

INVESTMENT POLICY

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INVESTMENT POLICY

1. Introduction

1.1 CIB's Mandate and Authorities

- 1.1.1 The Canada Infrastructure Bank (“**CIB**”) is a Crown corporation established under the *Canada Infrastructure Bank Act* (“**CIB Act**”) which is wholly owned by the Government of Canada and governed by an independent Board of Directors.
- 1.1.2 As set out in section 6 of the CIB Act: *The purpose of the CIB 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.*
- 1.1.3 In executing its mandate, the CIB Act provides that the CIB may, among other things:
- (a) *structure proposals and negotiate agreements, with the proponents of infrastructure projects and with investors in infrastructure projects, with regard to the Government of Canada's support of those projects;*
 - (b) *invest in infrastructure projects, including by means of innovative financial tools, and seek to attract investment from private sector investors and institutional investors in infrastructure projects; and*
 - (c) *receive unsolicited proposals for infrastructure projects that come from private sector investors or from institutional investors.*
- 1.1.4 Under the CIB Act, Parliament has authorized up to \$35 billion in aggregate in appropriations from the Government of Canada (or any greater aggregate amount that may be authorized from time to time under an appropriation Act) and provided the requisite authorities to the CIB to participate in complex infrastructure transactions, using loans, equity investments, and where appropriate, loan guarantees. The CIB is expected to prudently manage its portfolio so the net fiscal expense to the Government of Canada will remain under \$15 billion (the “**Total Net Fiscal Expense**”). 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 accelerating Infrastructure Projects that will benefit Canadians.
- 1.1.5 While independent in its operations, the CIB is accountable for the conduct of its affairs to Parliament through the Minister designated pursuant to section 3 of the CIB Act.

1.2 Purpose of this Investment Policy

- 1.2.1 This Investment Policy (“**Policy**”) sets out the parameters and guidelines within which the CIB conducts its investment activities and decision-making process in accordance with its mandate and authorities under the CIB Act. The Policy also integrates the Investment Framework approved by the Board of Directors, which articulates the evaluation criteria and thresholds for investment decisions in Infrastructure Projects consistent with the Government of Canada's expectations and policy

objectives conveyed by the Minister through federal budgets, economic statements, statements of priorities and accountabilities, mandate letters and the Corporate Plan.

- 1.2.2 This Investment Policy will be supported, where necessary, with management procedures and guidelines that provide information or direction to assist with the implementation of this Policy. It is intended that those procedures and guidelines be read in conjunction with this Policy. In the event of a conflict between the management procedures and guidelines and this Policy, the provisions of this Policy shall govern.

1.3 Scope and Exceptions

- 1.3.1 This Policy applies to all Personnel. Consistent with the authorities in the CIB Act and permitted activities in the Corporate Plan, and subject to the provisions below, the CIB's investment activities will be conducted in accordance with the provisions of this Policy.

- 1.3.2 All material exceptions to this Policy shall be assessed by the Management Investment Committee and escalated to the Board of Directors (through the Investment Committee). Requests for an exception must:

- a) identify the applicable section(s) of the Investment Policy to which the exception applies;
- b) assess the factors supporting the recommendation for the exception;
- c) assess the risk(s) that may arise from the exception;
- d) if applicable, outline appropriate controls to mitigate each risk that may arise from the exception;
and
- e) if applicable, specify the review or effective period of the exception.

- 1.3.3 Any material exceptions to this Policy recommended by the Management Investment Committee will be recorded in the meeting minutes of the Investment Committee.

1.4 Definitions and Interpretation

- 1.4.1 Words and expressions used in this Policy will have the meaning, and will be subject to the interpretation, set out in section 6.

- 1.4.2 In the event of any inconsistency or conflict between the CIB Act or permitted activities in the CIB's approved Corporate Plan and this Policy, the CIB Act and the Corporate Plan prevails to the extent of the inconsistency or conflict.

2. Investment Criteria

2.1 Priority Sectors

- 2.1.1 The CIB focuses its investments on priority sectors, which are established by the Government of Canada through federal budgets, economic statements, statements of priorities and accountabilities, mandate letters and the Corporate Plan. The CIB's current priority sectors (collectively, the "**Priority Sectors**", and each, a "**Priority Sector**") are:

- **Public Transit:** including, but not limited to, major transit projects; zero-emission buses/transit fleets; and transit-oriented development;
- **Clean Power:** including, but not limited to, clean/zero emission energy generation, transmission and storage; small modular reactors (SMRs); district energy; interties;
- **Green Infrastructure:** including, but not limited to, energy efficient retrofits; water and wastewater; carbon capture, utilization and storage; clean fuel production; hydrogen production, transportation and distribution; large-scale zero-emission vehicle charging and refueling infrastructure;
- **Trade and Transportation:** including, but not limited to, agriculture infrastructure; trade corridors; ports; freight and logistics facilities; highways roads, bridges and tunnels; inter-regional and passenger rail; enabling infrastructure to support *Canada's Critical Minerals Strategy*; and
- **Broadband:** including for unserved and underserved community broadband connectivity.

2.1.2 Across all the Priority Sectors, the CIB may also provide loans to Indigenous communities to support them in purchasing equity stakes in Infrastructure Projects in which the CIB is also investing.

2.2 Portfolio Strategy and Objective Setting

2.2.1 Investments across the CIB's Priority Sectors have different characteristics with respect to the timeline for development, geography and capital deployment. To guide the allocation of the \$35 billion appropriation authorized by Parliament, and consistent with the government's long-term Priority Sector targets conveyed by the Minister, the CIB has established long-term capital deployment allocations for each of the Priority Sectors, which are approved by the Board of Directors. In some circumstances, the CIB may establish capital deployment allocations focused on a specific time horizon or strategic initiatives identified in a Corporate Plan.

2.2.2 The CIB does not set specific allocations for capital deployment by geography, but aims to achieve geographic diversity over time through its portfolio strategy.

2.2.3 The CIB also focuses on identifying Infrastructure Projects made in partnership with, and that benefit, Indigenous Peoples. To deliver on the Government of Canada's commitments to advance Indigenous reconciliation and urgently address the Indigenous infrastructure deficit in Canada, the CIB established a capital deployment target of at least \$1 billion for Indigenous Infrastructure Projects across the Priority Sectors. Where applicable, the CIB also works with Proponents to consider opportunities for the economic participation of Indigenous Peoples through the capital structure of the Infrastructure Project.

2.2.4 The CIB establishes a set of planned results and targets for Public Impact Outcomes, the Fiscal Impact of its investments and Private Capital multiplier through its annual corporate planning process. It further establishes expectations for each investment Priority Sector and subsector as to the relationship between the Public Impact Outcome and the Fiscal Impact of its investments, i.e., "target zones". The CIB's overall objectives and targeted results for the investment portfolio are set in the Corporate Plan.

2.3 Public Impact Outcomes

- 2.3.1 The CIB develops specific, quantifiable and measurable Public Impact Outcomes within its Priority Sectors based on the federal government's expectations concerning the CIB's public policy objectives, and sets specific targets for achieving these Public Impact Outcomes. The CIB translates these broader policy priorities into five-year targets using relevant and appropriate metrics based on its assessment of potential investment opportunities within its Priority Sectors. The CIB's governance processes for evaluating and reporting Public Impact Outcomes are set out in the **Public Impact Management Policy** approved by the Board of Directors.
- 2.3.2 Public Impact Outcomes set in the Corporate Plan include, but are not limited to:
- **Greenhouse Gas (GHG) reductions:** the CIB measures the average annual GHG reductions expected from its investments, under a project-related standard, expected from its Infrastructure Projects. Projects in the Public Transit, Trade and Transportation, Clean Power and Green Infrastructure Priority Sectors may contribute to this Public Impact Outcome.
 - **Connecting Canadians and communities through increased transit 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 Public Transit and Trade and Transportation Priority Sectors may contribute to this Public Impact Outcome.
 - **Increased connectivity to broadband:** the CIB measures, consistent with the government's definition, the number of unserved and underserved households (those without access to minimum 50/10 Mbps internet) that are passed by Infrastructure Projects that the CIB has invested in. Projects in the Broadband Priority Sector contribute to this Public Impact Outcome.
 - **Economic growth through trade:** the CIB measures economic growth by the incremental value created by trade volumes supported by Infrastructure Projects that the CIB invests in. Projects in the Trade and Transportation Priority Sector contribute to this Public Impact Outcome.
 - **Closing infrastructure gaps in Indigenous communities:** CIB projects in Indigenous communities deliver much needed infrastructure in partnership with these communities. In addition to a qualitative assessment of the project's benefits in advancing the United Nations' Sustainable Development Goals, the CIB tracks the number of projects in which it has closed an infrastructure gap. Projects across all Priority Sectors contribute to this Public Impact Outcome.
- 2.3.3 Where practical and appropriate, the CIB also tracks and reports on the job creation associated with its investments, using the Statistics Canada methodology for estimating job creation from infrastructure projects.
- 2.3.4 Consistent with the CIB's mandate to attract investment from Private Sector Investors and Institutional Investors, the CIB measures Public Impact Outcomes at a project-level rather than relative to its share of the total project capital. This reflects that the CIB seeks to achieve the project's Public Impact Outcomes with as minimal CIB investment as is reasonably commercially viable and by 'crowding in' Private Capital.

2.4 Fiscal Impact

- 2.4.1 The CIB estimates the financial resources required for a project in terms of its Fiscal Impact. The Fiscal Impact includes the cost of concessionary pricing relative to the Government of Canada's borrowing rates and the impact of the risk being assumed in any given investment, including market conditions, construction costs and other factors that can have a material impact on the likelihood of the CIB's investment being repaid.
- 2.4.2 The CIB manages Fiscal Impact in a manner that allows it to innovate, take more risk than the market is willing to assume, and be a patient impact investor by, for example, accepting concessional returns, longer or more flexible financing terms, and other innovative structuring features.

2.5 Base Criteria

- 2.5.1 The CIB evaluates investment opportunities in terms of several base criteria to ensure that its investments comply with the CIB Act, as follows:
- a) **Infrastructure Project:** the Infrastructure Project is a physical asset (including facilities, systems and structures), which through its operations generates an incremental, direct shared benefit or positive externality that accrues beyond the owner of the Infrastructure Project;
 - b) **Geography:** the Infrastructure Project is located in Canada or partly in Canada;
 - c) **Revenue Generation:** the Infrastructure Project is able, directly or indirectly, to generate a source of income, revenue stream (including cost savings over the status quo), periodic yield or interest;
 - d) **Attracting Private Capital:** consistent with the CIB's mandate to seek to attract investment from Private Sector Investors and Institutional Investors, the Infrastructure Project provides opportunities to seek to 'crowd-in' Private Capital at an appropriate point in time during the project's lifecycle;
 - e) **Public Interest:** the Infrastructure Project is in the public interest by falling within one of the Priority Sectors and achieving one or more of the Public Impact Outcomes.

2.6 Investment Guardrails

The CIB has adopted "guardrails" to set clear standards for evaluating and deciding on potential investments, as further explained in the sub-sections below.

2.6.1 Private Capital

- 2.6.1.1 For the CIB to deliver on its mandate and objectives to "crowd-in" Private Capital, a minimum amount of Private Capital will be required in the form of:
- a) 50% of the total costs of the Infrastructure Project (net of any government grants, subsidies or other non-repayable funding) in the form of debt, equity or a combination thereof; or
 - b) 20% of the total costs of the Infrastructure Project (net of any government grants, subsidies or other non-repayable funding) in the form of equity or instrument with equity-like characteristics including pricing, term and risk allocation.

2.6.2 Pricing

2.6.2.1 The CIB does not price its investment solely commensurate to the financial risk of the investment. The CIB typically prices its investment products based on the financial gap in the project's business model that is preventing the Infrastructure Project from proceeding with Private Capital alone. The financial gap in the Infrastructure Project's business model could stem from:

- a) **An economic gap:** the project's revenues are insufficient to cover operating costs and provide a reasonable return on investment from Private Sector Investors and Institutional Investors;
- b) **A commercial risk gap:** the project holds specific risks that Private Sector Investors and Institutional Investors are unwilling to bear at a reasonable price – for example the pace of initial demand growth on a new infrastructure asset;
- c) **A structural investment gap:** commercial investment products are not easily available for the project, for example lack of market capacity at the scale required to support the Infrastructure Project;
- d) **A risk transfer gap:** where the CIB's investment supports or facilitates a public sponsor's decision to pursue a delivery model that transfers risk to Private Sector Investors and Institutional Investors incrementally.

2.6.2.2 For projects that deliver a Public Impact Outcome, the CIB assesses the financial gap by considering the Infrastructure Project's economics in a structure with or without the CIB participation. The CIB's focus is to "crowd-in" Private Capital, and the CIB will not undertake investments that compete with the private sector where there is already a sufficient market.

2.6.3 Investment Size

2.6.3.1 The CIB seeks to deploy significant capital in a single Infrastructure Project (ideally in the amount of \$100 million and above), or opportunities to take programmatic approach to achieve scale through standardized investments that deliver replicable Public Impact Outcomes and can support smaller projects more cost-effectively. The current standardized investment programs that meet these objectives include:

- Zero-Emission Buses;
- Building Retrofits Initiative (BRI);
- Broadband; and
- Zero-Emission Vehicle Charging and Hydrogen Refueling Infrastructure (CHRI).

2.6.3.2 Pursuant to the Indigenous Communities Infrastructure Initiative (ICII), the CIB may make investments of at least \$5 million and up to \$100 million in Infrastructure Projects for the benefit of and in partnership with Indigenous Peoples to reduce their infrastructure gap and promote economic participation.

2.6.3.3 Additional investment programs may be created from time to time through a Program Strategy Memorandum approved by the Board of Directors.

2.6.4 Portfolio Allocation

2.6.4.1 The CIB has established long-term capital deployment allocations for each of the Priority Sectors, which are approved by the Board of Directors. Investments exceeding the approved allocations will be reviewed in accordance with the procedures for material exceptions set out in Section 1.3.2.

2.7 Available Instruments

2.7.1 The CIB pursues investments through a wide range of transaction structures and approaches. The CIB Act provides broad flexibility to utilize innovative financing instruments which enables the CIB to achieve the objectives set out in this Policy. The financing instruments utilized by the CIB may include (without limitation) the following:

- a) equity and quasi-equity instruments (including, but not limited to, partnership interests, common shares, preferred shares, income notes);
- b) debt instruments (including, but not limited to, senior, subordinated, mezzanine, secured, unsecured, bullet, amortizing credit facilities, convertible notes and debentures);
- c) loan guarantees, only in accordance with approval process under section 19 of the CIB Act;
- d) Backstop Commitments to Public Sponsors to support procurement processes and allow potential Proponents to use the financing instrument offered by the CIB under specific terms and conditions and up to a capped dollar amount;
- e) contingent liabilities which may be drawn down in the event of certain project outcomes. Investment proposals with contingent liabilities that are recommended to the Board of Directors for approval will include additional analysis to account for potential estimated credit losses and similar credit reserves against the Total Net Fiscal Expense.

2.7.2 The CIB may aggregate smaller investments by designing standardized investment terms for scalability. Such investments may be aggregated into eventual syndication or securitization investment strategies to seek to attract and “crowd-in” Private Capital, for example at later phases of the Infrastructure Project’s lifecycle once the revenue sources materialize.

3. Investment Process

The CIB’s investment process is illustrated below:

1 Intake and Mandate Filter	2 Appraisal and Advisory	3 Investment Structuring	4 Final Diligence and Closing	5 Funding Monitoring and Exit
<ul style="list-style-type: none"> CIB investment opportunities identified from governments and private sector Mandate Filter applied by CIB to determine if opportunities meet base criteria Project proceeds to Project Appraisal Milestone 	<ul style="list-style-type: none"> Initial assessment of feasibility, Public Impact Outcomes / Fiscal Impact Assessment of whether project qualifies for Project Acceleration funding Advisory work / Project Acceleration funding can proceed but project remains in Appraisal (subject to Board approval as required) 	<ul style="list-style-type: none"> Detailed assessment of defined commitment amount, structure, risk allocation, term and pricing Assess using Investment Framework Negotiate term sheet and prepare Investment Memorandum for recommendation to Board Project proceeds to Investment Commitment Milestone 	<ul style="list-style-type: none"> Negotiate final investment with counterparties and complete due diligence Management Investment Committee confirms no material changes to Investment Commitment (or Board approval of material changes) and conditions are met Project proceeds to Financial Close Milestone 	<ul style="list-style-type: none"> Funding occurs over course of project Manage assets and monitor performance, results and outcomes Regular reporting

3.1 Stage 1: Intake and Mandate Filter

3.1.1 Sourcing Investment Opportunities

3.1.1.1 The CIB sources potential investment opportunities from Public Sponsors in alignment with the project development and investment policy objectives of federal, provincial, territorial and municipal governments and Indigenous communities (“**FPTMI**”). The CIB engages regularly with FPTMI partners on their project development and investment policy objectives to provide advice with respect to the structuring, procurement and delivery of revenue-generating infrastructure to help Public Sponsors consider alternative approaches to financing new infrastructure that meet the CIB’s investment criteria.

3.1.1.2 The CIB also sources potential investment opportunities from Private Sector Investors and Institutional Investors. These proposals may be sourced in response to investment initiatives led by the CIB or investment programs and procurement processes led by another governmental entity under which the CIB’s financing support is available to all Proponents that meet the CIB’s base criteria for investment, as described in section 2.5. Consistent with its authorities under paragraph 7(1)(c) of the CIB Act, the CIB has also adopted an Unsolicited Proposals Framework for receiving unsolicited proposals from Private Sector Investors and Institutional Investors and working with Public Sponsors to advance unsolicited proposals.

3.1.2 Projects Outside the CIB’s Mandate

3.1.2.1 The Chief Executive Officer has delegated to the Chief Investment Officer the authority to determine whether project proposals received satisfy the CIB’s base criteria for investment, as described in section 2.5, or are unlikely to satisfy the CIB’s base criteria and therefore should not proceed to the next stage of the Investment Process.

3.1.2.2 The Chief Investment Officer reports to the Investment Committee at least quarterly on the projects that were determined to be outside the CIB's mandate and the reasons for such determination.

3.1.3 Project Appraisal Milestone

3.1.3.1 Infrastructure Projects that proceed to the Appraisal and Advisory stage of the investment process are documented in a Project Appraisal Memo prepared by the CIB's investments team which includes:

- a description of the Infrastructure Project, including anticipated capital cost, jurisdiction and proposed CIB investment product and amount;
- a description of the gaps in financing, as described in section 2.6.2.1, that prevent the Infrastructure Project from advancing with Private Capital alone in a timely manner;
- the rationale for a potential CIB investment, including CIB's confirmation that the Infrastructure Project is aligned with government policy and priorities and is within a Priority Sector;
- an assessment of why Private Capital is not likely, on its own, or with additional grant funding from other government sources, to be available in sufficient amounts to finance the Infrastructure Project; and
- a review and understanding of any known or likely Public Sponsors, Private Sector Investors and Institutional Investors involved in the Infrastructure Project.

3.1.3.2 The Project Appraisal Memo is approved by the Chief Investment Officer and allows the CIB to dedicate additional resources toward advancing the Infrastructure Project, including expending resources and retaining external advisors, as deemed advisable and necessary, to assist with due diligence activities, undertaking advisory activities and determining whether the Infrastructure Project may qualify for Project Acceleration funding.

3.2 Stage 2: Appraisal and Advisory

3.2.1 Advisory Activities

3.2.1.1 The CIB focuses its advisory activities on opportunities that are aligned with the CIB's mandate and have a high probability of leading to a future CIB investment in its Priority Sectors, namely, Infrastructure Projects that have the potential to achieve significant Public Impact Outcomes for Canadians, and are anticipated to generate revenue streams and attract Private Capital.

3.2.1.2 In some cases, the CIB may take on formal advisory mandates with Public Sponsors in the early stages of project development, to work with the Public Sponsor to determine ways to structure the Infrastructure Project in order to attract Private Capital and advise on the most appropriate financial structure and procurement model to transfer additional risk to the private sector and achieve better Public Impact Outcomes for Canadians. In other instances, the CIB may support Proponents (public and private) by providing Project Acceleration funding, as further described in section 3.2.2.

3.2.1.3 The CIB will enter into a memorandum of understanding with the Proponent to document the parties' roles and responsibilities, the deliverables prepared, and any Project Acceleration funding provided by the CIB.

3.2.2 Project Acceleration Funding

3.2.2.1 Project Acceleration relates to the funding the CIB has allocated in the Corporate Plan for projects within the Priority Sectors towards two main purposes:

- to expedite due diligence, planning and development activities, which could include engineering studies, demand forecasting or other activities necessary to establish the Infrastructure Project's business case and possible scenarios regarding revenue-generation; and
- to help finance early works construction with the goal of shortening the critical paths of high impact Infrastructure Projects in which the CIB expects to invest.

3.2.2.2 Project Acceleration funding is intended to have a measurable impact on the development of Infrastructure Projects that are actionable in the short-term and includes, but is not limited to, the following categories:

- a) **Front End Cost Absorption for CIB Programs.** Funds used to finance the cost of due diligence work required for the CIB to deliver on its standardized investment programs.
- b) **Public Sector Feasibility Funding.** Funds for projects that: (i) are at an early stage of development and require financial assistance to complete feasibility studies to shorten critical paths; and (ii) in which there is a reasonable likelihood of a future CIB investment, at which time such funding would form part of the CIB's investment in the Infrastructure Project.
- c) **Private Sector Feasibility Funding.** Funds for projects that exhibit transformational or distinctive Public Impact Outcomes and that: (i) are at an early stage of development and require financial assistance to complete feasibility studies to shorten critical paths; and (ii) in which there is a reasonable likelihood of a future CIB investment, at which time such funding would form part of the CIB's investment in the Infrastructure Project.
- d) **Front End Engineering Design ("FEED") Capital Program.** Funds available to private Proponents that require FEED studies to be completed to accelerate timelines towards final investment decisions for large Infrastructure Projects. The CIB has developed program eligibility criteria to evaluate opportunities sourced under the FEED Capital Program.
- e) **Early Works.** Funds for projects that: (i) require early-stage construction activities prior to the Financial Close milestone for the related longer-term Infrastructure Project; and (ii) where there is a high likelihood of a future CIB investment.

3.2.2.3 Project Acceleration funding may be structured as a repayable contribution or rolled-into the final investment in the Infrastructure Project (such as a convertible instrument) should the project proceed to construction and the CIB has determined to invest in the Infrastructure Project.

3.2.2.4 Project Acceleration funding is distinct from expenses related to the CIB's internal operations. Management has adopted guidelines to evaluate and categorize opportunities for Project Acceleration funding.

3.3 Stage 3: Investment Structuring

3.3.1 Structuring Considerations

- 3.3.1.1 Where appropriate for the asset class and specific project, the CIB will invest under project financing type structures that rely primarily on the project's cash flow for repayment, with the project's assets, rights and interests held as collateral. For certain projects and asset classes, investments in the form of direct loans to an operating entity may be necessary to close the financial gap under consideration. In addition, the decoupling of the credit risk from the revenues generated by the project, or adding sources of revenues outside the Infrastructure Project for repayment of the CIB's investment, may be necessary to close the financing gap under consideration.
- 3.3.1.2 As further described in Section 2.6.2, the CIB prices its investment based on the amount of support required to make a project's business model financially viable for Private Capital. Investments may provide significant concessionary terms (e.g., below market or subordinated) to attract Private Capital to projects that otherwise would not be viable for them. However, the CIB is not a grant making body; investment decisions are based on commercial considerations in line with best practices adopted by other impact investment organizations (subject to the required concessionary terms). The CIB will seek to structure its investments to provide repayment of its capital invested at the end of the investment term with income generated from the Infrastructure Project over the period of the investment.
- 3.3.1.3 To avoid 'crowding-out' Private Capital, the CIB seeks to structure its investment to provide the minimal amount of support that is required to make the Infrastructure Project's business case financially viable, increase risk transfer to the private sector and provide reasonable financial returns for the Private Capital invested in the project. If the Infrastructure Project would generate 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 support.
- 3.3.1.4 The CIB will seek to implement repayment structures to ensure that Private Capital does not obtain returns materially above market norms (on a risk-adjusted basis) while the CIB is invested in a project. The CIB seeks to reduce "concessionality" (where the CIB investment was made on below market terms) in its instruments by utilizing terms which could include accelerating repayment of the CIB's capital and/or, increasing interest rates to be closer to market norms (essentially recapturing "concessionality"), should the Infrastructure Project perform better than expected. For Infrastructure Projects where the CIB is taking material commercial risks, the CIB will seek to invest in equity-like instruments to ensure sharing in both downside and upside scenarios of the project's performance. The CIB will seek to ensure that the mechanisms described above do not disincentivize the private sector from maximizing or increasing Public Impact Outcomes.
- 3.3.1.5 Private Sector Investors and Institutional Investors are expected to assume reasonable risk-adjusted returns which are commensurate with the risks they assume in the Infrastructure Project. These risks may include, for example, development, construction, completion, operations, maintenance, usage and revenue risk.
- 3.3.1.6 Availability periods are structured to align with the construction period for the Infrastructure Project. Availability periods will usually be set for a period of up to five years. The CIB seeks to implement 'use it or lose it' provisions whereby undrawn funds can be recycled and redeployed to other

Infrastructure Projects where it becomes clear that the borrower will not draw down the CIB's credit facility. The CIB may also employ other tools, such as standby fees charged to borrowers when actual draws within a financial year (April 1 to March 31) are below a certain threshold as a percentage of forecasted draws to encourage borrowers to provide more accurate draw curves at Financial Close and make drawdowns.

3.3.1.7 In appropriate circumstances, the CIB may seek to recover from the borrower/developer its reasonable expenses incurred, for example, in conducting due diligence and making an investment decision with respect to the Infrastructure Project.

3.3.2 Due Diligence Process

3.3.2.1 The CIB's investments team, with the support of internal legal and risk teams, performs detailed due diligence with respect to the Infrastructure Project, which will typically include an assessment of:

- the project's business case;
- financial forecasts and sensitivity analysis;
- the project's structure;
- borrower/investee entity risk;
- material project parties;
- industry risk;
- macro-economic risk
- the Public Impact Outcomes intended to be achieved by the Infrastructure Project;
- compliance with applicable laws, including environmental assessments, permitting, regulatory processes that apply to the Infrastructure Project and consultations with potentially impacted Indigenous Peoples;
- procurement processes for material project counterparties; and
- long-term asset management.

3.3.2.2 The CIB uses the concept of materiality when identifying issues and information (including environmental, social and governance factors) to be assessed. What is considered material will vary between projects and Priority Sectors. Due diligence is focused on the Infrastructure Project itself. However, to fully include all potential adverse impacts and materials risks related to the Infrastructure Project, the scope of the assessment may be expanded to the value chains and supply chains associated with the Infrastructure Project.

3.3.2.3 The CIB will develop [*under development*] internal guidelines to assess environmental, social and governance considerations to understand:

- the possible risks and opportunities with respect to the Infrastructure Project to ensure that material issues and adverse impacts are sufficiently well managed;
- the extent to which the Infrastructure Project is resilient to environmental and social changes; and

- material governance topics related to the Infrastructure Project, including business ethics and risk management.

3.3.2.4 The CIB is responsible for meeting all of its legal obligations, including any duty to consult obligations with Indigenous Peoples that may arise, and ensuring that projects have met environmental assessment and other regulatory requirements. The CIB has adopted guidelines to determine when the duty to consult may arise and how it may be fulfilled. Pursuant to the guidelines, the CIB will work in collaboration with other federal, provincial or regulatory agencies to confirm that the honour of the Crown is upheld. Where there is existing or planned consultation processes led by another public sector authority, the CIB will work collaboratively with the authority to follow these consultation processes to avoid duplication of effort and to create a streamlined project approval process. When no other consultation process is in place, the CIB will coordinate the consultation process with the Proponent to ensure that the honour of the Crown is upheld.

3.3.2.5 When conducting its activities, the CIB will also ensure that it complies with applicable laws and regulations preventing money laundering, financing terrorism, contravening sanctions or other financial crimes. The CIB's due diligence practices adopted to prevent and combat these activities are described in the **AML/ATF/S Policy**. Typically, the CIB's requirements for legal and regulatory requirements are reflected in covenants and representations included in the legal agreement with project counterparties.

3.3.2.6 Where necessary, in-house expertise is supplemented by external legal, technical and financial advisors. For example, the CIB retains external legal counsel to perform legal due diligence and advise on the investment structure, risk allocation and terms and conditions in the legal agreements. The CIB also retains technical, insurance and market advisors to provide advice on specific project risks regarding contractual, engineering, environmental and social matters. External advisors retained by the CIB will be selected in accordance with the CIB's procurement practices described in the **Procurement Policy**.

3.3.2.7 The CIB may leverage the due diligence completed by external advisors retained by other investors and, where appropriate and possible, obtain commercially standard reliance from such advisors. Except where diligence is required to assess a specific risk to which the CIB is exposed in a different way to other investors, the CIB will seek to avoid the duplication and additional expense of retaining its own dedicated external advisors.

3.4 Investment Commitment Milestone

3.4.1 Investment Memoranda

3.4.1.1 For each investment proposal, the investments team will prepare a memorandum to the Management Investment Committee for review and recommendation to the Board of Directors (through the Investment Committee). The memorandum will include the following information to support the review and decision:

- a) a description of the Infrastructure Project, the counterparty(ies), as well as the structure, risk allocation, term and pricing of the CIB's investment product;
- b) a summary of the results of the due diligence process and areas that require additional due diligence;

- c) a description of the Infrastructure Project's compliance with the CIB's mandate, permitted activities, as well as other legal and regulatory requirements that pertain to the project;
- d) an assessment of the project's expected Public Impact Outcomes;
- e) an assessment of the project's Fiscal Impact, as well as the risks and mitigants that support the Fiscal Impact calculation;
- f) an assessment of the Infrastructure Project relative to other projects in the relevant priority sectors and the project's contribution towards the achievement of the CIB's planned results and targets;
- g) an assessment of stakeholder, reputational and communication considerations related to the Infrastructure Project;
- h) if applicable, a draft memorandum of understanding and term sheet negotiated between the CIB and the counterparty(ies).

3.4.2 Decision-Making Authorities for Investment Commitments

3.4.2.1 The Board of Directors retains all decision-making authorities related to Investment Commitments. Pursuant to its Charter, the Board of Directors may approve delegations of authority to the Management Investment Committee for investments and approval limits, including Investment Commitments and execution of instruments in relation thereto. The Board of Directors has delegated to the Investment Committee the authority to approve all investment proposals, related borrowings and execution of instruments in relation thereto, except as otherwise provided under the CIB Act, any by-law or resolution specifically reserved to the Board of Directors.

3.4.2.2 The Board of Directors has delegated limited decision-making authorities to the Management Investment Committee to make investment decisions (including Investment Commitments and decisions to proceed to Financial Close) for Infrastructure Projects within specific targeted programs that meet standardized investment terms and project conditions described in a Program Strategy Memorandum previously approved by the Board of the Directors. The conditions of this delegation of authority are documented in **Schedule A to this Policy**.

3.5 Stage 4: Final Negotiation and Closing

3.5.1 Administrative Authorities

3.5.1.1 When all due diligence reasonably required has been completed, the Investments team will prepare a closing memorandum to the Management Investment Committee describing the results, as well as any updated information from the previously approved Investment Commitment.

3.5.1.2 Subject to any conditions imposed by the Board of Directors, where the Management Investment Committee has confirmed that there is no "material change" (as defined in section 3.5.2) to an Investment Commitment previously approved by the Board of Directors (through the Investment Committee), the Board of Directors has delegated to the Management Investment Committee the authority to secure the administrative decision-making approvals required for the Infrastructure

Project to proceed to Financial Close. The closing memorandum will confirm that there is no “material change” to the Investment Commitment.

3.5.1.3 Management will report to the Investment Committee at each regularly scheduled meeting regarding all administrative authorities completed in accordance with this section. Reporting will include:

- a) description and location of the Infrastructure Project;
- b) key financial terms of the CIB’s investment product;
- c) Fiscal Impact calculation;
- d) Public Impact Outcome calculation; and
- e) any other information deemed necessary for the Board’s understanding of the CIB’s investment, including any broader trends that could adversely impact targeted outcomes and portfolio objectives.

3.5.2 Definition of “Material Change”

3.5.2.1 In making a determination of whether there is a “material change” to the previously approved Investment Commitment, the following factors shall be considered:

- a) a change in the financial amount of the Investment Commitment representing the lesser of: (i) +/- 10 percent and above; and (ii) \$75 million;
- b) an adverse change in the calculation of Public Impact Outcomes in the amount of 10 percent and above;
- c) an adverse change in the calculation of the Lifetime Expected Loss in the amount of 5 percentage points and above (i.e., a change in the Lifetime Expected Loss from 10% during the Investment Commitment milestone to over 15% at Financial Close);
- d) more than twelve (12) months has elapsed since the Board of Directors has approved the Investment Commitment;
- e) an adverse change to the key terms of the CIB’s investment product, such as pricing, tenor, amortization schedule or security;
- f) any other change to the terms of the transaction that, after due consideration and using reasonable judgement, constitutes a material adverse change the CIB’s investment in the Infrastructure Project;
- g) any significant statement of finding or opinion from the CIB’s legal or technical advisors that, after due consideration and using reasonable judgement, constitutes a material adverse change the risk profile of the CIB’s investment in the Infrastructure Project; and
- h) any other developments or information related to Infrastructure Project that the Management Investment Committee determines, after due consideration and using reasonable judgement, would reasonably be expected to have a significant impact on the CIB’s investment in the Infrastructure Project.

3.5.2.2 If the Management Investment Committee determines that none of the factors listed in section 3.5.2.1 are present, the Chief Executive Officer (through the Management Investment Committee)

is authorized to secure the administrative approvals required for the Infrastructure Project to proceed to Financial Close.

3.5.2.3 If a “material change” has occurred to the Investment Commitment previously approved by the Board, the details of the “material change” must be brought back to the Board of Directors (through the Investment Committee) for its consideration and approval. The investments team will prepare an updated investment memorandum describing the “material change” and other updated information.

3.5.3 Financial Close Milestone

3.5.3.1 Once the necessary approvals or authorizations for the CIB’s investment in the Infrastructure Project have been confirmed and all other required conditions contained in the financing agreements are satisfied or waived, Financial Close can occur. To support the Financial Close milestone, the CIB’s investments team will prepare a closing memorandum, which describes any non-material changes and updated information from the Investment Commitment milestone described in section 3.4 and confirm that the conditions precedent are satisfied.

3.6 Stage 5: Funding, Monitoring and Exit

3.6.1 Asset Monitoring

3.6.1.1 The CIB’s asset management function actively monitors each of the CIB’s portfolio investments through regular reporting provided by the counterparties to:

- ensure that all contractual terms and conditions are met before providing funding and throughout the term of the agreement;
- understand any changes in the investment’s risk profile; and
- assess the value of each investment (in collaboration with the Finance team).

3.6.2 New Investment Commitment and Amendments

3.6.2.1 A request from the Proponent to amend the scope of the Infrastructure Project will be considered a “New Investment Commitment”, and will be subject to the process described in section 3.4 of this Policy, if each of the following criteria is met:

- a) the additional project scope is located in a new or expanded geographic location;
- b) the additional project scope would result in an increase in the calculation of Public Impact Outcomes in the amount of 10 percent and above;
- c) the project plan and design for the additional project scope was not contemplated at Financial Close;
- d) the Infrastructure Project as a whole, with the additional project scope, complies with the CIB’s mandate, authorities and applicable policies; and
- e) the incremental CIB investment for the additional project scope meets and exceeds the following amounts:
 - Indigenous Communities Infrastructure Initiative – \$5 million;

- Charging and Hydrogen Refueling Infrastructure – \$10 million;
- Zero-Emission Buses – \$15 million;
- Building Retrofit Initiative – \$25 million;
- Broadband – \$50 million;
- All other Infrastructure Projects – \$100 million.

3.6.2.2 Where the request to amend the scope of the Infrastructure Project does not meet the criteria listed in section 3.6.2.1, the request for amendment will be considered in accordance with the management procedures for post-closing requests adopted pursuant to this Policy.

3.6.2.3 Management also tracks and monitors various data points for management reporting purposes, which are defined in a data glossary adopted pursuant to this Policy.

3.6.3 Annual Review and Portfolio Report

3.6.3.1 At least once every year, management will complete a review of each investment and present to the Investment Committee a report with an update on the investment's performance and risk profile. Management may also provide more frequent updates if there are material adverse developments that might significantly impact the performance or risk profile of the investment.

3.6.3.2 Management also presents a quarterly report to the Board of Directors, through the Impact and Risk Committee, on the performance of the portfolio, and portfolio risks relative to the investments and the use of the Total Net Fiscal Expense.

3.6.4 Investment Valuations

3.6.4.1 At its discretion, the finance function will, in consultation with the Chief Financial Officer, and supplemented, where appropriate, with independent third-party advice, perform a valuation of specific investments in the portfolio for financial reporting purposes. Results of investment valuations and accounting positions relative to the Total Net Fiscal Expense will be reported by the Chief Financial Officer to the Finance and Audit Committee.

3.6.5 Hold Period and Exit

3.6.5.1 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 will assess the consequences of the CIB's exit to the project's estimated Public Impact Outcomes.

3.6.5.2 The CIB will maintain alignment with its co-investors by negotiating and exercising liquidity rights, should co-investors choose to exit an investment. Subject to project-specific structuring, the CIB may also exit an investment to 'crowd-in' Private Capital when such capital becomes available, and it is practical to do so at an appropriate point in the project's lifecycle.

3.6.5.3 As part of the CIB's overall management of its balance sheet, the CIB may also exit an investment when it is practical to do so to recycle and reinvest the repaid capital and any profits made back into new Infrastructure Projects that meet the CIB's mandate and Priority Sectors over the long-term.

3.6.6 Evaluation

- 3.6.6.1 As the CIB's portfolio of investments matures and Infrastructure Projects move towards operations, the CIB will establish an evaluation function that will review and document lessons learned from the actual public impact performance of CIB investments to refine and improve the CIB's approach to evaluating future investments.

4. Reporting and Transparency

4.1 Annual Report

- 4.1.1 Following each financial year, the CIB reports on its financial performance, the results achieved against the targeted long-term Public Impact Outcomes set out in the Corporate Plan, and other important developments within its portfolio, in the annual report, including the audited financial statements, submitted to the Minister and the President of the Treasury Board in accordance with section 150 of the *Financial Administration Act*.

4.2 Sustainability and Public Impact Outcome Reporting

- 4.2.1 Periodically, when deemed appropriate, the CIB may also issue additional reporting on Public Impact Outcomes achieved from its investment activities, in the form of a stand-alone report or integrated into the Annual Report described in section 4.1.

4.3 Additional Public Disclosure

- 4.3.1 The CIB is committed to being open and transparent with Canadians about its operations, investments and decision-making processes, while respecting the confidentiality of commercially sensitive information. Section 28 of the CIB Act precludes the CIB from disclosing information obtained in relation to the Proponents of, or Private Sector Investors or Institutional Investors in, Infrastructure Projects unless the required consents or where there is a legal requirement to disclose. Therefore, the CIB will proactively disclose information relating to its participation in Infrastructure Projects, such as formalized advisory engagements, memoranda of understanding, investment commitments, financial closes of specific investments and project construction milestones, to help support an open and transparent relationship with stakeholders and as permitted by applicable law and the requirements of commercial confidentiality.
- 4.3.2 The CIB will also work to ensure that information proactively disclosed about its investments on the CIB's website is fully and easily accessible to the public.

5. Governance and Accountability

5.1 Three Lines of Risk Governance

- 5.1.1 The CIB has adopted the Three Lines of Risk Governance Model designed to ensure a balance between those involved in taking and managing risk (1st Line), those responsible for risk policy setting and independent oversight (2nd Line) and those providing assurance (3rd Line). The roles and responsibilities in alignment with the Three Lines of Risk Governance Model are described in this section of the Investment Policy. Internal Audit (as the 3rd Line) conducts periodic independent

reviews of the CIB’s administration of this Investment Policy in accordance with the priorities contained in the CIB’s risk-based internal audit plan.

5.2 Personnel – Integrated Investment Process

5.2.1 The CIB’s Investments team (as the 1st Line) is responsible for the Implementation of this Investment Policy. The legal, risk, strategy and communications teams, also have roles in supporting the implementation of this Policy. This includes due diligence of investment opportunities, documentation of risks and mitigants, and participation in investment-decision making processes, as described in the table below.

High level summary of roles during the integrated investment process.

Team (1 st Line)	Responsibilities	Reporting Line (2 nd Line)
Investments	<ul style="list-style-type: none"> Performs detailed assessment of the investment opportunity to define the investment commitment, structure, risk allocation, term and pricing, compliance with legal authorities and negotiation of the conditions for the CIB’s support. Responsible for identifying and managing material risks that may adversely affect the project’s Public Impact Outcomes. 	Chief Investment Officer
Legal	<ul style="list-style-type: none"> Provides in-house legal advice on mitigating legal, regulatory and reputational risks, investment structuring and negotiation of legal documentation. Provides 2nd Line support to ensure the investment complies with the CIB’s mandate, legal authorities, policies and procedures. 	General Counsel & Corporate Secretary
Strategy	<ul style="list-style-type: none"> Responsible for articulating the CIB’s Public Impact Outcomes and measurement standards and evaluating the Infrastructure Project’s expected Public Impact Outcomes against the CIB’s objectives in accordance with the measurement standards adopted pursuant to the Public Impact Management Policy. Responsible for evaluating the investment’s Public Impact Outcomes as compared to other investments within the priority sector (or sub-sector) and in relation to the long-term targets set out in the Corporate Plan. 	Group Head, Strategy
Credit Risk	<ul style="list-style-type: none"> Responsible for the Fiscal Impact assessment – including risk rating and calculating the Fiscal Impact – of the CIB’s investment in accordance with the CIB’s risk tolerance and internal credit rating methodology. 	Chief Financial Officer

<p>Asset Management</p>	<ul style="list-style-type: none"> • Responsible for ensuring investment disbursements are made in accordance with established terms and conditions in the legal documentation and executing other operational activities related to the portfolio. • Responsible for monitoring investment performance, including tracking Public Impact Outcomes, and monitoring risks in construction, operations, maintenance, lifecycle, and financial performance 	<p>Chief Financial Officer</p>
<p>Communications and Public Affairs</p>	<ul style="list-style-type: none"> • Responsible for completing an assessment of potential stakeholder support/concerns and reputational considerations regarding the Infrastructure Project and the CIB’s communications approach to mitigate these risks. 	<p>Group Head, Communications and Public Affairs</p>

5.3 Chief Executive Officer

- 5.3.1 The CEO is appointed by the Board of Directors, subject to the approval of the Governor in Council, and is responsible for the corporation’s day-to-day operations. The CEO is accountable to the Board of Directors for the overall management and performance of the CIB, including the effective implementation of this Policy and ensuring that the corporation has adopted appropriate internal controls to support decision-making and accountability.
- 5.3.2 The CEO, supported by the CIO, reports on the activities and decisions of the Management Investment Committee to the Investment Committee of the Board.

5.4 Chief Investment Officer

- 5.4.1 The CEO has delegated to the CIO the authority to execute the CIB’s mandate in accordance with the authorities in the CIB Act and the parameters established by this Policy. The CIO is authorised to determine whether potential investment opportunities in projects are eligible for advisory services and CIB investment and to incur the expenses necessary to provide advisory services and assess potential investment opportunities.
- 5.4.2 The CIO provides regular reports to the Investment Committee on the status of potential investment opportunities and advisory services, including Project Acceleration funding.

5.5 Management Investment Committee

- 5.5.1 The CEO has established the Management Investment Committee to manage the CIB’s investment activities within the CIB’s authorities under the CIB Act, the CIB’s approved Corporate Plans and budgets, and the constraints established by the Board. The MIC is accountable for:
- a) reviewing and recommending this Investment Policy to the Board of Directors (through the Investment Committee) for approval;
 - b) monitoring compliance within this Investment Policy and operating within the parameters and approval limits established by the Board of Directors; and

- c) reviewing investment proposals to be recommended to the Board of Directors (through the Investment Committee) for approval, or approving investment proposals within the authorities and conditions delegated by the Board of Directors.

5.6 Investment Committee (Board of Directors)

- 5.6.1 The Board of Directors has established the Investment Committee, with the authority under the terms of its Charter to assist the Board of Directors in supervising the management of the CIB's investment activities, including:
 - a) reviewing and making decisions with regards to specific investments in Infrastructure Projects;
 - b) monitoring the principal risks related to the investment decisions and activities, and overseeing the implementation of appropriate systems to manage these risks; and
 - c) reviewing and recommending to the Board of Directors for approval delegations of authority to the Chief Executive Officer (through the Management Investment Committee) to approve investments and approval limits in relation thereto.

5.7 Board of Directors

- 5.7.1 In accordance with the *Financial Administration Act* and the CIB's by-laws, the Board of Directors is responsible for the supervision of the management of the businesses, activities and other affairs of the corporation. Consistent with its governance and stewardship role, the Board approved this Policy, having regard to the recommendation of the Investment Committee, and is responsible for approving any amendments to this Policy.
- 5.7.2 The Board of Directors is responsible for the approval of delegations of authority to the Investment Committee or the Chief Executive Officer (through the Management Investment Committee) to approve investments within the specific parameters and approval limits set by the Board of Directors and documented under this Policy.
- 5.7.3 The Board of Directors fulfills its oversight and monitoring roles for investment-related matters through the Investment Committee and the reporting provided by the Chief Executive Officer and Chief Investment Officer on the status of project development and investment structuring activities, the status of projects proceeding to financial close, and material risks to closed Investments.

6. Definitions

Unless defined elsewhere in this Investment Policy, the following terms shall have the following meanings:

Backstop Commitment: means a set of standard investment terms in relation to the Infrastructure Project that is available to all potential Proponents responding to a public tender.

Board of Directors: refers to the Board of Directors of the CIB, as set forth in section 8 of the CIB Act.

Chief Executive Officer (CEO): refers to the person appointed as Chief Executive Officer of the CIB pursuant to subsection 9(1) of the CIB Act.

Chief Financial Officer (CFO): refers to the officer appointed as the Chief Financial Officer of the CIB pursuant to the CIB's by-laws.

CIB Act: refers to the *Canada Infrastructure Bank Act* (S.C. 2017, c. 20, s. 403).

Chief Investment Officer (CIO): refers to the officer appointed as the Chief Investment Officer of the CIB pursuant to the CIB's by-laws.

Corporate Plan: refers to the corporate plan (and operating and capital budgets), and summaries of and amendments to the plan and budgets, that the CIB must submit annually to the Minister pursuant to section 16 of the CIB Act and Part X of the *Financial Administration Act*. The Board of Directors approves the Corporate Plan that sets out the CIB's strategic direction and planned results and submits the document to the Minister, who may, with the concurrence of the Minister of Finance, recommend it for the approval of the Governor in Council.

Financial Close: means the date when all financing agreements related to the Infrastructure Project have been signed and delivered and all other required conditions contained in the financing agreements are satisfied or waived, enabling funds to flow towards the Infrastructure Project.

Fiscal Impact: is defined in section 2.4 of this Policy.

FPTMI: means a federal, provincial, territorial or municipal government, and an Indigenous community.

Indigenous Peoples: means any Indian or Indian Band (as those terms are defined in the *Indian Act* (Canada)), Indigenous Person or People, Inuit Person or People, Métis Person or People, Aboriginal Person or People, native Person or People, indigenous Person or People, any person or group asserting or otherwise claiming an aboriginal or treaty right, including aboriginal title, or any other aboriginal interest, and any Person or group representing, or purporting to represent, any of the foregoing.

Infrastructure Project: means a project described in section 6 of the CIB Act.

Institutional Investor(s): is a legal entity that accumulates and invests the funds on behalf of multiple investors or beneficiaries with a view to achieving a financial return, accounting for risk on a commercial basis. Pension funds, sovereign wealth funds, mutual funds and insurance companies are examples of institutional investors. While some of these entities may be wholly-owned by government or classified as public sector entities, they operate at arms-length from government and undertake investment activities on a commercial basis – comparing potential Canadian infrastructure investments against investments in other asset classes and geographies.

Investment Commitment: refers to when the CIB and its investment partners have come to a set of agreed upon terms that sets out the capital commitment of each party and other financial terms of an investment, such as length, interest rates and financing structure. At this time, the investment proposal is advanced sufficiently enough for the CIB and its counterparts to each secure appropriate approvals and proceed to final due diligence in advance of financial close. In addition, the counterparty is in the final stages of securing key stakeholder agreements, all other public funding of the infrastructure project is confirmed, and there is a defined and agreed upon schedule in place to reach financial close.

Lifetime Expected Loss: means the probability-weighted estimate of investment losses that the Infrastructure Project may experience over the expected life of the investment due to default or impairment. This estimate is primarily based on a thorough assessment of the risks of the investment/project including construction and operational complexity, consortium experience, structure, regulatory and financial structuring risk factors and evolves throughout the life of the investment in response to the performance of the Infrastructure Project, and ultimately results in the return or loss of the CIB's capital.

Management Investment Committee (MIC): means the committee of management established by the CEO to undertake the activities described in this Investment Policy.

Minister: means the member of the King's Privy Council for Canada who is designated as the Minister under section 3 of the CIB Act.

Personnel: Any person who is part of the personnel of the CIB, including any officer, whether working on a full-time, part-time, permanent or temporary basis, and including the CEO.

Policy Monitor: means the authority responsible for monitoring, ensuring and attesting to compliance with the Policy, and also responsible for reporting instances of non-compliance to the Policy Owner (if the Policy Monitor is different from the Policy Owner).

Policy Owner: means the senior Executive responsible for the matters addressed by this Policy. This includes responsibility for ensuring the Policy's development, implementation, and maintenance.

Priority Sector(s): is defined in section 2.1 of this Policy.

Private Capital: means investment in the Infrastructure Project that comes from Private Sector Investors and Institutional Investors.

Private Sector Investor(s): means entities that are not directly controlled by any level of government, and do not have recourse to general tax revenues for losses. They fund their balance sheet through retained earnings, capital markets and/or contributions from users, not government grants. Their profit and loss do not affect the surplus/deficit of a government. Private investment funds, financial institutions (e.g., banks, credit unions), engineering, construction and project development entities (including entities wholly owned by a foreign state) are examples of private sector investors.

Proponent: in relation to an Infrastructure Project or other activity, means a person or entity, including a FPTMI, that proposes the carrying out of the Infrastructure Project.

Public Impact Outcome(s): is defined in section 2.3 of this Policy.

Public Sponsor: means a public sector FPTMI that approves or supports the advancement of the Infrastructure Project.

Total Net Fiscal Expense: is defined in section 1.1.4 of this Policy and includes: i) operating expenses, ii) concessionary pricing relative to the Government of Canada's borrowing rates and iii) Lifetime Expected Losses plus any specific impairment charges, all offset by any financial returns on investments, including principal and interest.

7. Monitoring and Review

As the Policy Owner of this Investment Policy, the Chief Investment Officer is accountable for reviewing the effectiveness of this Policy annually and, as appropriate, recommending changes to the Board of Directors (through the Investment Committee). As the Policy Monitor, the General Counsel & Corporate Secretary is responsible for monitoring, ensuring and attesting to compliance with this Policy.

8. Questions

For questions or interpretation of any aspect of this Policy, contact the Chief Investment Officer or the General Counsel & Corporate Secretary.

9. Approval and Effective Date

This Policy was last reviewed and approved by the Board of Directors on November 15, 2023.

SCHEDULE A

DECISION-MAKING AUTHORITIES AND APPROVAL LIMITS FOR INFRASTRUCTURE PROJECTS

1. Purpose

Pursuant to section 3.4.2 of the Policy, this Schedule describes the decision-making authorities delegated to the Management Investment Committee for Infrastructure Projects within specific targeted programs that meet standardized investment terms and project conditions described in a Program Strategy Memorandum or other document previously approved by the Board of Directors.

2. Decision-Making Authority

2.1 Delegation from the Board

2.1.1 The Board delegates to the Management Investment Committee the authority to make investment decisions relating to transactions in an Infrastructure Project that meets the standardized investment terms and project conditions described in a Program Strategy Memorandum or other document previously approved by the Board, and complies with the portfolio allocation, approval limits and conditions set out below:

Program or Initiative	Approval Limit	Conditions
Project Acceleration Public Sector Feasibility Funding and Private Sector Feasibility Funding	\$5 million	<ul style="list-style-type: none"> • CIB’s expenses relate to the development and due diligence activities that will expedite the advancement of the Infrastructure Project and shorten critical paths to the project’s development. • CIB’s expenses are expected to be recovered as revenue once the project proceeds with either CIB and/or private capital. • CIB will enter into a Memorandum of Understanding and/or Cost Sharing Agreement with the project proponent to document the Project Acceleration expenses. • The decision is documented in a written resolution approved by the Management Investment Committee.
Front End Engineering Design (FEED)	\$25 million	<ul style="list-style-type: none"> • The project and the CIB’s investment product are materially consistent with the eligibility criteria and the terms and conditions of the FEED Capital Initiative approved by the Board of Directors on August 11, 2022. • The investment decision is described in an investment memorandum that is prepared in accordance with the requirements of the CIB’s Integrated Investment Process.

Program or Initiative	Approval Limit	Conditions
		<ul style="list-style-type: none"> The investment decision complies with all applicable internal CIB policies and legal requirements including the CIB Act and FAA. The investment decision is documented in a written resolution approved by the Management Investment Committee.
Zero-Emission Buses (ZEBs)	\$50 million	<ul style="list-style-type: none"> The project and the CIB's investment product are materially consistent with the terms and conditions of the ZEB Initiative described in the Program Strategy Memo approved by the Board of Directors on November 19, 2020, and last updated on August 10, 2023. The investment decision is described in an investment memorandum that is prepared in accordance with the requirements of the CIB's Integrated Investment Process. The investment decision complies with all applicable internal CIB policies and legal requirements including the CIB Act and FAA. The investment decision is documented in a written resolution approved by the Management Investment Committee.
Building Retrofits Initiative (BRI)	\$50 million	<ul style="list-style-type: none"> The project and the CIB's investment product are materially consistent with the terms and conditions of the BRI described in the Program Strategy Memo approved by the Board of Directors on February 1, 2021, and last updated on June 21, 2022. The investment decision is described in an investment memorandum that is prepared in accordance with the requirements of the CIB's Integrated Investment Process. The investment decision complies with all applicable internal CIB policies and legal requirements including the CIB Act and FAA. The investment decision is documented in a written resolution approved by the Management Investment Committee.
Indigenous Community Infrastructure Initiative (ICII)	\$30 million	<ul style="list-style-type: none"> The project and the CIB's investment product are materially consistent with the terms and conditions of the ICII described in the Program Strategy Memo approved by the Board of Directors on

Program or Initiative	Approval Limit	Conditions
		<p>March 15, 2021, and last updated on August 10, 2023.</p> <ul style="list-style-type: none"> • The investment decision is described in an investment memorandum that is prepared in accordance with the requirements of the CIB's Integrated Investment Process. • The investment decision complies will all applicable internal CIB policies and legal requirements including the CIB Act and FAA. • The investment decision is be documented in a written resolution approved by the Management Investment Committee.

2.2 Limits on Decision-Making Authorities

2.2.1 Subject to any other constraints under the CIB Act, By-law No. 1, and this Policy, the Management Investment Committee is authorized to make an Investment Commitment unless the Management Investment Committee determines after due consideration and using reasonable judgement that one or more of the following circumstances apply in which case the Management Investment Committee is not authorized to make an Investment Commitment and the transaction must be brought forward to the Board of Directors (through the Investment Committee) for its consideration and approval:

- a) **Reputational Impact:** the proposed investment decision may negatively impact the CIB's reputation in a material way.
- b) **Exception to Program or Initiative:** the proposed investment decision would represent a deviation from the scope of the previously approved terms and conditions for the program or initiative.
- c) **Conflict of Interest:** the CEO has declared a real, potential or perceived conflict of interest with respect to the proposed investment decision.

2.3 Follow-on Investments

2.3.1 The Management Investment Committee is authorized to make follow-on investments in accordance with a previously approved Investment Commitment if the initial transaction was approved by the Management Investment Committee and the aggregate net amount to fund the follow-on investment does not exceed the Approval Limit set out in section 2.1.1 of this Schedule.

3. Monitoring and Reporting

3.1 The CEO, or such delegate as the CEO appoints, will report to the Investment Committee at each regularly scheduled meeting regarding all actions taken in accordance with this Schedule and transactions approved by the Management Investment Committee under this Policy.

3.2 Reporting will include:

- a) description and location of the Infrastructure Project;
- b) key financial terms of the CIB's investment product;
- c) Fiscal Impact calculation;
- d) Public Impact Outcome calculation; and
- e) any other information deemed necessary for the Board's understanding of the CIB's investment, including any broader trends that could adversely impact targeted outcomes and portfolio objectives.

Control Table	
Policy Name:	Investment Policy
Policy Owner:	Chief Investment Officer
Policy Monitor:	General Counsel & Corporate Secretary
Version:	5.0
Recommended by (date):	Investment Committee November 15, 2023
Approved by (date):	Board of Directors November 15, 2023
Next Review Date:	December 2024
Filename:	Investment_Policy_Final_11-15-2023_EN

History			
Version	Action Taken	Date	Comments
1.0	Approved by the Board of Directors	February 13, 2019	Inaugural Policy
2.0	Approved by the Board of Directors	February 2, 2021	Significantly revised to replace the inaugural policy and describe the CIB's investment authorities and permitted activities and to align with the Minister's Statement of Priorities and Accountabilities and the CIB's 2020-21 to 2024-25 Corporate Plan approved by the Treasury Board.
3.0	Approved by the Board of Directors	November 4, 2022	Significantly revised to incorporate the guardrails from the Investment Framework approved by the Board of Directors in June 2021, as well as the integrated investment process and permitted activities in the CIB's 2022-23 to 2026-27 Corporate Plan approved by the Treasury Board.
4.0	Approved by the Board of Directors	February 15, 2023	Targeted amendments to include description of the CIB's approach towards recapturing concessionality and sharing upside or downside risk.
5.0	Approved by the Board of Directors	November 15, 2023	Scheduled review of the policy and updates to include, among others, policy direction from Budget 2023 and the Minister's Statement of Priorities and Accountabilities dated September 26, 2023.