2023
CLIMATE-RELATED DISCLOSURE

CDEV

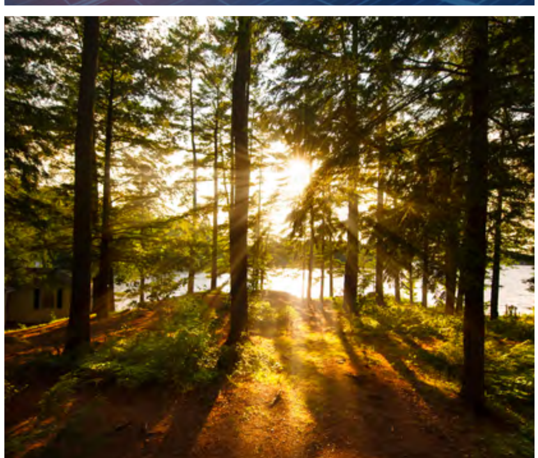
Canada Development
Investment Corporation

This report represents the climate-related disclosure of Canada Development Investment Corporation and Canada Enterprise Emergency Funding Corporation and Canada Hibernia Holding Corporation, wholly owned subsidiaries of CDEV.








Contents

Message from Leadership

We are pleased to present our 2023 Climate-related Disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures for Canada Development Investment Corporation ("CDEV") and its wholly owned subsidiaries.

Building on our strong foundations reported through our inaugural report last year, this report demonstrates our continued commitment to transparency and accountability by detailing our progress on addressing climate-related risks and opportunities—both at CDEV and within our subsidiaries.

THE CANADA GROWTH FUND

CDEV met an exciting and proud milestone this year with the launch of the Canada Growth Fund, a $15-billion arm's length public investment vehicle that will help attract private capital to build Canada's clean economy by using investment instruments that absorb certain risks to encourage private investment in low-carbon projects, technologies, businesses, and supply chains. In the 2023 Budget, it was announced that we partnered with PSP Investments, one of Canada's largest pension investment managers, to manage the fund independently and at arm's length from the government.

The Canada Growth Fund announced two major investments in 2023. The first one was a $90-million investment in a geothermal energy company, Eavor Technologies Inc. This investment will enable Eavor to scale up its emissions reducing technology, while helping maintain and support new permanent jobs in Canada. The second investment, a $200-million strategic investment and long-term, fixed-price carbon credit offtake agreement with Entropy Inc., a developer of technologically advanced carbon capture and sequestration ("CCS") projects. The structure of this investment helps to de-risk and accelerate private investment in CCS technology by establishing carbon price certainty for Canadian projects.

In March 2024, the Canada Growth Fund announced its third investment, a $50-million commitment to Idealist Climate Impact Fund LP, a fund managed by Idealist Capital, an investment manager that supports Canadian cleantech companies at the critical commercialization and scale-up phases. This represents Canada Growth Fund's first investment in a cleantech fund, in keeping with its mandate to foster growth and innovation in the Canadian clean technology sector.

We are pleased to have played a critical role in supporting the government in setting up the Canada Growth Fund and look forward to its future investments that will make a difference for our economy and environment.

STRENGTHENED INTEGRATION OF CLIMATE INTO OUR BUSINESSES

We are proud of the work undertaken by our team and subsidiaries in driving the climate progress outlined in this report, and support Canada's commitment to the low-carbon transition with the goal of sustainable growth and prosperity for our stakeholders and all Canadians. On the heels of a transformational year of growth for CDEV and our subsidiaries, we continue to believe that the integration of climate change factors into corporate strategy will support our long-term success as a federal Crown corporation. We remain committed to developing and implementing a climate strategy in alignment with the priorities of the Government of Canada and providing robust climate-related financial reporting aligned with the TCFD recommendations to communicate our progress.

Elizabeth Wademan
President and CEO

Steve Swaffield
Chair of the Board of Directors

About This Report

This report represents the climate-related disclosure of Canada Development Investment Corporation and Canada Enterprise Emergency Funding Corporation, and Canada Hibernia Holding Corporation, wholly owned subsidiaries of CDEV.

This report is our second year of climate-related disclosure aligned with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD recommendations"). It outlines our approach, performance, and achievements related to our climate change priorities.

The report covers our climate performance for the reporting period of January 1, 2023, to December 31, 2023. All facts and figures are as of December 31, 2023, unless stated otherwise. Data presented in this report includes data for the consolidated organization, including its material subsidiaries. Any data limitations are explicitly noted where relevant and where information is available. Financial data is stated in Canadian dollars, unless otherwise noted.

Trans Mountain Corporation is CDEV's most active and substantive subsidiary and produces its own comprehensive ESG and climate-related reporting: 2023 Environmental, Social & Governance Report. References to its climate-related disclosure and performance are provided throughout this report, where relevant.

As at the publication of this report, Canada Growth Fund Incorporated has not yet had one full year of investment activity and is thus excluded from the scope of this report. Climate-related highlights from Canada Growth Fund Incorporated are referenced in this report, where available. CGFIM will begin formally reporting on climate disclosures in Calendar Year 2024, as per the terms of the Investment Management Agreement.

For more information on CDEV and its subsidiaries, see About Canada Development Investment Corporation and Appendix B.

CANADIAN GOVERNMENT MANDATES TCFD-ALIGNED DISCLOSURE FOR CROWN CORPORATIONS

The Government of Canada's Budget 2021 mandated Canada's Crown corporations to adopt TCFD-aligned disclosure as an element of their corporate reporting.

- Canada's large Crown corporations (entities with over $1 billion in assets) will report on their climate-related financial risks for their financial years, starting in calendar year 2022 at the latest.
- Crown corporations with less than $1 billion in assets will be expected to start reporting on their climate-related financial risks for their financial years beginning in calendar year 2024 at the latest or provide justification as to why climate risks do not have material impact on their operations.

About Canada Development Investment Corporation

CDEV has become the entity of choice for critical financial transactions needed to help the federal government achieve its goals and maximize the value of its corporate assets.

While CDEV was initially created in 1982 to manage a large portfolio of divestitures, it has evolved to undertake a broader range of activities, seeing its mandate expand to provide a breadth of financial advisory services and expertise to support the country's broader economic objectives.

Acting as a bridge between government objectives and the private sector, CDEV brings a commercial discipline to the evaluation, management, and divestiture of assets as well as other initiatives it executes in partnership with the Government of Canada.

CDEV provides a unique and valuable perspective with deep financial expertise to the country's most complex and diverse commercial transactions.

In alignment with its mandate, CDEV's primary objective is to carry out its activities in the best interests of Canada, operating in a commercial manner. In addition to certain activities of its own, CDEV has the following wholly owned subsidiaries for which we are responsible:

CANADA INNOVATION CORPORATION ("CIC") was incorporated in February 2023, with the mandate to help to maximize business investment in research and development across all sectors and in all regions of Canada to promote innovation-driven economic growth. An interim CIC team was established to build up the Corporation's internal capabilities and processes. The Government of Canada announced in December 2023 that the full implementation of this new entity is scheduled for no later than 2026–2027. CIC's climate-related disclosure is not included in this report, given its limited operations in 2023, and will be provided in future disclosures.

CANADA GROWTH FUND INCORPORATED ("CGF") was incorporated in December 2022, with the mandate to make investments that catalyze substantial private sector investment in Canadian businesses and projects to help transform and grow Canada's economy at speed and scale on the path to net zero. CDEV and CGF have entered into an Investment Management Agreement ("IMA") with the Public Sector Pension Investment Board ("PSP Investments") and a new subsidiary of PSP Investments, Canada Growth Fund Investment Management Inc. ("CGFIM"), formalizing the structure whereby CGFIM provides investment management services to CGF.

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION ("CEEFC") is managing the Large Employer Emergency Financing Facility ("LEEFF") program designed to provide bridge financing to Canada's largest employers during the COVID-19 pandemic. CEEFC is led by a President and CEO. Employees of CDEV provide management services to CEEFC through a services agreement, along with external legal and financial advisors.

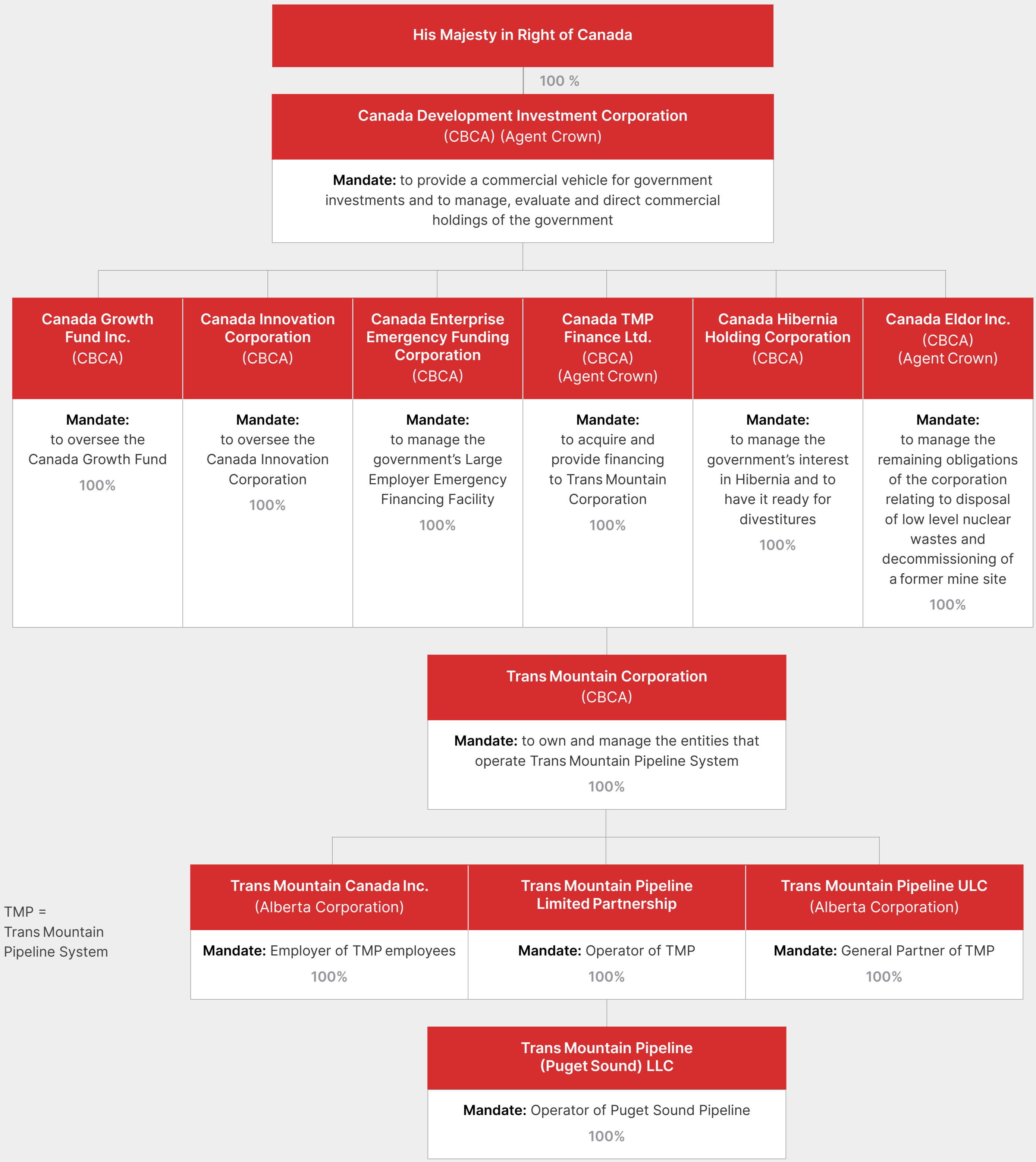
CANADA HIBERNIA HOLDING CORPORATION ("CHHC") was incorporated in 1993 to hold and manage the federal government's minority ownership interests in the Hibernia Development Project ("Hibernia"), which is an oilfield offshore Newfoundland and Labrador. Hibernia is operated by Hibernia Management and Development Company Ltd. CHHC has a management team, led by a President based in Calgary, which is experienced in the oil industry and provides expertise in technical operations, marketing, transportation, and finance.

CANADA TMP FINANCE LIMITED'S ("TMP Finance") primary responsibility is to provide financing to its subsidiary, Trans Mountain Corporation ("TMC"). TMC has a mandate to operate the existing Trans Mountain Pipeline and to complete the Trans Mountain Expansion Project ("TMEP") in a timely and commercially viable manner. TMC has a corporate structure with approximately 700 employees led by a seasoned executive team.

CANADA ELDOR INC. ("CEI") has no operations, but has responsibility for servicing liabilities, chiefly arising from an agreement of purchase and sale with Cameco Inc. entered into in 1988. CEI has no operations. Due to the limited potential for future climate-related impacts as a result of the nature of its business, assessment of CEI's climate-related impact(s) and strategy have been excluded from this report.

FIGURE 1:

CDEV's Corporate Structure



ACCELERATING CANADA'S NET-ZERO TRANSITION: THE CANADA GROWTH FUND

CGF is a $15-billion independent impact investment fund operating at arm's length from the Government of Canada that was established to support the growth of Canada's clean economy. CGF was given the mandate to make investments that catalyze substantial private sector investment in Canadian businesses and projects to help transform and grow Canada's economy at speed and scale on the path to net zero and deploy innovative funding structures that help mitigate certain risks and uncertainties inherent to investing in the low-carbon economy.

Following the federal budget announcement in March 2023, the Public Sector Pension Investment Board ("PSP Investments") was selected to act as the independent and exclusive investment manager of CGF. The *Public Sector Pension Investment Board Act* was amended in June 2023 to allow a subsidiary of PSP Investments to manage the investments of CGF. To that end, PSP Investments incorporated Canada Growth Fund Investment Management Inc. ("CGFIM") as its wholly owned subsidiary in August 2023. For more information, see CGF's 2023 Annual Report.

2022–2023 CGF Timeline

2022

April: The Government of Canada announces its intention of creating CGF in its 2022 Budget.

November: In its Fall Economic Statement, the Department of Finance issues a Technical Backgrounder providing additional details on CGF's mandate, operations, and investment framework.

December: CGF is incorporated as a subsidiary of CDEV.

2023

March: PSP Investments is selected to manage the assets of CGF and deliver its mandate as part of the 2023 federal budget.

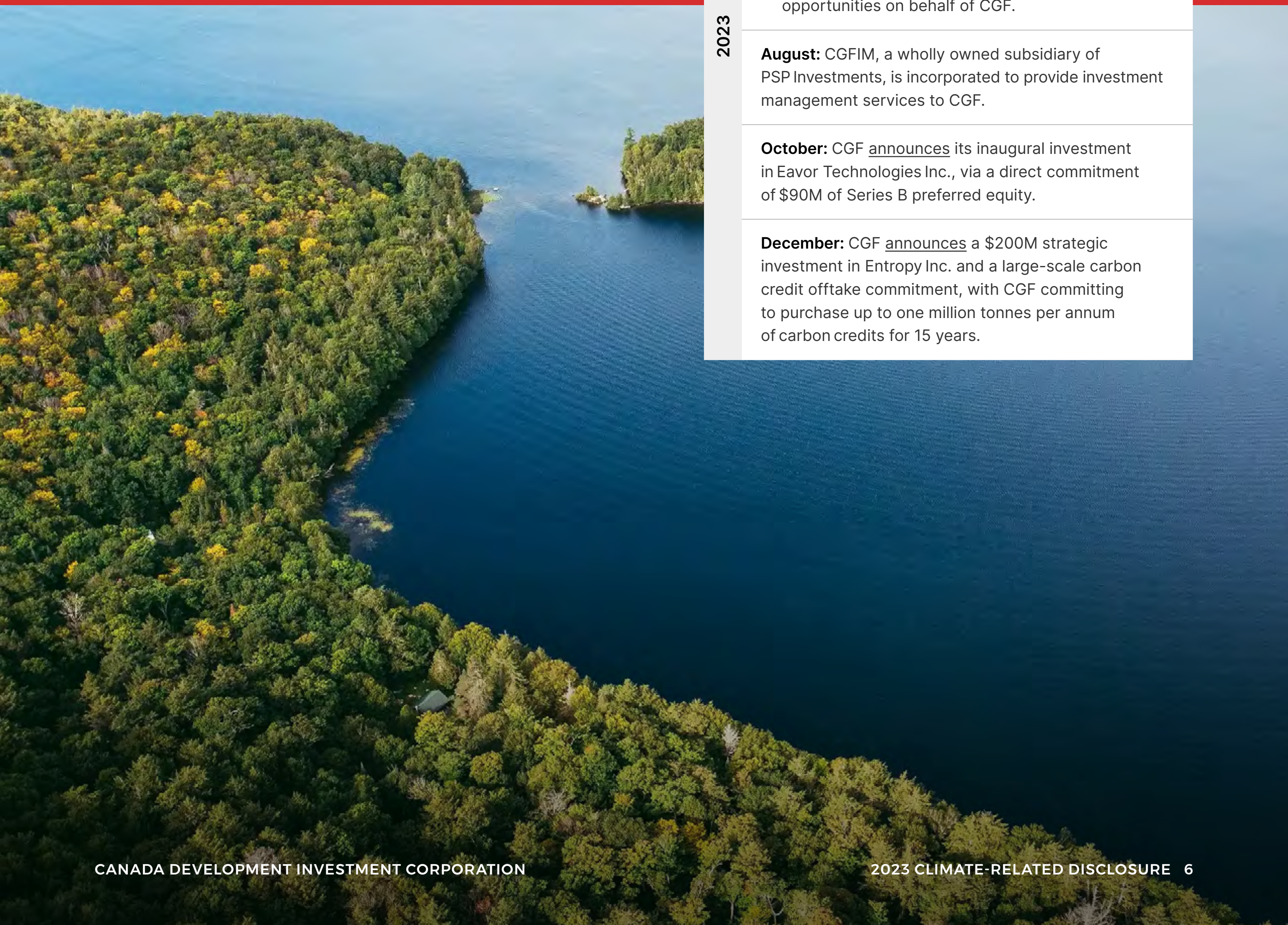
June:

- The *Public Sector Pension Investment Board Act* is amended to allow a subsidiary of PSP Investments to act as the investment manager of CGF.
- A dedicated team of investment professionals is seconded by PSP Investments, including senior leaders, start reviewing potential investment opportunities on behalf of CGF.

August: CGFIM, a wholly owned subsidiary of PSP Investments, is incorporated to provide investment management services to CGF.

October: CGF announces its inaugural investment in Eavor Technologies Inc., via a direct commitment of $90M of Series B preferred equity.

December: CGF announces a $200M strategic investment in Entropy Inc. and a large-scale carbon credit offtake commitment, with CGF committing to purchase up to one million tonnes per annum of carbon credits for 15 years.



Key Performance Figures & Highlights for 2023

CDEV

$190M

in dividends paid to the government

CHHC

$73M

net income after tax generated on net crude oil revenue of $140 million

CEEFC

$338M

received in loan repayments

CGF

$90M

investment in Eavor Technologies Inc., a geothermal energy company

$200M

investment in Entropy Inc., a developer of carbon capture and sequestration technology

TMC

98%

As of December 31, 2023, construction of the Trans Mountain Expansion Project is more than 98% complete

$446M

generated in adjusted Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA")

Our Approach to Climate Change

Our climate change approach is guided by the following strategic pillars.

These pillars are focused on the climate-related risks and opportunities that we believe have the greatest potential to impact our long-term value and that are of most importance to key stakeholders, including the Government of Canada.

CDEV and its subsidiaries are continuing to take a phased approach to implementing the TCFD recommendations, largely consistent with the pace of TCFD implementation recommended by the Expert Panel on Sustainable Finance.[1] As outlined within this report, CDEV continues to build on its strong foundation to enhance disclosure of decision-useful climate-related information to our key stakeholders. We will review our strategic pillars annually to ensure that they focus on our most material climate-related risks and opportunities.

[1] Government of Canada – Final Report of the Expert Panel on Sustainable Finance.

OUR STRATEGIC PILLARS

- Enhance the mitigation of climate-related risks within our business strategy.
- Explore avenues to build resilience to the physical impacts of climate change.
- Strengthen climate-related disclosure in alignment with the TCFD recommendations.

Governance

This section provides an overview of our governance around climate-related risks and opportunities.

Climate Governance at CDEV and its Subsidiaries

We are committed to establishing and maintaining strong governance structures that incorporate climate-related accountabilities. Building on the 2022 assessment of our governance practices, CDEV and its subsidiaries further formalized climate-related accountabilities through the following activities:

- Updated CDEV, CEEFC, and CHCC Board charters to include responsibility for overseeing the corporations' climate change strategies, including activities and programs related to material climate-related risks and opportunities.
- The Audit Committees of CDEV, CEEFC, and CHHC have been assigned responsibility for advising the Board with respect to policies and processes to identify and manage the principal risks of the corporations (including risks related to climate change). Audit Committee Charters have been updated accordingly.

Table 1 and **Figure 2** summarize our current approach to climate change governance.

TABLE 1: CLIMATE CHANGE GOVERNANCE APPROACH

	Board Oversight	Management Accountability
CDEV	**Full Board:** CDEV's Board of Directors ("Board") has responsibility for overseeing the organization's climate change strategy, including activities and programs related to the organization's material climate-related risks and opportunities. CDEV's Board stays current on climate change through various activities, including attending presentations and sessions on climate change. In 2023, CDEV's Board attended a session on related issues. **Audit Committee:** Advise the CDEV Board with respect to policies and processes to identify and manage climate-related risks.	CDEV's President and CEO has the highest level of management accountability for climate-related issues. The President and CEO is responsible for identifying, assessing, and managing climate-related risks and opportunities. CDEV's management team reports information and updates on climate-related risks to CDEV's Board semi-annually through its risk reporting framework.
CGF	CGF's Board has responsibility for overseeing CGFIM's compliance with its reporting obligations, including those related to climate-related risks and opportunities, in accordance with the Investment Management Agreement.	CGFIM will report annually at a minimum to the CGF Board on key climate-related metrics starting in Calendar Year 2024, as per the terms of the Investment Management Agreement. Where possible and appropriate, it will also conduct fund-level reporting on select climate-related metrics relevant to CGF.
CEEFC	**Full Board:** CEEFC's Board has responsibility for overseeing the company's climate change strategy, including policies and processes related to the organization's material climate-related risks and opportunities. **Audit Committee:** Advise the CEEFC Board with respect to policies and processes to identify and manage climate-related risks.	CEEFC's President and CEO has the highest level of management accountability for climate-related issues. The President and CEO is responsible for identifying, assessing, and managing climate-related risks and opportunities. CEEFC's management team reports information and updates on climate-related risks to the CEEFC's Board semi-annually.
CHHC	**Full Board:** CHHC's Board has responsibility for overseeing the organization's climate change strategy, including policies and processes related to the organization's material climate-related risks and opportunities. **Audit Committee:** Advise the CHHC Board with respect to policies and processes to identify and manage climate-related risks.	CHHC's President and CFO has the highest level of management accountability for climate-related issues. The President and CFO is responsible for identifying, assessing, and managing climate-related risks and opportunities. CHHC management reports information and updates on climate-related risks to CHHC's Board semi-annually.
TMC[2]	TMC's Board is responsible for providing oversight over critical environmental and social risks, including climate-related risks. The Board receives a quarterly update on corporate risks, which includes environmental and social risks, and separately identifies and assesses climate-related risks.	TMC's executive management team has the highest level of management accountability for climate-related issues. The executive management team is directly responsible for: – Directing the development and implementation of climate-related actions; – Overseeing progress, performance, and reporting on climate-related matters; and – Leading external engagement and advocacy on climate-related matters. The executive management team reports information and updates on climate-related risks to the Environment, Health, Safety and Indigenous Relations Committee of the Board quarterly.

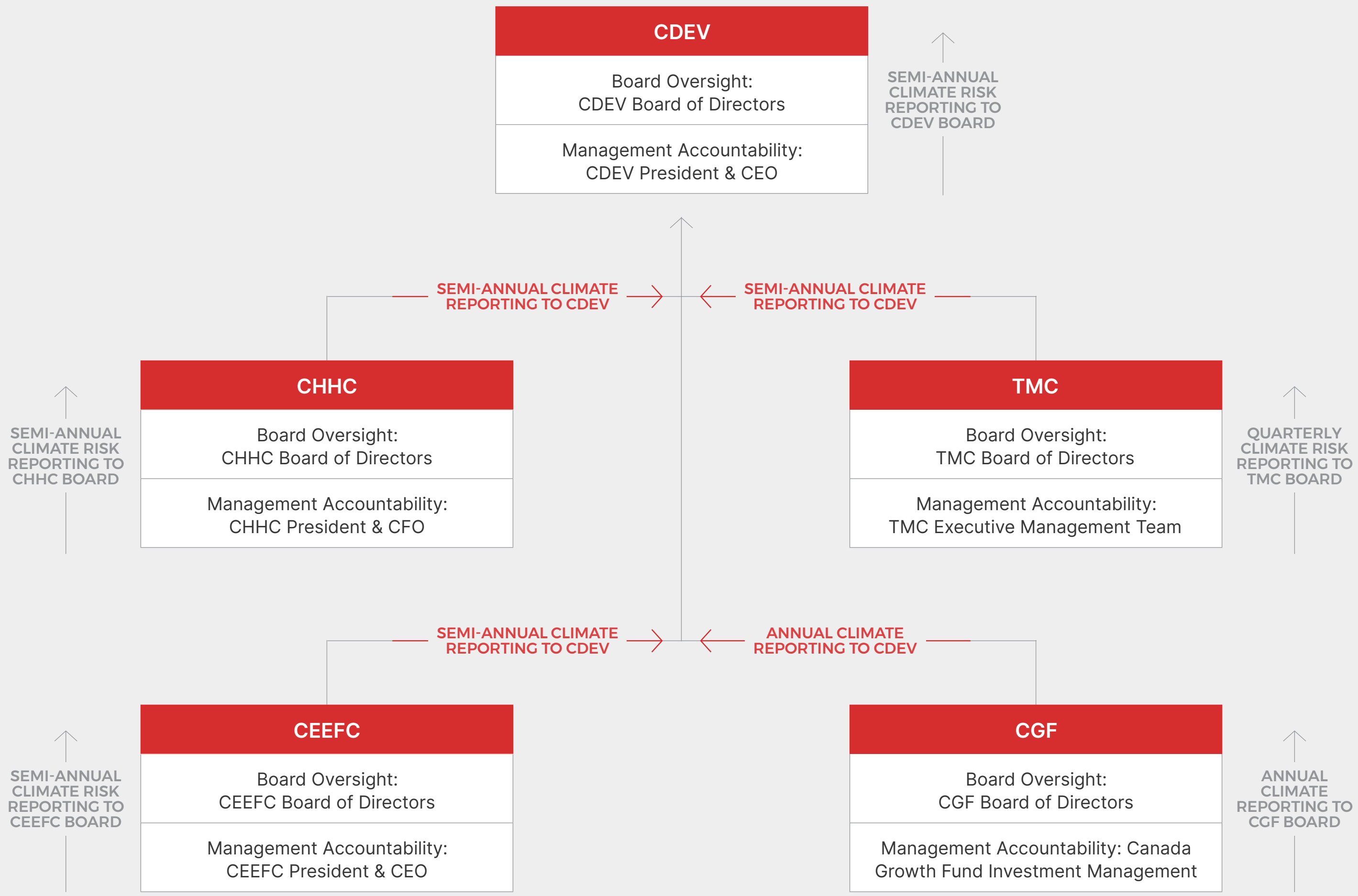
[2] For more information on TMC's approach to climate-related governance, see TMC's 2023 Environmental, Social & Governance Report.

CDEV’s Oversight of its Subsidiaries

CDEV inherently has a strong governance presence in its wholly owned subsidiaries, including in the governance of climate-related risks and opportunities. In addition to overseeing climate change at CDEV, CDEV's Board also monitors climate change risks at CEEFC, CGF, CHHC, and TMC through its oversight and reporting structures (for example, CDEV's President and CEO or the Executive Vice President and Chief Business Officer are on the Board of CEEFC, CGF and TMC, among other oversight and reporting mechanisms). Regarding climate risks, any substantive climate risks relevant to CEEFC and CHHC (as reported in their respective risk reports) are consolidated into CDEV risk reporting. CDEV’s Board currently reviews semi-annual risk reporting which highlights strategic (including climate-related) risks within each subsidiary. CEEFC, CHHC, and TMC provide climate-related updates to CDEV semi-annually.

Starting in 2024, CGF will issue a climate report annually in alignment with the TCFD framework.

FIGURE 2: OVERVIEW OF CLIMATE CHANGE GOVERNANCE AT CDEV AND ITS SUBSIDIARIES



Next Steps for Governance

CDEV and its subsidiaries will continue to identify opportunities to enhance the integration of climate considerations into our governance structures. To maintain a high level of awareness of current and emerging climate trends, Board members will continue to receive regular education on topics related to our material climate-related risks and opportunities.

Strategy

This section describes the actual and potential impacts of climate-related risks and opportunities, as defined by the TCFD recommendations, on our business, strategy, and financial planning.

Climate Change Materiality Assessment

As a foundational component of our climate change strategy development process, CDEV completed a climate change materiality assessment in 2022. In 2023, we reviewed and updated the results to ensure that the assessment of potential impacts of climate-related risks and opportunities considers key business developments since the completion of the initial assessment.

The climate change materiality assessment identified and prioritized the climate change factors with the greatest potential to materially impact company value and our ability to achieve our strategic objectives and fulfill our mandate over the short (0 to 1 year), medium (1 to 10 years), and long-term (greater than 10 years).

Our approach to materiality assessment is based on best practice for TCFD implementation in the following ways:

- We utilized the TCFD's categorization and characterization of climate-related risks (transition and physical) and opportunities.
- Our assessment was based on CDEV's inherent exposure considering the potential magnitude of impact and the likelihood of occurrence.
- We used a materiality threshold aligned with the Canadian and U.S. securities law materiality definitions as well as the International Financial Reporting Standards ("IFRS") materiality definition.
- We assessed the risks and opportunities using the impact and likelihood criteria and time horizons from our risk management policy framework and standard to ensure that climate-related risks are assessed consistently and proportionately to other risks. For more information on our approach to enterprise risk management, see Risk Management.

Conducted independently by CDEV, the assessment focused on the entities within our corporate structure that were identified to have the greatest exposure to climate-related risks and opportunities. Exposure was based on the nature of their business, contribution to CDEV's annual revenues, and/or inherent exposure to climate-related impacts.

MATERIALITY ASSESSMENT PROCESS

Identifying Material Climate Factors	**TCFD Recommendations:** The climate change materiality assessment referenced the TCFD's categorization and characterization of climate-related risks and opportunities.
Impact and Likelihood Assessment	Assessment of potential materiality over the short, medium, and long-term, based on likelihood of occurrence and potential magnitude of impact.
Validation	Validation by CDEV senior management and CDEV Board of Directors.

The assessment considered the climate-related exposure of CDEV, CEEFC, CHHC, and TMC based on their business activities (see About Canada Development Investment Corporation).[3] CGF was excluded from this exercise as it has not had one full year of investment activity, and CGFIM will begin reporting on climate disclosures in Calendar Year 2024, in accordance with the Investment Management Agreement. The assessment results are presented as CDEV's inherent exposure to climate-related risks and opportunities, considering our assessment of the climate-related exposures of CDEV and relevant subsidiaries. The assessment results were validated by our senior management team and Board of Directors.

CDEV's assessment of its subsidiaries considered various inputs from subsidiaries to supplement our analysis. The results of CDEV's materiality assessment does not preclude future materiality assessments conducted independently by subsidiaries. Where applicable, assessments of climate-related risks and opportunities conducted by individual subsidiaries in the future will be considered in CDEV's annual materiality assessment review.

In acknowledgment of the evolving and complex nature of climate-related risks and opportunities, we will continue to review our climate change materiality assessment annually as part of our annual risk assessment process to ensure that our climate-related priorities reflect the factors with the greatest potential to impact organization value.

[3] As noted above, assessment of CEI's climate-related impact(s) and strategy have been excluded from this report due to the limited potential for future climate-related impacts as a result of the nature of its business. CIC's climate-related impact(s) and strategy have also been excluded from this report given its limited operations in 2023.

Climate Progress at CHHC

The Hibernia Development Project oilfield is a joint operation in which CHHC has a minority non-operated working interest of 8.5% in the Hibernia Main field and 5.7% in the Hibernia Southern Extension Unit. The Hibernia offshore operation is operated by Hibernia Management and Development Company Ltd. ("HMDC").

POSITIONING FOR THE LOW-CARBON TRANSITION

CHHC monitors HMDC performance and plans for greenhouse gas ("GHG") emissions through capital projects, technology development, and ongoing operations. The platform has a fugitive emissions reduction program, which has significantly reduced fugitive emissions. HMDC prepares a forecast of platform direct emissions for Hibernia, prepares its GHG emissions reduction plans, and addresses the provincial cost of carbon, incorporating the impact of the Government of Newfoundland and Labrador's carbon pricing regimes into Hibernia business planning activities and budget assumptions. HMDC is studying various emission reduction projects such as a closed flare system. CHHC continues to work with HMDC and co-owners of the Hibernia Project to identify cost efficiencies and evaluate the feasibility of additional emissions reduction projects.

RESILIENCE OF THE HIBERNIA PLATFORM

The Hibernia platform is a gravity-based structure ("GBS") that is more resilient to waves, wind, and icebergs, relative to other types of offshore oil facilities (e.g., Floating Production, Storage and Offloading vessel). The Hibernia platform was the world's first GBS to be built in an iceberg prone area and was conservatively designed to withstand much higher ice crushing capacity than more recently designed GBS facilities.

Climate-Related Risks and Opportunities Identified

In recognition of the potential impacts of climate change on CDEV's businesses and the unique nature of our business structure, we are focusing on developing an approach to climate change that prioritizes the mitigation of climate-related risks across CDEV and its subsidiaries.

Climate-related risks and opportunities can impact both CDEV and its subsidiaries, as summarized in **Table 2**.

While climate-related impacts will differ by subsidiary, the most material climate-related impacts to CDEV are linked to CEEFC, CHHC, and TMC given the nature of their businesses, contributions to CDEV's annual revenues, and/or inherent exposure to climate-related impacts. As such, the discussion on climate impacts within this report largely focuses on these entities.

TABLE 2: MATERIAL CLIMATE TOPICS ACROSS CDEV AND ITS SUBSIDIARIES

✓ Material impact identified
✓̶ No material impact identified

	Climate Risk/Opportunity	CDEV *Holding Company*	CEEFC[4] *Airlines*	CHHC *Oil & Gas Upstream*	TMC[5] *Oil & Gas Midstream*
Climate-Related Risks	Policy & Legal	✓	✓	✓	✓
	Acute Physical	✓̶	✓	✓	✓
	Market	✓̶	✓	✓	✓
	Chronic Physical	✓̶	✓	✓	✓
	Reputational	✓	✓	✓	✓
	Technology	✓̶	✓	✓̶	✓
Climate-Related Opportunities	Products & Services	✓̶	✓̶	✓̶	✓
	Market	✓̶	✓̶	✓̶	✓
	Resource Efficiency	✓̶	✓̶	✓̶	✓
	Energy Source	✓̶	✓̶	✓̶	✓
	Resilience	✓̶	✓̶	✓̶	✓

Table 3 below provides further detail of our climate change materiality assessment results including descriptions of the climate-related risks and opportunities identified and the time horizons used in the assessment. We provide a brief description on the nature of the factor for CDEV and its subsidiaries where a material impact has been identified.

Over the short-term (and into the future), Policy and Legal Risks, Acute Physical Risks, and Reputational Risks were identified as the climate change factors with the greatest potential to impact company value. Market Risks, Technology Risks, and Chronic Physical Risks were identified as having the potential to impact company value over the medium-term. Climate-related opportunities were identified as climate change factors that could have impact to value over the long-term.

[4] CEEFC is mostly exposed to short-term risks as CEEFC no longer processes new loan applications since 2022 and currently focuses on loan administration only, with an expectation that existing loans be repaid over the next five years. Since the remaining loans were issued to airline companies exclusively, CEEFC's current risks are closely correlated to the airline industry's risks, which are themselves partly tied to jet fuel market and technology trends.

[5] In the company's 2023 Environmental, Social & Governance Report, TMC outlines its current understanding of the most important transition-related risks and opportunities that can impact the company. TMC also outlines the results of a physical risk assessment conducted to examine the physical impacts of climate change along its pipeline system and at its pumping stations, terminals, and Westridge Marine Terminal. Insights have been incorporated into **Table 3**, as relevant.

It is CDEV's continued belief that the integration of climate change factors into corporate strategy will support our long-term success as a federal Crown corporation.

TABLE 3: CDEV AND ITS SUBSIDIARIES' CLIMATE-RELATED RISKS AND OPPORTUNITIES

Short-term (0 to 1 year) | Medium-term (1 to 10 years) | Long-term (10+ years)

Overview of Factor	Potential/Actual Impacts to Our Businesses
Climate-related Risks	
Policy and Legal Risks Risks from policies that respond to climate change (e.g., carbon pricing, cap-and-trade, fuel efficiency standards, renewable energy mandates, etc.) and litigation risks to companies for failure to mitigate climate change.	**This climate change factor can directly impact CDEV, CEEFC, CHHC, and TMC.** As federal Crown corporations, CDEV and its subsidiaries are required to comply with the Government of Canada's mandate for Canada's Crown corporations to adopt TCFD-aligned disclosure as an element of their corporate reporting. An inability for CDEV or its subsidiaries to fulfill the Government of Canada's mandate can result in adverse financial impacts and impede our ability to fulfill our respective mandates. – **CEEFC** is also indirectly exposed to policy risks through its loan portfolio. Climate-related policies (e.g., carbon pricing) may lead to enhanced operational costs for borrowers. Further, an inability to comply with emerging mandatory climate disclosure rules (e.g., Proposed NI 51-107 Disclosure of Climate-related Matters)[6] may impact their ability to repay loans in a timely manner. – **CHHC** is also exposed to policy and legal risks related to climate change through its ownership and the operations of the Hibernia Project. Mandated emissions reduction requirements and/or carbon pricing can increase operational costs and capital expenditures. Oil production activities inherently generate GHG emissions from flaring, power generation, and gas processing. – **TMC** is also exposed to policy risks through operational emissions generated, as increasing policy and regulatory efforts aimed at reducing GHG emissions (e.g., carbon taxes) can increase compliance and operational costs and capital expenditures. While TMC's operational emissions are comparatively low, in general, midstream oil and gas companies can generate significant quantities of GHG emissions from compressor engine exhausts, oil and condensate tank vents, natural gas processing, fugitive emissions, and mobile sources (e.g., vehicles). Canada's potential Oil and Gas Emissions Cap can also affect its customers, which can potentially impact profits from tolls over the long-term due to reduced transportation volumes and increased operational costs. In its 2023 Environmental, Social & Governance Report, TMC identifies "*GHG Regulation – Large Emitters*" as a transition-related risk, noting that regulations for large emitters might become more stringent to align with Canada's net zero commitment.

[6] The Canadian Securities Administrators/Autorités canadiennes en valeurs mobilières has proposed regulations (i.e., Proposed NI 51-107 Disclosure of Climate-related matters) which, if passed into law, would require corporate issuers to publicly disclose a range of practices related to climate change largely consistent with the TCFD recommendations. An inability to comply with this forthcoming regulation may result in administrative or regulatory sanction, in addition to downstream adverse reputational impact by investors and other stakeholders. This regulation applies to Canadian public companies, including CEEFC borrowers.

Overview of Factor	Potential/Actual Impacts to Our Businesses

Acute Physical Risks

Risks posed by event-driven climate occurrences (e.g., storms, floods, wildfires) that are increasing in frequency and intensity.

This climate change factor can directly impact CHHC and TMC, and CEEFC indirectly.

- **CEEFC** has little direct exposure to acute physical risks given the nature of its operations, but is indirectly exposed through its loan portfolio. Borrowers' business activities may be disrupted by acute physical events, which can lead to reduced revenues and enhanced costs and impact their ability to repay loans in a timely manner.
- **CHHC** is exposed to acute physical risks through its minority non-operated working interests in the Hibernia Project. Although the Hibernia platform has a robust design, it operates on the edge of the Atlantic windstorm area, which is subject to hurricanes. Extreme weather events (e.g., storms, hurricanes) can damage offshore oil platforms and impede production and transportation activities, impacting asset life, increasing capital and operating costs, and reducing revenue and cash flow from the Hibernia Project.
- **TMC** is exposed to acute physical risks through potential damage caused by severe weather events, which can have various adverse financial implications (e.g., increased capital expenditures and insurance premiums, operational and supply chain disruptions, temporary pipeline shutdowns). In TMC's 2023 Environmental, Social & Governance Report, TMC identifies the following acute physical risks:
  - *Severe Storms:* Extreme storms may cause localized impacts including power outages, large hail (causing damage to assets), localized flooding, heavy snowfalls, avalanche, rockfall, and increased risk of vehicle accidents.
  - *Land Flooding:* As weather patterns change, flooding events may increase in frequency or severity. Heavier rainfall will elevate flood risk. Flooding can damage pipelines and associated infrastructure and potentially cause loss of product.
  - *Drought:* A prolonged drought event may limit access to water for construction or operations activities and may increase the related risk of wildfire.
  - *Wildfire:* Fires can damage TMC's above-ground assets, which include storage terminals and pump stations. However, given that TMC's pipeline is buried, the potential impact to its assets from wildfires or forest fires is relatively low across the full route.

Market Risks

Risks from shifts in supply and demand for certain commodities. An inability to access and service new markets may represent a significant opportunity cost for companies and lead to decreased revenues in the long run.

This climate change factor can directly impact CHHC and TMC, and CEEFC indirectly.

- **CEEFC** has little direct exposure to market risks given the nature of its operations, but is indirectly exposed through its loan portfolio, as shifting consumer preferences can increase costs for borrowers and, if inadequately managed, can disrupt business models and potentially impact their overall ability to repay loans in a timely manner.
- **CHHC** and **TMC** are exposed to market risks through diminishing demand for fossil-based fuels over longer time horizons. Changes in energy demand can directly impact revenues and profitability of all players in the oil and gas value chain and can necessitate material changes to business models and strategy. Further, as a result of a transition to a low-carbon global economy, valuations of assets may become more volatile as carbon-intensive sectors become less productive and/or viable. Over the long-term, the re-pricing of assets operating in these sectors or within high-risk geographies may lead to assets becoming stranded. In its 2023 Environmental, Social & Governance Report, TMC identifies the following transition-related risks:
  - *"Sustained Lower Oil Prices"*: The energy transition is anticipated to have an impact on oil prices. If lower prices materialize and remain low for an extended period of time, shippers (i.e., customers) may default on their contracts.
  - *"Reduced Demand for Oil"*: Accelerated adoption of electric vehicles in advanced economies and increased use of biofuels may lead to faster declines in oil demand (see also Technology Risks).

Overview of Factor	Potential/Actual Impacts to Our Businesses

Chronic Physical Risks

Risks posed by longer-term shifts in climate patterns (e.g., sustained higher temperatures that cause chronic heatwaves, sea level rise, coastal erosion) as a result of GHG emissions.

This climate change factor can directly impact CHHC and TMC, and CEEFC indirectly.

- **CEEFC** has little direct exposure to chronic physical risks given the nature of its operations, but is indirectly exposed through its loan portfolio. Chronic physical impacts can reduce borrowers' profitability (e.g., increased insurance premiums, increased capital and operating costs), and can potentially impact their overall ability to repay loans in a timely manner if not adequately managed.
- **CHHC** is exposed to chronic physical risks through its minority non-operated working interests in the Hibernia Project. Although the Hibernia platform has a robust design, it operates on the edge of the Atlantic windstorm area, which is subject to hurricanes and icebergs. Chronic temperature increases and sea level rise can enhance the severity of extreme weather events. Damage to the Hibernia Project's offshore oil production infrastructure can impact asset life, increase capital and operating costs (including insurance premiums), and reduce revenue and cash flow. Melting ice also increases iceberg activity. An iceberg impact could potentially result in a major oil spill, causing environmental and financial damage and adverse media attention, as well as potentially significant damage to platform infrastructure.
- **TMC** is exposed to chronic physical risks through operational disruptions and damage over the longer term, given that pipeline infrastructure is a capital-intensive fixed asset. Chronic physical risks can lead to increased capital costs and disrupt long-term viability of certain transportation routes, potentially resulting in reduced revenues, write-downs, and in extreme cases, asset retirement. In TMC's 2023 Environmental, Social & Governance Report, TMC identifies the following chronic physical risks:
  - *Sea Level Rise:* Sea level rise is only relevant at the Westridge Marine Terminal, given its proximity to the coastline.
  - *Heating Degree Days:* Longer heatwaves may make outdoor work more difficult and may impact worker health and safety.
  - *Heat Stress:* Rising heat and humidity can cause fatigue and heat exhaustion for those working in outdoor environments, while also impacting infrastructure.
  - *Water Stress:* Extreme pressure on water supplies can impact employees or potentially create challenges in relations with adjacent communities.

Reputational Risks

Risks tied to changing consumer and societal perceptions of a company's contribution to, or detraction from, the transition to a low-carbon economy, and its willingness to address the issue of climate change.

This climate change factor can directly impact CDEV, CEEFC, CHHC, and TMC.

As federal Crown corporations, the priorities of CDEV and its subsidiaries are inherently aligned with those of the Government of Canada. An inability to demonstrate alignment with Canada's climate-related priorities may be perceived by key stakeholders that CDEV and its subsidiaries are not managing climate risk and opportunities adequately.

- **CEEFC** is also indirectly exposed to reputational risks through its loan portfolio. Real or perceived inaction on climate-related matters can adversely impact borrowers' reputations, potentially reducing revenues and in severe cases impacting their overall ability to repay loans in a timely manner.
- **CHHC** is also exposed to reputational risks through its minority non-operated working interests in the Hibernia Project, as CHHC plans for GHG emissions monitoring strategies of the Hibernia Project through capital projects, technology development, and ongoing operations. As such, underperformance of the Hibernia Project on climate-related matters may be perceived as inadequate monitoring by CHHC. Negative perceptions around fossil fuels may impact CHHC's ability to secure adequate insurance coverage from insurance providers.
- **TMC** is also exposed to reputational risks through its business activities as a midstream oil and gas company involved in the transport and distribution of carbon-intensive products. Reputational impacts from community stakeholders can increase operational costs through corrective actions and impede TMC's social acceptance if not adequately managed. Reputational impacts can also lead to increased costs and reduced revenues. In its 2023 Environmental, Social & Governance Report, TMC identifies *"Reputation and Perceptions Around Pipelines"* as a transition-related risk, noting that negative perceptions around pipelines can impact its ability to complete the expansion project, access capital, secure insurance coverage, or continue to operate.

Overview of Factor	Potential/Actual Impacts to Our Businesses

Technology Risks
 	
Risks derived from new technologies that support the global net zero transition that can impact the demand for existing products and services and displace or disrupt existing markets.
	This climate change factor can directly impact TMC, and CEEFC indirectly.
	– **CEEFC** has little direct exposure to technology risks given the nature of its operations, but is indirectly exposed through its loan portfolio. Enhanced regulatory efforts to reduce GHG emissions may require borrowers to invest in and deploy mitigation technologies, requiring new and potentially significant capital expenditures. If not managed properly, borrowers' ability to repay loans in a timely manner may be adversely affected.
	– **TMC** is exposed to technology risks through necessary investment in technologies and tools to reduce emissions and potentially accommodate the substitution of products with lower emissions options. In the future, TMC may be required to increase flexibility to ship increased volumes of lower-carbon intensity fuels, which can increase capital expenditure and operating costs. In its 2023 Environmental, Social & Governance Report, TMC identifies the following transition-related risks:
	  – *"Carbon Competitiveness of Canadian Oil"*: The cost to further reduce the carbon intensity of Canadian oil to competitive levels might not be economic during low oil price periods.
	  – *"Increased Demand for Alternative Fuels"*: The International Energy Agency ("IEA") expects demand for biofuels (e.g., ethanol, renewable diesel, green methanol) to grow over the next few years. This demand might be further supported by the Clean Fuel Regulations that came into effect in July 2023.

Climate-related Opportunities	
Products and Services Opportunities Opportunities associated with shifting consumer behaviours and preferences due to climate-related drivers.	**TMC is currently best positioned to capture this opportunity.** As climate-related impacts continue to evolve and accelerate, new policy requirements (e.g., Clean Fuel Regulations) and changing demand can spur innovation and lead to new product development. In the case of oil and gas exploration and production companies, this can include lower-carbon intensity fuels that will directly impact the pipeline operations of TMC, potentially leading to new revenue-generating opportunities.

Market Opportunities
 	
Opportunities associated with access to new and emerging markets or new funding and financing through public-sector incentives and innovative financing arrangements.
	TMC is currently best positioned to capture this opportunity.
	TMC can support the Canadian oil and gas industry by enhancing access to world markets and the ability of Canadian producers to respond to global events. In its 2023 Environmental, Social & Governance Report, TMC identifies the following transition-related opportunities:
	  – *"Strategic Supply (North America/Global)"*: Increased awareness and importance of energy security drives changes in global oil markets.
	  – *"Volatility in Oil Markets"*: Canadian oil production, especially oil sands, is more resilient to volatile prices, since less capital is required to maintain production levels.

Overview of Factor	Potential/Actual Impacts to Our Businesses
Resilience Opportunities Opportunities to develop adaptive capacity in response to transition and physical climate-related risks.	**TMC is currently best positioned to capture this opportunity.** TMC will need to be flexible in terms of business strategy (e.g., long-term contractors), contingency planning (e.g., emergency response plans and purchasing insurance), asset development (e.g., hardening physical infrastructure and integrating climate-resilient designs), and operations to utilize the growing opportunities to adapt to physical and transition risks posed by climate change. TMC continues to employ a suite of programs and activities to maximize pipeline safety, including hardening pipeline infrastructure to withstand natural stresses and events (e.g., flooding). Following the 2021 flooding in British Columbia, TMC built on its existing flood mitigation measures and developed an additional three-phase flood mitigation plan to further protect against catastrophic flooding. TMC has completed the final phase of that work which involved enhancing the resilience of its infrastructure and fortifying protection measures through engineered designs. In 2023, TMC performed this work at three sites along the Trans Mountain mainline in areas it has determined are at risk for future flooding. TMC conducted a transition scenario modelling exercise to assess the company's resilience to climate-related risks and opportunities. Using the IEA's Announced Pledges scenario, TMC has identified several characteristics that contribute to the resiliency of its business over time.[7]
Energy Source Opportunities Opportunities to reduce operational costs and exposure to emissions regulation through the use of lower-emissions energy sources.	**TMC is currently best positioned to capture this opportunity.** TMC has identified initiatives to decarbonize its energy consumption as part of its 2022 Emissions Reduction Plan. This includes plans to procure renewable power from sources such as wind and solar facilities using virtual power purchase agreements, and exploring the feasibility of self-generation at select facilities in Alberta. TMC also identified potential opportunities to reduce Scope 1 emissions through vehicle fleet electrification and sourcing alternative fuels for use in combustion equipment. In its 2023 Environmental, Social & Governance Report, TMC identifies *"Advancement in Carbon-related Technologies"* as a transition-related opportunity, noting that technology advancements present opportunities for the company to further reduce its emissions intensity or generate new sources of revenue.
Resource Efficiency Opportunities Opportunities to reduce operational costs through efficiencies in the use of key resources (e.g., energy, water), translating to higher returns and increased free cash flow.	**TMC is currently best positioned to capture this opportunity.** TMC has identified initiatives to implement existing system efficiencies and innovations in operations as part of its 2022 Emissions Reduction Plan. As part of this plan, TMC has established dedicated energy efficiency and innovation funding to support emission reduction initiatives within its operations. In its 2023 Environmental, Social & Governance Report, TMC identifies *"Advancement in Carbon-related Technologies"* as a transition-related opportunity, noting that technology advancements present opportunities for the company to reduce its emissions intensity or generate new sources of revenue.

[7] For more detail on the climate scenario analysis conducted by TMC, including methodology and results, see its 2023 Environmental, Social & Governance Report.

Impact of Climate Change Factors on Businesses, Strategy, and Financial Planning

CDEV's activities are driven by the priorities of the Government of Canada. CDEV and its subsidiaries are managed with a commercial focus within the policy constraints or directives given to it from the government. We remain committed to improve our understanding of climate change and integrating insights into our activities in managing the interests the government assigns to us in a commercial manner.

The Canada Growth Fund's Investment Focuses and Criteria

CGF's mandate is to make investments that catalyze substantial private sector investment in Canadian businesses and projects to help transform and grow Canada's economy at speed and scale on the path to net zero and deploy innovative funding structures that help mitigate certain risks and uncertainties inherent to investing in the low-carbon economy. CGF has established an investment framework that outlines its investment focus and criteria, summarized below. The investment framework also outlines CGF's approach to impact measurement and management and performance evaluation. For more information, see CGF's 2023 Annual Report.

INVESTMENT FOCUS: CGF focuses on the following areas when making investments:[8]

PROJECTS

Projects that use less mature technologies and processes (proven in pilots but not yet widely adopted) to reduce emissions across the Canadian economy. This includes, but is not limited to, carbon capture and storage, hydrogen and biofuels.

CLEAN TECHNOLOGY

Clean technology companies, including small and medium enterprises ("SMEs"), which are scaling less mature technologies that are in the demonstration or commercialization stages of development.

LOW-CARBON SUPPLY CHAINS

Projects and companies (including SMEs) across low-carbon or climate technology value chains, including low-carbon natural resource development.

INVESTMENT CRITERIA: When evaluating investment opportunities, CGF considers a set of investment criteria that enable rigorous, fair, and consistent evaluations, while ensuring that the opportunities pursued align with relevant aspects of the CGF mandate:

1

Impact alignment (consistency with the CGF mandate): Whether the potential impact of an investment is aligned with the mandate and one or more of CGF's objectives.

2

Additionality: Whether the participation of CGF brings additional investment and impact that would not have happened otherwise.

3

Investment soundness: Whether an investment has a reasonable expectation of a return of capital, while minimizing concessionality.

[8] CGF will generally not focus on (i) research and development or demonstration projects; (ii) technology pilot projects; (iii) mature technologies or mature companies that can attract sufficient private sector investment; (iv) venture capital-style investments; (v) government owned projects; or (vi) other types of investments otherwise covered by other government policies and programs (including those funded through grants and contribution programs).

Next Steps for Strategy

In 2024, we expect to conduct qualitative scenario analysis for CDEV and relevant subsidiaries to better understand the resilience of our strategy and support our decision-making processes. We will disclose the results of this exercise in future reports.

Together with the results of our climate scenario analysis, we will continue to utilize the results of our climate change materiality assessment to deepen our understanding of our climate-related risks and opportunities and the options at CDEV's disposal to manage relevant impacts over the short, medium, and long-term.

Risk Management

This section provides an overview of our approach to identifying, assessing, and managing climate-related risks.

Enterprise Risk Management ("ERM") Process

To identify and manage risks, CDEV and its subsidiaries maintain separate enterprise risk management processes (e.g., risk registers) that are governed by a common ERM Framework, Policy, and Standard (except in the case of CEEFC which has its own). As outlined in our ERM Framework, CDEV's management team captures and summarizes consolidated risks of CDEV and its subsidiaries for reporting to the Board at least annually.

CGF is leveraging PSP Investments' expertise in identifying, evaluating, managing, mitigating, monitoring risks, and performing sensitivity analyses while adapting its processes to meet CGF's specific needs. Several investment risk practices of PSP Investments have already been leveraged and adapted to CGF's investment activities. For more information, see CGF's 2023 Annual Report.

Integration of Climate Risks into Enterprise Risk Management

As discussed in the Strategy section, we assessed risks and opportunities in our climate change materiality assessment using the impact and likelihood criteria and time horizons from our risk management policy framework and standard to ensure that climate-related risks are assessed consistently and proportionately to other risks.

Material climate-related risks, as identified in our climate change assessment, are incorporated into existing ERM processes at CDEV, CHHC, CEEFC, and TMC,[9] tailored in respective risk registers to accurately reflect the organizations' potential exposures. For all risks included in the risk registers of CDEV and its subsidiaries, we identify inherent risk ratings and residual risk ratings following application of existing controls. Climate risks are managed by each of CDEV and its subsidiaries as appropriate to their specific levels of risk and available mitigations appropriate for their businesses. Some specific subsidiary-level controls currently in place include geological monitoring, procuring of insurance, and budget contingencies designed to reduce both likelihood and impact of climate risks.

[9] For more information on TMC's approach to climate-related risk management, see its 2023 Environmental, Social & Governance Report.

Next Steps for Risk Management

In 2024, to facilitate integration of climate-related and opportunities into existing ERM processes at CDEV and its subsidiaries, we are undertaking an assessment of our risk management processes to identify key risk management elements that may be improved to better consider climate considerations. Key risk management elements that we will consider adapting may include risk oversight functions, risk appetite thresholds, risk inventories, risk assessments, responses, and both internal and external reporting.

In addition, to further build our climate-related risk management processes and facilitate alignment with best practices, we will facilitate capacity building sessions with key internal stakeholders at CDEV and relevant subsidiaries.

We are aware of the Canadian Sustainability Standards Board ("CSSB")'s first proposed Canadian Sustainability Disclosure Standards ("CSDS"). We will continue to closely monitor the evolution of climate-related regulatory compliance requirements, best practices, and expectations for federal Crown corporations as we continue to evolve our climate change strategy.

In recognition of the potential impacts of climate change on CDEV business and the unique nature of our business structure, we are focusing on developing an approach to climate change that prioritizes the mitigation of climate-related risks across CDEV and its subsidiaries.

Metrics & Targets

This section provides an overview of our approach to assessing and managing our performance on climate change.

Climate-Related Metrics

CDEV and its subsidiaries are committed to providing decision-useful information to our stakeholders and evaluating our climate performance by collecting and monitoring key climate-related metrics. In **Table 4**, we provide reporting on CDEV's GHG emissions aligned with the standard set out for corporate accounting and reporting by the Greenhouse Gas Protocol. All subsidiary data reported is based on existing reports from subsidiaries, unless stated otherwise.

CEEFC GHG Emissions

Our approach to GHG emissions quantification considers the unique nature of our business. While GHG emissions from CEEFC's activities are not included in the organizational boundary of the CDEV GHG inventory, emissions associated with CEEFC employee use of CDEV office space, employee commuting, and air travel that are unable to be disaggregated from those of CDEV have been included in current CDEV reporting.[10]

As part of the terms and conditions of LEEFF loans, LEEFF borrowers are required to publish an annual climate-related financial disclosure report, highlighting how corporate governance, strategies, policies, and practices will help manage climate-related risks and opportunities; and contribute to achieving Canada's commitments under the Paris Agreement and goal of net zero by 2050. By requiring this disclosure for borrowers with a non-voucher LEEFF loan (Air Transat and Porter Airlines), CEEFC is able to track the climate performance of those borrowers. CEEFC is also able to track the climate performance of voucher-only borrowers (Air Canada and Sunwing) through their public reporting.

Of CEEFC's four borrowers, only two are required to produce a TCFD Report (as a requirement of non-voucher credit facilities). The most recent publicly available data is for the calendar year ended December 31, 2022, where Air Canada, Air Transat, and Porter Airlines reported combined Scope 1 and 2 tCO_2e of 10,832,329.[11] As our approach to climate change evolves, we will seek to formally integrate CEEFC's portfolio emissions into CDEV's GHG inventory as appropriate.

EMISSIONS (tCO_2e)

Borrower	Scope 1	Scope 2	Scope 3
Air Canada	9,513,174	8,075	1,012,659
Air Transat	1,060,686	194	-
Porter Airlines	249,752	448	-
Sunwing Airlines[12]	N/A	N/A	N/A
Total	**10,823,612**	**8,717**	**1,012,659**

[10] CDEV does not have organizational control over CEEFC based on criteria outlined in IFRS 10. Per note 4c) of CDEV's 2023 audited financial statements.
[11] CEEFC expects Air Transat and Porter Airlines to disclose 2023 GHG emissions data by Summer 2024.
[12] Sunwing Airlines 2022 emissions data unavailable.

TABLE 4: GHG EMISSIONS

	CDEV Corporate[13]			TMC[14]			CHHC[15]			Total		
Tonnes CO_2e	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Scope 1[16]	-	-	-	5,685	5,471	6,164	-	-	-	**5,685**	**5,471**	**6,164**
Scope 2[17]	-	-	-	99,360	103,556	106,301	-	-	-	**99,360**	**103,556**	**106,301**
Scope 3[18]	21	26	98	-	-	-	44,960	44,972	38,810	**44,980**	**44,998**	**38,908**
Total	**21**	**26**	**98**	**105,045**	**109,027**	**112,465**	**44,960**	**44,972**	**38,810**	**150,025**	**154,025**	**151,373**

GHG EMISSIONS PERFORMANCE

CDEV and its subsidiaries' GHG emissions decreased by approximately 2% between 2022 and 2023. Emissions increased slightly for TMC primarily due to greater emissions from the Westridge Marine Terminal in line with increased terminal activity. Emissions from Hibernia decreased in proportion to operational activity. An increase in CDEV emissions is driven by the addition of a new office and workforce growth, resulting in increased business travel.

[13] Excludes CEI due to operational inactivity at time of reporting.
[14] Includes all reported Scope 1 and Scope 2 emissions as published in the Trans Mountain 2021, 2022, and 2023 ESG Reports. Construction emissions are reported in the Trans Mountain 2021, 2022, and 2023 ESG Reports; however, these are not allocated to a specific scope but instead reported separately, and may or may not be under the operational control of TMC. TMC Scope 3 emissions were not reported specifically in the Trans Mountain 2021, 2022, or 2023 ESG Report and so are not included at this time.
[15] As stated in the Canada Development and Investment Corporation 2023 Annual Report: "The Hibernia Development Project ("Hibernia") oilfield off the coast of Newfoundland and Labrador is a joint operation in which CHHC has a minority non-operated working interest of 8.5% in the Hibernia Main field and 5.7% in the Hibernia Southern Extension Unit". Emissions from Hibernia are reported by CHHC in Scope 3, based on estimated Scope 1 emissions provided by Hibernia and the CHHC's reported 8.5% interest in the Hibernia Main field. Emissions reported in year 2023 are from vintage year 2022 as emissions accounting is not yet available from Hibernia for the 2023 year.
[16] TMC: fuel from stationary combustion, fugitives, venting and flaring, Trans Mountain 2021, 2022, and 2023 (Draft) ESG Reports.
[17] TMC electricity consumption for operation of pipeline from Trans Mountain 2021, 2022, and 2023 (Draft) ESG Reports.
[18] CDEV Corporate: Natural gas and electricity use in offices; business travel (e.g., air travel, commuting). CHHC: Natural gas and electricity use in offices; business travel (e.g., air travel, commuting), and 8.5% of 2021 and 2022 estimated emissions provided by CHHC.

Trans Mountain Corporation's Emissions Reduction Plan

In December 2022, TMC published its 2022 Emissions Reduction Plan that outlines its 2030 and 2050 emissions reduction targets, as well as the strategies that will be employed to achieve them. By 2030, TMC plans to reduce its emissions of the expanded system by 100,000 tonnes of CO_2e through the implementation of system efficiencies and innovations, energy consumption decarbonization, selective investments in the lower-carbon economy, and by leveraging market-based carbon products. TMC estimates its Scope 1 and Scope 2 emissions to be between 280,000 and 350,000 tonnes of CO_2e per year once the expanded pipeline system is fully operational.[19] TMC has also committed to developing an offset plan for expansion project construction emissions once construction is complete.

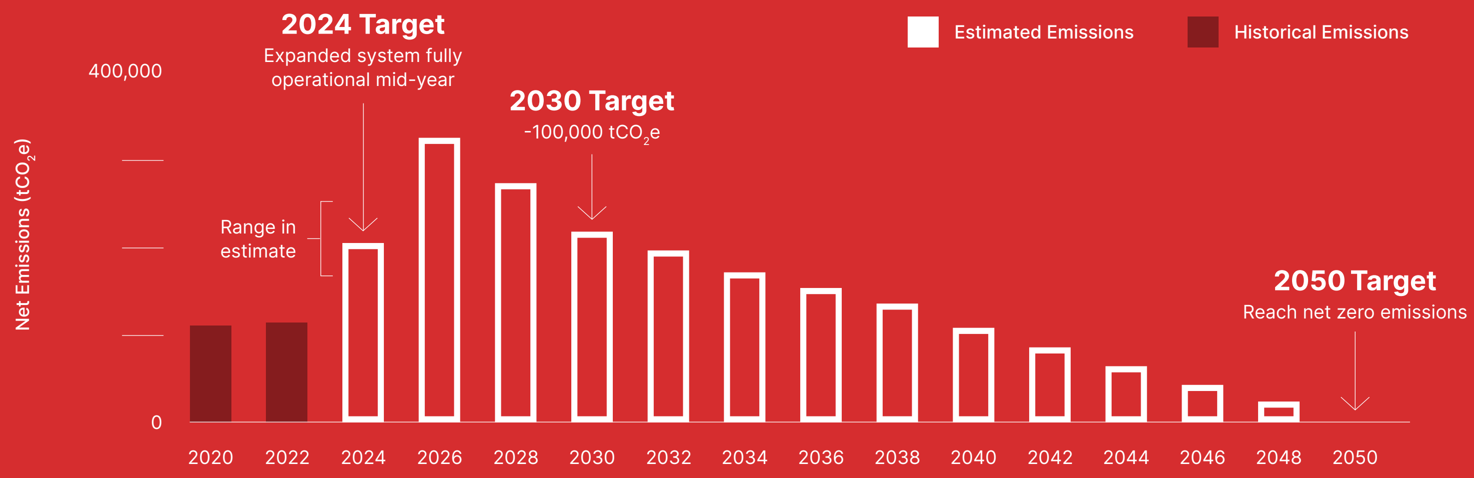
EMISSIONS REDUCTION TARGETS	
-100,000	**2050**
TONNES OF CO_2e	**NET ZERO TARGET**
Reduce absolute emissions by 100,000 tonnes of CO_2e by 2030.	Reach zero emissions, on a net basis, by 2050.

TMC's 2030 and 2050 targets will be reached through several initiatives aligned with current and future business plans, comprised of three key pillars:

Pillar	Initiatives
Pillar 1	**Implement existing system efficiencies and innovations:** Conduct a detailed review and analysis of its Scope 1 emissions, which will help increase its understanding of the cost and magnitude of different emissions reduction options, including process efficiencies and alternative fuel sources.
Pillar 2	**Decarbonize energy consumption:** The vast majority of TMC's Scope 2 GHG emissions are associated with electricity purchases in Alberta. The GHG intensity of Alberta's grid continues to decline, supporting TMC's decarbonization goals. To further reduce its emissions in Alberta, TMC plans to procure renewable power from sources such as wind and solar facilities using virtual power purchase agreements and explore the feasibility of self-generation at select facilities in Alberta.
Pillar 3	**Explore carbon credit and offset solutions:** Although TMC's priority is to reduce its Scope 1 and 2 emissions through direct actions and investments, it will consider the purchase of offsets to help meet its targets.

For more information, see TMC's 2022 Emissions Reduction Plan.

Target Trajectory



[19] This estimate is based on several factors that are unknown at this time, including power consumption and the carbon intensity of the electricity grids to which TMC is connected.

Next Steps for Metrics and Targets

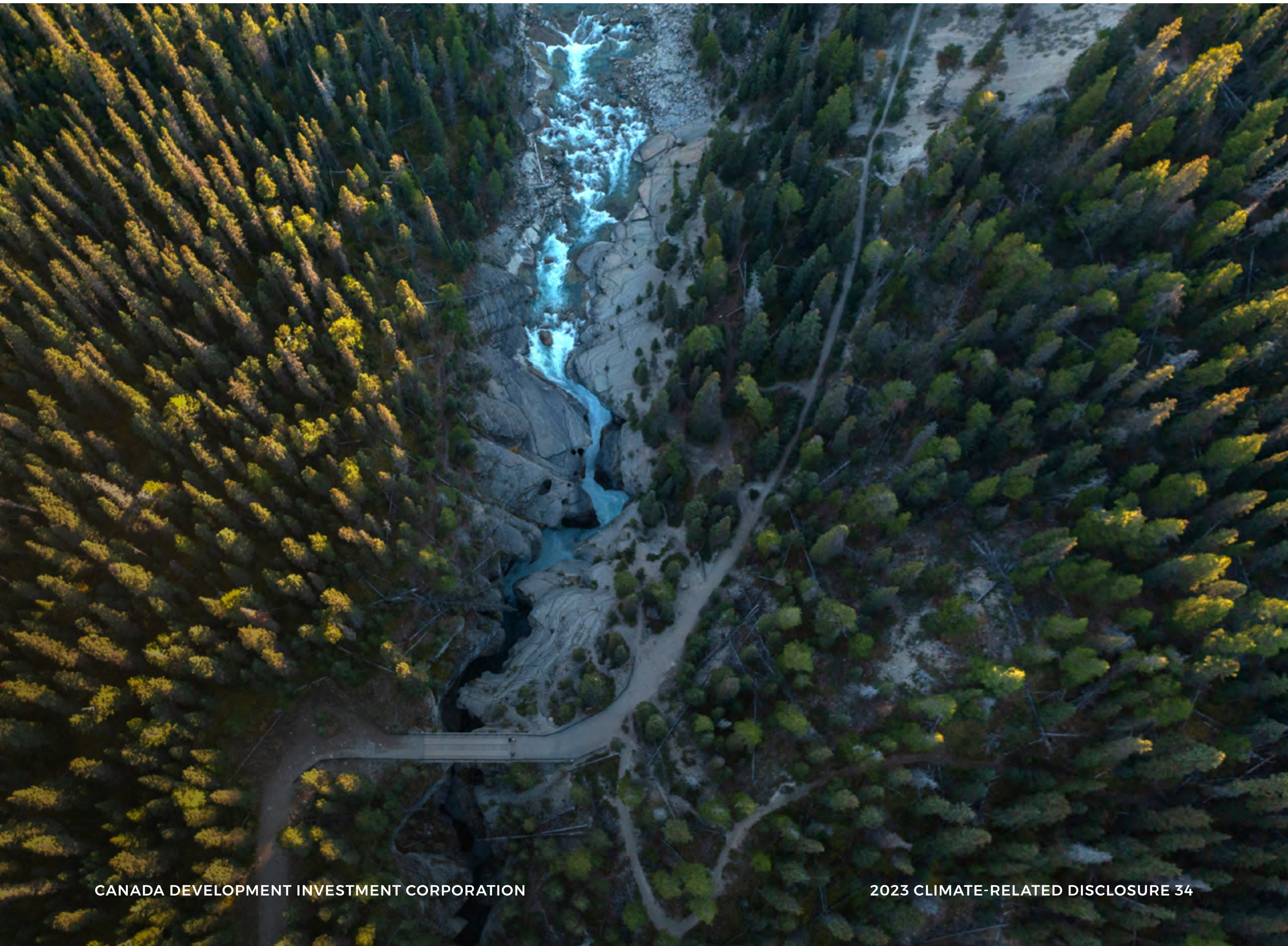
In 2024, we will identify additional relevant climate-related metrics for material climate-related risks and opportunities, informed by the TCFD's Guidance on Metrics, Targets, and Transition Plans. As part of this work, we will also establish a baseline understanding of CDEV's Scope 3 emissions profile by identifying material Scope 3 categories and developing a roadmap for CDEV to undertake a phased approach to Scope 3 emissions quantification, monitoring, and disclosure.

We will also continue to evaluate the feasibility and relevance of setting climate-related targets as we improve our data collection and reporting processes, including Scope 1 and Scope 2 emissions reduction targets.

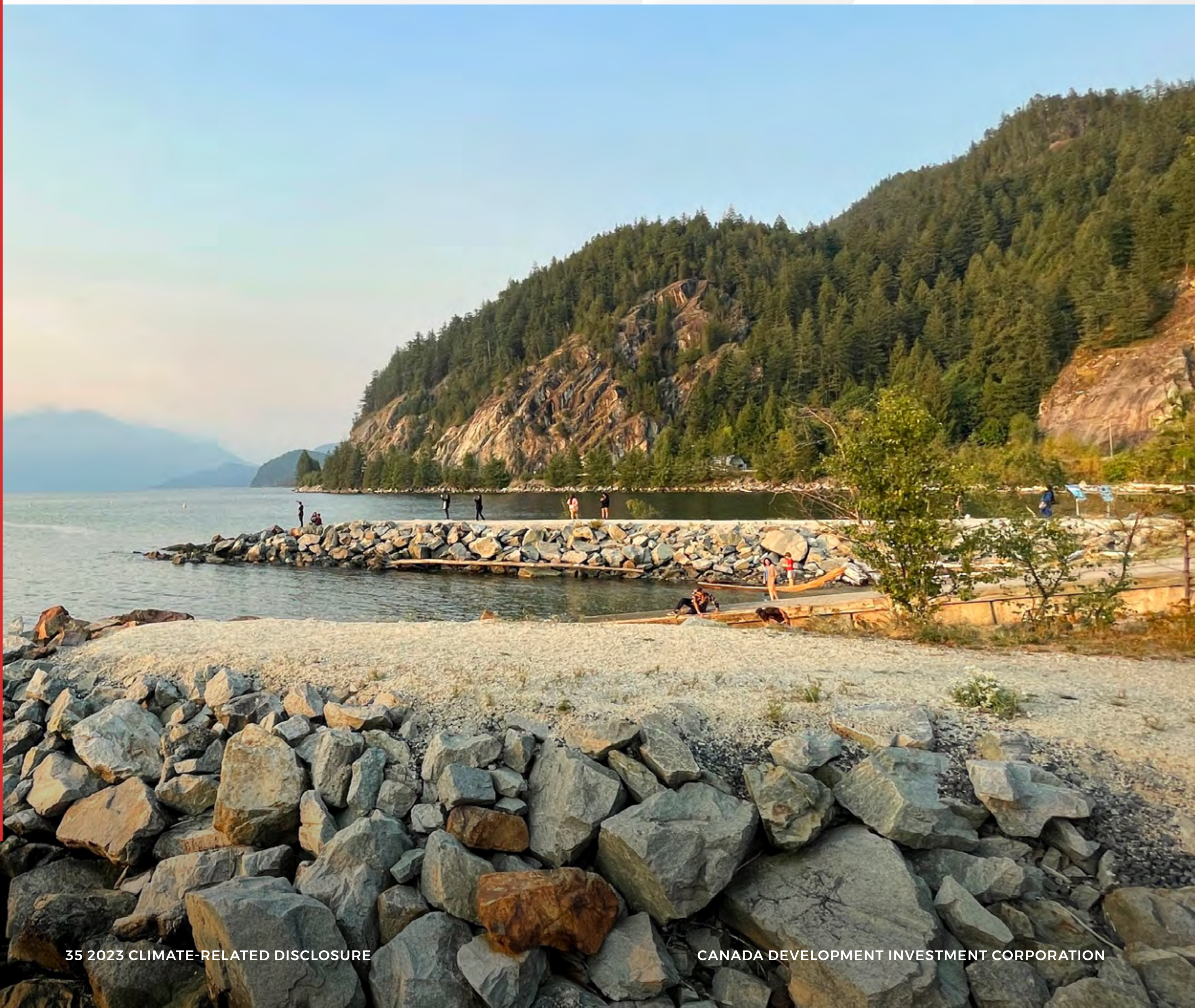
Looking Forward: 2024 and Beyond

This report provides climate-related financial disclosure aligned with the TCFD recommendations for CDEV, CEEFC, and CHHC.[20] We strive to continually improve our climate change reports to the Government of Canada and other stakeholders to enhance our communication on climate-related risks and opportunities. We are committed to providing more decision-useful climate-related disclosure and taking a phased approach to alignment with the TCFD recommendations as our business and approach to climate change evolves over time.

[20] TMC's TCFD-aligned reporting can be found in its 2023 Environmental, Social & Governance Report. As at the publication of this report, Canada Growth Fund Incorporated has not yet had one full year of investment activity and is thus excluded from the scope of this report. CGFIM will begin reporting on climate disclosures in Calendar Year 2024, in accordance with the Investment Management Agreement.



Appendices



APPENDIX A:

TCFD Index

CDEV is taking a phased approach to implementing the TCFD recommendations, intending to enhance our alignment as our approach to climate change evolves over time.

Category	Recommendation	Supporting Recommended Disclosures	Reference
Governance	Disclose the organization's governance around climate-related risks and opportunities.	(a) Describe the Board's oversight of climate-related risks and opportunities.	Refer to Governance.
		(b) Describe management's role in assessing and managing climate-related risks and opportunities.	Refer to Governance.
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term.	Refer to Strategy.
		(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Refer to Strategy.
		(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	CDEV will be undertaking climate scenario analysis in 2024. Updates will be provided in future reports.[21]
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	(a) Describe the organization's processes for identifying and assessing climate-related risks.	Refer to Strategy. Refer to Risk Management.
		(b) Describe the organization's processes for managing climate-related risks.	Refer to Risk Management.
		(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Refer to Risk Management.
Metrics & Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Refer to Metrics & Targets.
		(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.	Refer to Metrics & Targets.
		(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Refer to Metrics & Targets.

[21] TMC conducted quantitative climate scenario analysis. For more detail on the climate scenario analysis conducted by TMC, including methodology and results, see its 2023 Environmental, Social & Governance Report.

APPENDIX B:

Additional Information on CDEV and its Subsidiaries

Company	Source
CDEV	– Organization Website – Annual Report 2023 – 2022 TCFD Report – Corporate Plan Summary 2024
Canada Innovation Corporation	– CDEV Website: Canada Innovation Corporate – Blueprint: Canada Innovation Corporation
Canada Growth Fund Inc.	– Organization Website – Annual Report 2023 – Corporate Plan Summary 2024 – Technical Backgrounder
Canada Enterprise Emergency Funding Corporation	– Organization Website – Annual Report 2023 – Corporate Plan Summary 2024 – TCFD Reports of Large Employer Emergency Financing Facility ("LEEFF") borrowers (see CEEFC GHG Emissions)
Canada Hibernia Holding Corporation	– CDEV Website: CHHC – Info Source: Canada Hibernia Holding Corporation – Hibernia Website
Canada TMP Finance Ltd. and its subsidiaries	– CDEV Website: Trans Mountain Corporation – TMC Website – 2023 Environmental, Social and Governance Report – Management Report (Trans Mountain Corporation)
Canada Eldor Inc.	– CDEV Website: Canada Eldor Inc. – Info Source: Canada Eldor Inc.

CANADA DEVELOPMENT
INVESTMENT CORPORATION

Toronto Head Office
161 Bay Street, Suite 4540
Toronto ON M5J 2S1

Ottawa Office
50 O'Connor Street, Suite 1601
Ottawa ON K1P 6L2

Telephone: (416) 966-2221
Website: www.cdev.gc.ca