



2023 Green Bond Impact Report

This Green Bond Report covers the period from January 1, 2023, to December 31, 2023, and provides investors with information regarding our Green Bond Register, our Green Bond issuances, the allocation of proceeds and the associated environmental impacts. We recommend this Green Bond Report be read in conjunction with [PSP Investments' Green Bond Framework dated February 14, 2022 \(the "Green Bond Framework"\)](#)¹. As noted in the Green Bond Framework, PSP Investments intends to publish Green Bond reporting on an annual basis.

¹ Slight modifications were made to the Green Bond Framework on 25 August 2023.

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Green Bond Framework

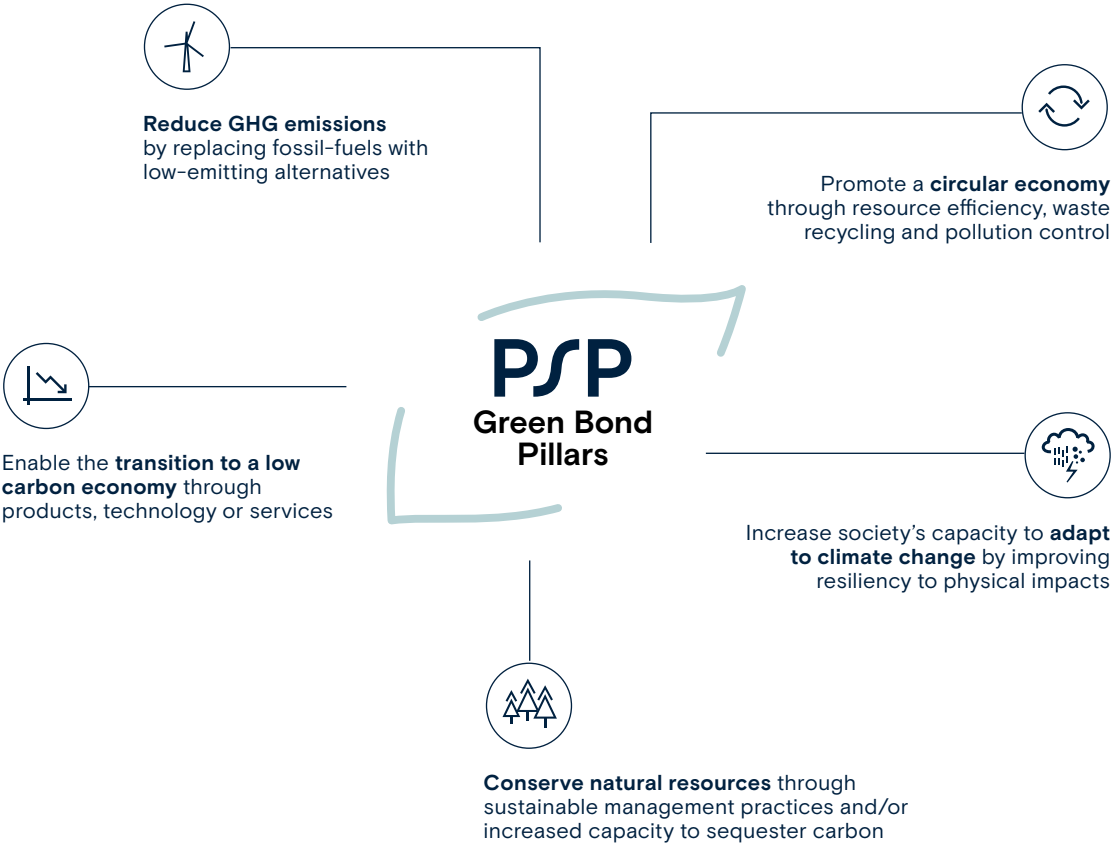
As outlined in our Green Bond Framework, through the issuance of Green Bonds, PSP Investments aims to fund investments aligned with our mandate* intending to achieve positive environmental and climate outcomes for the benefit of society. The net proceeds from Green Bond issuances are allocated to assets that support the transition to a low-carbon economy and demonstrate strong ESG performance based on eligibility criteria and impact metrics presented in the Green Bond Framework.

Subsequent to the release of its Green Bond Framework in February 2022, PSP Investments published an inaugural [Climate Strategy Roadmap](#) and a [whitepaper on its Green Asset Taxonomy](#). The Green Bond program supports the implementation of this climate strategy through the identification of green bond eligible assets which are considered dark green in our Green Asset Taxonomy.

PSP Investments has established five high-level pillars (the “Green Bond Pillars”) to guide the development of its Green Bond approach. These Green Bond Pillars describe the

real-world outcomes that we seek to achieve through our Green Bond program. They are inspired by existing industry standards and taxonomies, including the six environmental objectives of the EU Taxonomy.

All Eligible Green Assets, as defined on the next page, are intended to contribute to one or more of the pillars. As established in its Green Bond Framework, PSP Investments will also seek to ensure that all selected investments in the Green Bond Program do not impede any of the five PSP Investments Green Bond Pillars.



* PSP Investments’ statutory mandate is to manage amounts that are transferred to it in the best interests of the contributors and beneficiaries under the acts related to the Plans and to invest its assets with a view to achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plans and the ability of the Plans to meet their financial obligations.

The [Green Bond Framework](#) is aligned with the International Capital Market Association (ICMA) Green Bond Principles (GBP). The Green Bond Framework was independently reviewed by CICERO Shades of Green, which provided [a second-party opinion](#) on the quality of the Green Bond Framework and the governance around how assets are selected. The Green Bond Framework received a “CICERO Medium Green” shading as well as the highest governance score “Excellent”, which demonstrates the strong governance structure put in place by PSP Investments.

Eligible Use of Proceeds

PSP Investments intends to allocate an amount equivalent to the net proceeds from the sale of any Green Bond issuances toward a selection of private investments (the “Eligible Green Assets”) in line with the GBP’s eligible project categories.



Process for Project Evaluation and Selection

A **Green Bond Working Group** comprised of representatives from Treasury, Sustainability and Climate Innovation, Legal Affairs and various investment teams, has been established and will meet regularly. It is responsible for the assessment and selection of Eligible Green Assets, and the management of the **Green Bond Register** over the lifetime of all issuances.

Management of Proceeds

The Treasury group will **track, through the Register, the allocation of net proceeds** from the sale of any Green Bonds to eligible Green Assets. The Green Bond Working Group will **review it on an annual basis** to ensure that the Eligible Green Assets continue to meet the eligibility criteria. Any assets that are sold will be removed from the Register and substituted with a replacement asset that complies with the Green Bond Framework.

Impact Reporting

For each green bond under the Green Bond Framework, PSP Investments intends to publish a Green Bond Impact Report disclosing information on net proceeds allocation and impact objectives **within one year from issuance**, and on **an annual basis thereafter until maturity**. This will be made **publicly available on PSP Investments’ website**.

Green Bond Issuance Details and Register

Issuance Details

PSP Investments has had 2 Green Bond issuances since inception, both detailed in the tables below.

Issuance details for 2022 Green Bond (Green Bond 1)	
Issuer	PSP Capital Inc.
Rating	Aaa (Moody's) / AAA (S&P) / AAA (Fitch) / AAA (DBRS)
Size	C\$1,000,000,000
Format	Canadian private placement; Rule 144A/3(c) (7) and Regulation S
CUSIP/ISIN	Rule 144A: 69363TAR3 / CA69363TAR38 Regulation S: C75089AA7 / CAC75089AA76
Issuance Date	February 25, 2022
Maturity Date	March 1, 2032
Coupon	2.60% per annum

Issuance details for 2023 Green Bond (Green Bond 2)	
Issuer	PSP Capital Inc.
Rating	Aaa (Moody's) / AAA (S&P) / AAA (Fitch) / AAA (DBRS)
Size	C\$1,000,000,000
Format	Canadian private placement; Regulation S
CUSIP/ISIN	Regulation S: C75089AC3/CAC75089AC33
Issuance Date	August 31, 2023
Maturity Date	December 2, 2030
Coupon	4.40% per annum

Green Bond Register

Through a Green Bond Register, the Treasury group tracks the allocation of net proceeds from the sale of any Green Bonds to eligible Green Assets. On an annual basis, the Green Bond Working Group reviews the Green Bond Register and seeks to ensure that the Eligible Green Assets continue to meet the eligibility criteria, as per the Green Bond Framework. Any assets that are sold are removed from the Green Bond Register and substituted with a replacement asset that complies with the Green Bond Framework. To be noted, no change was made to the allocation of proceeds to the 2022 Green Bond.

The total amount of PSP Investments Green Bond proceeds was allocated to Eligible Green Assets based on disbursements within the three-year look-back period, notwithstanding the ownership of companies prior to that period.

Issuance details for 2022 Green Bond (Green Bond 1)	
Green Bonds	Amount
Green Bond 1	C\$ 1,000,000,000
Total Green Bonds	C\$ 1,000,000,000
Eligible Green Asset Category	% Allocated by Category
Renewable energy	45.01%
Environmentally sustainable management of living natural resources and land use	39.80%
Green buildings	15.19%
Total Assets	C\$ 1,000,000,000
Unallocated Net Proceeds (Dec 31, 2023)	C\$ 0

Issuance details for 2023 Green Bond (Green Bond 2)	
Green Bonds	Amount
Green Bond 2	C\$ 1,000,000,000
Total Green Bonds	C\$ 1,000,000,000
Eligible Green Asset Category	% Allocated by Category
Clean transportation	60.00%
Green buildings	40.00%
Total Assets	C\$ 1,000,000,000
Unallocated Net Proceeds (Dec 31, 2023)	C\$ 0

Impact Reporting by Category

As set out in the [Green Bond Framework](#), PSP Investments seeks to ensure comprehensive and transparent impact reporting on an annual basis. Our Green Bond Impact Report includes qualitative and quantitative environmental performance indicators on Eligible Green Assets, reported at the category level. Impact metrics are selected in line with example reporting metrics included in the Green Bond Framework.

The portion of impact metrics attributable to green bond investors is determined by calculating the ratio of PSP Investments' ownership position over the total equity and debt of the underlying investments, as of March 31, 2023 for assets tagged to Green Bond 1 and Green Bond 2. This approach to calculating PSP Investments' pro-rated share was selected in alignment with the ICMA's [Handbook – Harmonized Framework for Impact Reporting](#).

Impact of Operational Renewable Energy Projects

This category includes assets that involve the construction, development, operation, acquisition, maintenance and distribution of select renewable energy generation sources.

PSP Investments Green Bond Impact Metric	2022 ¹
Total installed capacity (MW)	2,690
<i>Pro-rata</i>	479
Annual clean power produced (MWh)	7,042,000
<i>Pro-rata</i>	1,253,941
Annual GHG emissions avoided (tCO ₂ e)	1,598,000
<i>Pro-rata</i>	284,549
GHG Emissions tCO ₂ e (Scope 1 and Scope 2)	20,289
<i>Pro-rata</i>	3,613
Green Bond Tagged	Green Bond 1

¹ As reported by the selected eligible green project ESG Report.

Impact of Clean Transportation Projects

This category includes assets that involve the construction, development, operation, acquisition, and maintenance of fully electric transportation infrastructure.

PSP Investments Green Bond Impact Metric	2022 ²
Latest GRESB Infrastructure Asset Benchmark Rating	5 Stars
Number of electric assets	2,810
% of electrified assets	69.5%
Green Bond Tagged	Green Bond 2

² As reported in the company's GRESB Submission.

Impact of Environmentally Sustainable Management of Living Natural Resources and Land Use Projects

This category includes assets that contribute to sustainable management of natural resources and land use, including certified sustainable timber, aquaculture, and agriculture production.

PSP Investments Green Bond Impact Metric	2022 ³
Total surface area (hectares)	575,000
<i>Pro-rata</i>	181,797
GHG emissions tCO ₂ e (Scope 1 and Scope 2)	4,861
<i>Pro-rata</i>	1,537
GHG emissions absorbed or avoided (tCO ₂ e)	20 million tonnes over the life of the Initiative
Relevant certifications	Sustainable Forestry Initiative (SFI)
Green Bond Tagged	Green Bond 1

³ As reported by the selected eligible green project ESG Report.

Impact of Green Building Projects

This category includes assets that have received, or expect to receive based on their design, construction and operation plans, select certification according to third party verified building standards.

PSP Investments Green Bond Impact Metric	2022 ⁴				
Building type	Office: High-Rise	Office: Mid-Rise	Office: Mid-Rise	Office: Mid-Rise	Industrial
Building location	London, United Kingdom	Cambridge, United Kingdom	New York City, United States	Cambridge, United Kingdom	United Kingdom
Energy intensity (MWh per sq ft)	0.018	0.016	Under construction	Under construction	Under construction
Water intensity (Litres consumed per sq ft)	78.18	8.69			
GHG emissions CO ₂ e (Scope 1 and Scope 2)	5,705	927			
<i>Pro-rata</i>	648	558			
Renewable energy purchased (MWh)	16,369	1,037			
<i>Pro-rata</i>	1,860	1,081			
Proportion of renewable energy (%) relative to total energy consumption	54%	36%			
CRREM ⁵ 1.5-degree decarbonization pathway multiple	0.789x	0.728x			
Relevant certification	BREEAM Excellent	BREEAM Excellent	LEED Gold	BREEAM Outstanding [Interim]	BREEAM Excellent [Targeted]
Green Bond Tagged	Green Bond 1	Green Bond 2	Green Bond 2	Green Bond 2	Green Bond 2

⁴ As reported in the company's GRESB Submission and in PSP Investments' annual asset-level data collection initiative.

⁵ [Carbon Risk Real Estate Monitor Global Pathways](#)

Case Study

Angel Trains

Angel Trains, the largest passenger rolling stock company (“ROSCO”) in the UK, endeavours to integrate the highest ESG standards into its operations. In 2023, ~ 80% of the company’s revenues come from electric or bi-mode trains; and since 2000, 99% of the investment in new trains has been in electric or bi-modal vehicles.

Led by Malcom Brown as CEO of Angel Trains and the Chair of the Rail Industry Sustainable Rail Executive, the company continues to develop and support new carbon-

reduction technologies. These include a battery hybrid multiple unit trial, a battery concept for Class 802 trains, research into alternative fuels and supply of hydrogen electrolyser equipment to support a hydrogen demonstrator at COP 26.

The company has demonstrated a strong commitment to sustainability, as evidenced by its 5-star GRESB rating, the highest level achievable under GRESB, and to supporting decarbonization through innovation.

Disclaimer

The ESG-related information in this report carries a degree of inherent risk and uncertainty because it derives from ESG data, models and methodologies that are rapidly evolving and are not of the same standard as those available in the context of financial and other information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. Outputs of models, processed data and methodologies are likely to be affected by (among other things) underlying data quality, which can be hard to assess, and we expect industry guidance, standards, market practice and regulations in this field to continue to evolve. There are also challenges faced in relation to the ability to access data on a timely basis and the lack of consistency and comparability between data that is available.

In the light of uncertainty as to the nature of future policy and market response to climate change and other ESG-related issues, including between regions, and the effectiveness of any such response, and as market practice and data quality and availability develops, PSP Investments may have to update the models and/or methodologies it uses, or alter its approach to ESG analysis, and may be required to amend, update and recalculate its ESG disclosures in the future. Revision to ESG data may mean it is not reconcilable or comparable year-on-year.

This report contains graphics, tables, an illustrative case study and credentials which aim to give a high-level overview of certain elements of this report and improve the accessibility of the report for readers. These graphics, tables, illustrative case study and credentials are designed to be read within the context of the report as a whole.

The information in this report includes non-financial metrics and other information that are subject to significant uncertainties, which may include (without limitation) the collection and verification of data, and underlying data that is obtained from third parties (including PSP Investments' portfolio companies).

PSP Investments has appointed Ernst & Young LLP to perform limited independent assurance over selected ESG content contained in this report. Further details of the scope, reporting criteria, respective responsibilities, work performed, limitations and conclusion can be found in the limited assurance opinion issued by Ernst & Young LLP, a copy of which is appended to this report.



Independent practitioner's assurance report

To the Management of PSP Investments

Scope

We have been engaged by Public Sector Pension Investment Board ("PSP Investments") to perform a 'limited assurance engagement,' as defined by Canadian Standards on Assurance Engagements, hereafter referred to as the engagement, to report on PSP Investments' allocation of net proceeds from the C\$1,000,000,000 2.60% Senior Notes issued by PSP Capital Inc. on February 25, 2022, maturing March 1, 2032 ("Green Bond 1") and the C\$1,000,000,000 4.40% Senior Notes issued by PSP Capital Inc. on August 31, 2023, maturing on December 2, 2030 ("Green Bond 2") (together, the "Subject Matter") for the year ended December 31, 2023 contained in PSP Investments' 2023 Green Bond Impact Report (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by PSP Investments

In preparing the Subject Matter, PSP Investments allocated the net proceeds in accordance with the Eligible Green Assets described in the PSP Investments Green Bond Framework issued in February 2022 (the "Criteria"). Such Criteria were specifically designed for assisting PSP Investments in disclosing the allocation of net proceeds related to the Subject Matter. As a result, the Subject Matter may not be suitable for another purpose.

PSP Investments' responsibilities

PSP Investments' management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.



We conducted our engagement in accordance with the *Canadian Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('CSAE 3000'). This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Management

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires us to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.



Our procedures included:

- Conducting interviews with relevant personnel to obtain an understanding of the reporting process and internal controls;
- Inquiries of relevant personnel who are responsible for the Subject Matter, including, where relevant, inspecting documentation relating to the allocation of net proceeds in accordance with the Criteria;
- Reviewing presentation and disclosure of the Subject Matter in the Report.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter for the year ended December 31, 2023, is not prepared, in all material respects, in accordance with the Criteria.

*Ernst & Young LLP*¹

Montréal Canada
February 14, 2024

¹CPA auditor, public accountancy permit no. A129122

Schedule

Our limited assurance engagement was performed on the following Subject Matter for the year ended December 31, 2023, as contained on page 4 of the Report.

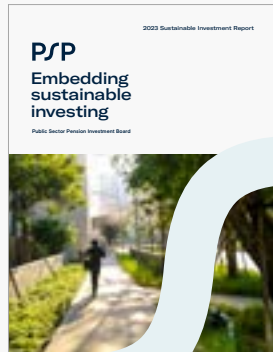
Issuance details for 2022 Green Bond (Green Bond 1)	
Green Bonds	Amount
Green Bond 1	C\$ 1,000,000,000
Total Green Bonds	C\$ 1,000,000,000
Eligible Green Asset Category	% Allocated by Category
Renewable energy	45.01%
Environmentally sustainable management of living natural resources and land use	39.80%
Green buildings	15.19%
Total Assets	C\$ 1,000,000,000
Unallocated Net Proceeds (Dec 31, 2023)	C\$ 0

Issuance details for 2023 Green Bond (Green Bond 2)	
Green Bonds	Amount
Green Bond 2	C\$ 1,000,000,000
Total Green Bonds	C\$ 1,000,000,000
Eligible Green Asset Category	% Allocated by Category
Clean Transportation	60.00%
Green Buildings	40.00%
Total Assets	C\$ 1,000,000,000
Unallocated Net Proceeds (Dec 31, 2023)	C\$ 0

Appendix – Key Links



2023 Annual Report



2023 Embedding sustainable investing



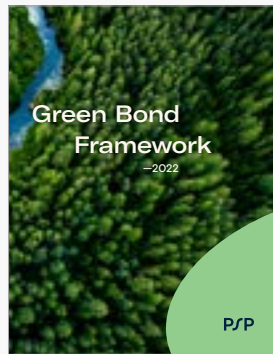
2023 PSP Investments' Climate-Related Financial Disclosures



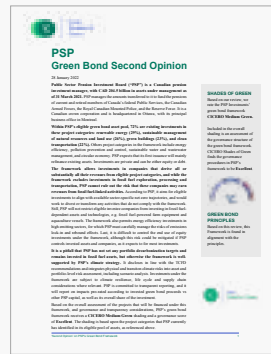
PSP Corporate View on Climate Change



PSP Green Asset Taxonomy



PSP Green Bond Framework



PSP Green Bond Second Opinion – CICERO Shades of Green

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