison to other buildings is due to its older age. Eau Claire Tower utilizes Smart controls while Centennial Place has a Co-gen system in place to produce incremental efficiencies.
5. EUI and CEI Variation metrics are for the entire asset and not the pro rata percentage of CPP Investments.

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