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

CPP Investments Issues First Sustainable Investing Report

The Board of Directors adopt the Policy on Responsible Investing
UN-supported Principles for Responsible Investing (PRI) are formulated and CPP Investments is an inaugural signatory

Responsible Investing Committee is formed – to help integrate ESG across CPP Investments

CPP Investments joins the Water Disclosure initiative of the Carbon Disclosure Project as an inaugural member

Rebranded as Sustainable Investing – reflects belief that ESG factors are fundamental to enhance long-term sustainable returns

Appoints a Head of Responsible Investing – to expand ESG activities

Creation of Power and Renewables Group – including an increased focus on investment opportunities in the renewable energy sector

CPP Investments issues first EUR & USD SOFR-Linked Green Bonds

CPP Investments’ Head of Sustainable Investing joins the Task Force on Climate-related Financial Disclosures

CPP Investments unveils its Green Bond Framework and launches inaugural Green Bond issue

CPP Investments issues second EUR denominated Green Bond
### Highlights

**FY2020**

1. **New Renewable Energy Project**
   - **$2.2 Billion Raised**

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

### 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](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

<table>
<thead>
<tr>
<th>Bonds</th>
<th>USD</th>
<th>CAD</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>US$500,000,000</td>
<td>$681,000,000</td>
</tr>
<tr>
<td>EUR</td>
<td>€1,000,000,000</td>
<td>$1,529,750,000</td>
</tr>
<tr>
<td>Total</td>
<td>$2,210,750,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange Rates – June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD/CAD</td>
</tr>
<tr>
<td>1.36200</td>
</tr>
<tr>
<td>EUR/CAD</td>
</tr>
<tr>
<td>1.52975</td>
</tr>
</tbody>
</table>

#### Renewable Energy

<table>
<thead>
<tr>
<th>Investment Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
</tr>
<tr>
<td>Components</td>
</tr>
<tr>
<td>Pattern Energy</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>$3,813,600,000</td>
</tr>
</tbody>
</table>

#### Register for FY2019 Green Bond Issuance:

As of June 28, 2019

<table>
<thead>
<tr>
<th>Bonds</th>
<th>CAD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAD</td>
<td>$1,500,000,000</td>
<td>$1,500,000,000</td>
</tr>
<tr>
<td>EUR</td>
<td>€1,000,000,000</td>
<td>$1,488,100,000</td>
</tr>
<tr>
<td>Total</td>
<td>$2,988,100,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAD</td>
</tr>
<tr>
<td>Components</td>
</tr>
<tr>
<td>Cordelio Power</td>
</tr>
<tr>
<td>Votorantim Energia's Piauí I &amp; Ventos III</td>
</tr>
<tr>
<td>Enbridge</td>
</tr>
<tr>
<td>Enbridge</td>
</tr>
<tr>
<td>Enbridge</td>
</tr>
<tr>
<td>ReNew Power</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>$3,033,821,458</td>
</tr>
</tbody>
</table>

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.

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* Data is derived using the following website: [https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator](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

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

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

## Estimated Green Building Impact¹

### Qualitative Summary²

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

### Quantitative Summary – Energy Use Intensity (EUI) and Carbon Emission Intensity (CEI)³

<table>
<thead>
<tr>
<th>Investment</th>
<th>EUI (MJ/sqft)</th>
<th>Industry Standard EUI (MJ/sqft)</th>
<th>EUI Variation²</th>
<th>CEI (kg CO₂e/sqft)</th>
<th>Industry Standard CEI (kg CO₂e/sqft)</th>
<th>CEI Variation²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richmond Adelaide Centre – 111 Richmond</td>
<td>112.88</td>
<td>143.99</td>
<td>-22%</td>
<td>3.42</td>
<td>5.23</td>
<td>-35%</td>
</tr>
<tr>
<td>Eau Claire Tower</td>
<td>79.55</td>
<td>143.99</td>
<td>-45%</td>
<td>8.79</td>
<td>16.16</td>
<td>-46%</td>
</tr>
<tr>
<td>Centennial Place</td>
<td>87.15</td>
<td>143.99</td>
<td>-39%</td>
<td>9.66</td>
<td>16.16</td>
<td>-40%</td>
</tr>
</tbody>
</table>

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%2020Median%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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Ce rapport est aussi disponible en français.