

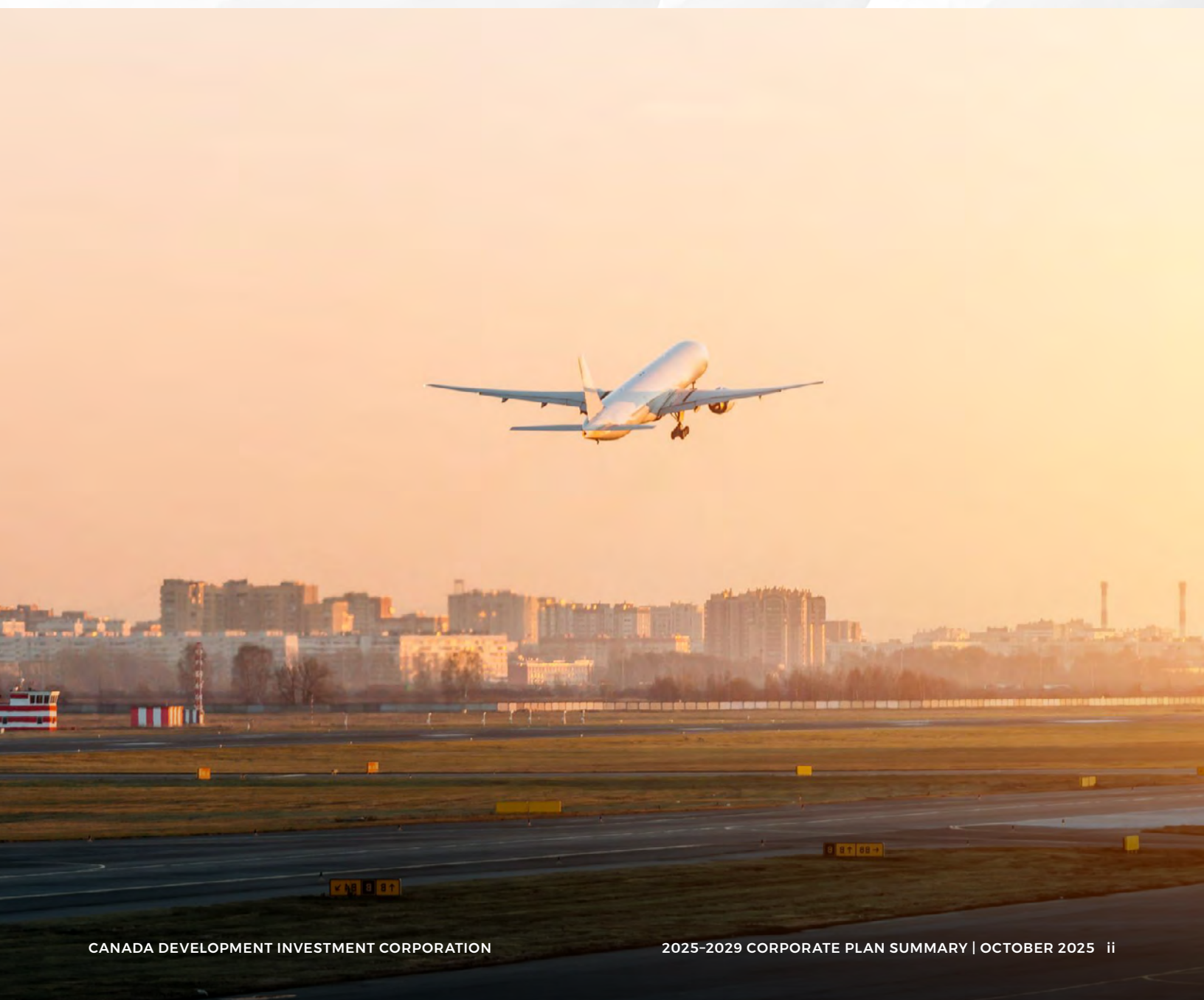
2025 TO 2029 CORPORATE PLAN SUMMARY

2025 CAPITAL BUDGET SUMMARY



Canada Development
Investment Corporation

CDEV is focused on its position as the government's centre of excellence for financial advisory based on its renewed strength and unique expertise. CDEV continues to be ready to respond to government priorities and bring a critical commercial set of thinking and expertise to complex financial situations.



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1.0 Executive Summary

Over the past several years, CDEV has taken on an increasingly important role in supporting the government's economic agenda. CDEV now undertakes a broader range of activities to provide a breadth of financial advisory services and expertise to support the country's economic objectives. CDEV has been central to the management and delivery of high-profile economic projects and initiatives critical to the government.

Recently, CDEV has played a substantial role in several complex and significant transactions and projects, including:

- CDEV focused on ensuring that the resources and financing were in place to support the success of the Trans Mountain Expansion Project.
- CDEV designed and led the rollout of the Large Employer Emergency Financing Facility, one of the cornerstones of the government's COVID-19 Economic Response Program.
- CDEV launched the Canada Growth Fund, which is at the forefront of the government's decarbonization and clean growth plan.
- CDEV helped the Government of Canada structure a \$2.14-billion financial transaction with Telesat to support Canada's largest space program, as announced in September 2024.
- CDEV has been mandated to support the government in the design and implementation of the \$5-billion federal Indigenous Loan Guarantee Program.

CDEV's commercial expertise and skill set is unique within the federal government and this substantive growth in mandates has demonstrated the significant demand for our capabilities. As a result of this surge in activities, CDEV is continuing its transformation through its impactful work and steady, solid commercial insights. This 2025–2029 Corporate Plan, along with the [2023 Annual Report](#) published in May 2024, documents this evolution and outlines how its operating environment is reshaping its priorities and strategic direction.

In this corporate plan, CDEV outlines the elements of its strategic direction, building on its cultural transformation to a high-performing and outcome-oriented organization and its core areas of expertise:

1. Managed assets
2. Asset monetization
3. Capital & funding solutions
4. Financial advisory & strategic reviews
5. Indigenous economic participation

CDEV's objectives and outcomes for the 2025–2029 period are guided by the following strategic principles:

- **Engage in the Highest-Value Assignments:** developing CDEV's pipeline of assignments to ensure our unique skills and expertise are deployed to drive maximum impact for Canada.
- **Ensure Financial Efficiency and Sustainability:** developing and implementing additional processes to optimize cost efficiencies, including ongoing cost-benefit and value-for-money analysis to ensure CDEV's long-term financial sustainability.
- **Drive Value through Governance:** optimizing governance within CDEV's Group of Companies.
- **Build a Strong Organizational Culture:** continue to develop a corporate culture founded on high performance and a commercial mindset which retains specialized knowledge to benefit the Government of Canada.

CDEV is focused on its position as the government's centre of excellence for financial advisory based on its renewed strength and unique expertise. CDEV continues to be ready to respond to government priorities and bring a critical commercial set of thinking and expertise to complex financial situations. CDEV looks forward to developing further its strategic vision to be an impactful partner to the Government of Canada for the benefit of all Canadians.



Elizabeth Wademan
President and CEO
Canada Development Investment
Corporation

A handwritten signature in black ink, appearing to read 'Elizabeth Wademan', written over a light blue background.

2.0 Overview

2.1 Mandate and Key Authorities

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.

CDEV was incorporated in 1982 under the provisions of the *Canada Business Corporations Act* and is wholly owned by His Majesty in Right of Canada. The Company is an agent Crown corporation listed in Schedule III, Part II of the *Financial Administration Act* ("FAA") and is not subject to the provisions of the Income Tax Act. CDEV reports to Parliament through the Minister of Finance. The language in CDEV's Articles of Incorporation gives CDEV a broad mandate, with the primary objective to carry out activities in the best interest of Canada operating in a commercial manner.

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, with its mission of being the centre of excellence for financial advisory, is to carry out its activities in the best interests of Canada, operating in a commercial manner. In addition to providing financial advisory on a range of mandates and projects, CDEV is responsible for acting as the asset manager, providing oversight and responsibility for a diverse group of companies (the "Group of Companies").

The CDEV Group of Companies oversees approximately \$62 billion in assets, inclusive of the following eight wholly owned subsidiaries:

CANADA ELDOR INC. ("CEI") has no commercial operations. CDEV has implemented appropriate governance to ensure that CEI respects its obligations and liabilities under the agreement of purchase and sale with Cameco Inc. entered into in 1988.

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION ("CEEFC") manages the Large Employer Emergency Financing Facility ("LEEFF") program designed to provide bridge financing and assist in the recovery of Canada's largest employers from the economic impact of the COVID-19 pandemic. Established in May 2020, 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 GROWTH FUND INCORPORATED ("CGF") has 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 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 and reports to the CGF Board. CGF was incorporated in December 2022.

CANADA HIBERNIA HOLDING CORPORATION ("CHHC") holds and manages the federal government's minority ownership interests of 8.5% and 5.67% in the Hibernia Development Project ("HDP") and Hibernia Southern Extension Unit ("HSE Unit") respectively (together "Hibernia"), which is an oilfield offshore Newfoundland and Labrador. Hibernia is operated by Hibernia Management and Development Company Ltd. Incorporated in 1993, 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 INDIGENOUS LOAN GUARANTEE CORPORATION (“CILGC”) will facilitate equity investments by Indigenous groups within the natural resources and energy sectors. More specifically, CILGC is mandated to deliver the Indigenous Loan Guarantee Program (ILGP), as announced in Budget 2024. Soon to be incorporated, CILGC will undertake financial and commercial due diligence of eligible ILGP applications and will administer the portfolio of loan guarantees over the long term. CDEV is working to recruit the CILGC leadership team and expects to become fully operational before the end of 2024.

CANADA INNOVATION CORPORATION (“CIC”) is mandated 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. It was incorporated in February 2023, and an interim CIC team was established to build up the Corporation’s internal capabilities and processes. The CIC team was dissolved following the Government of Canada’s announcement in December 2023 that the full implementation of this new entity is scheduled for no later than 2026–2027.

CANADA TMP FINANCE LTD. (“TMP FINANCE”) primary responsibility is to provide financing to its subsidiary, Trans Mountain Corporation (“TMC”). TMC has a mandate to operate the Trans Mountain Pipeline. TMC has approximately 700 employees led by a seasoned executive team. CDEV fulfills its supervisory role as owner of TMC through an MOU which lays out areas of responsibility and accountability, including the responsibility for appointing the TMC Board. CDEV management is deeply involved in ensuring the financial health of TMC for the long-term goal of a successful monetization in due course. TMP Finance was incorporated in 2018.

16342451 CANADA INC. was established in September 2024. Currently the subsidiary oversees and manages the Government of Canada’s \$2.14 billion loan for the Telesat Lightspeed project. The subsidiary could be used in the future to manage other loans or hold assets on behalf of the government.

2.2 Public Governance Overview: Operating at Arm's Length

BOARD AND MANAGEMENT

As an arm's length commercial, self-sustaining Crown corporation, oversight is provided by an independent Board of Directors comprised of six members plus the Chair and the President and Chief Executive Officer. The Board is responsible for the stewardship of CDEV and oversees its affairs, including ensuring that its assets, liabilities and subsidiaries are managed in a cost-effective manner. This includes approving CDEV's financial statements and corporate reports, all available on CDEV's website.

The CDEV Board has three committees: the Audit Committee, providing oversight of CDEV's finances, the Nominating and Governance Committee, responsible for corporate governance matters, and the Human Resources and Compensation Committee, responsible for compensation practices and other relevant policies.

The CDEV management team is led by a Governor-in-Council appointed President and Chief Executive Officer and works closely with the management team of its subsidiaries to ensure the effective functioning of CDEV and its Group of Companies. CDEV has twenty full-time employees as of September 2024, and its head office is in Toronto, with a satellite office in Ottawa.

As an expert in leading governance practices, CDEV provides value-added oversight of its subsidiary companies and facilitates government accountability while maintaining its arm's length relationship. CDEV appoints the boards of its subsidiaries to provide proper oversight, which then report up to the CDEV Board on a quarterly basis. CDEV plays this role at a very low cost compared to other models in the federal government given the compensation structure applicable to the CDEV Board as well as its Group of Companies.

See [Appendix A-1](#) for CDEV's organization chart and current listing of its directors and officers as well as committees of the CDEV Board and each subsidiary. The CDEV Board receives regular reports from the Boards and management of its key subsidiaries.



SPECIAL EXAMINATION AND OTHER AUDITS

Regarding special examination and audits of CDEV, no additional examinations are under way currently. The last special examination was conducted in 2018. CDEV participated in the performance audit regarding the procurement of professional services contracts led by the Office of the Auditor General which was published in June 2024.

2.3 Public Policy Profile: A Unique Commercial Skill Set

CDEV's commercial expertise and skill set is unique within the federal government and there is significant demand and need for our capabilities. CDEV's employees come with extensive private sector backgrounds, including investment banking, investment management, financial services, consulting, legal and mergers and acquisitions, that are directly relevant to areas in which CDEV's services are sought.

The unique skills, networks, and experiences of CDEV are essential and impactful in a range of situations where the government requires specialized financial expertise on critical situations.

The acquisition and oversight of the Trans Mountain pipeline system and the operationalization of the Canada Growth Fund are examples that underscore how the government leverages CDEV's unique capacities effectively.

3.0 Strategic Direction for CDEV

3.1 Main Activities and Operating Environment of CDEV

CDEV is focused on using its financial and commercial capabilities to support economic growth and drive fiscal efficiency in support of the Government of Canada's priorities.

3.1.1 2024 Corporate Performance for CDEV

Our actual performance in 2024 as compared to the objectives outlined in our [2024–2028 Corporate Plan](#) is as follows:

2024 Objectives	2024 Results
Oversee, monitor and provide strategic support of TMC, including preparing TMC for divestment at the appropriate time and assisting TMC in accessing the required financial resources to complete TMEP and run effective operations.	— Continued preparatory work for balance sheet re-financing, IEP structuring, execution analysis, and monetization. — Refined succession plan for Board.
Assist CEEFC with the management of its loan portfolio.	— Provided ongoing functional support and expertise to CEEFC operations, as per the MOU. — Provided ongoing governance support. — Returned capital via redemption of preferred shares. — Maintained the readiness of the sale of the AC shares. — Supported the CEO Search committee to launch the search. — Supported the onboarding of new CEEFC CEO. — Supported the new CEO regarding restructuring advice for portfolio of loans.
Manage the working interest in Hibernia through CHHC and keep the asset ready for potential divestiture and maximize value where possible.	— Provided functional support and expertise to CHHC. — Provided governance, HR, and policy support.
Manage CDEV's NPI/INPI responsibilities.	— See NPI updates in Section 4.9 "Other Mandates" for details.
Maintain oversight of CGF.	— Entered into a communications protocol with CGFIM. — Executed IMA and associated documents. — Led search for Board Chair and Audit Committee Chair. — Conducted consultations with Finance for CGF Board candidates.
Support the full implementation of CIC by 2026–2027.	— Paused CIC operations as appropriate. — Maintained accounting and operational functions during the interim.

2024 Objectives

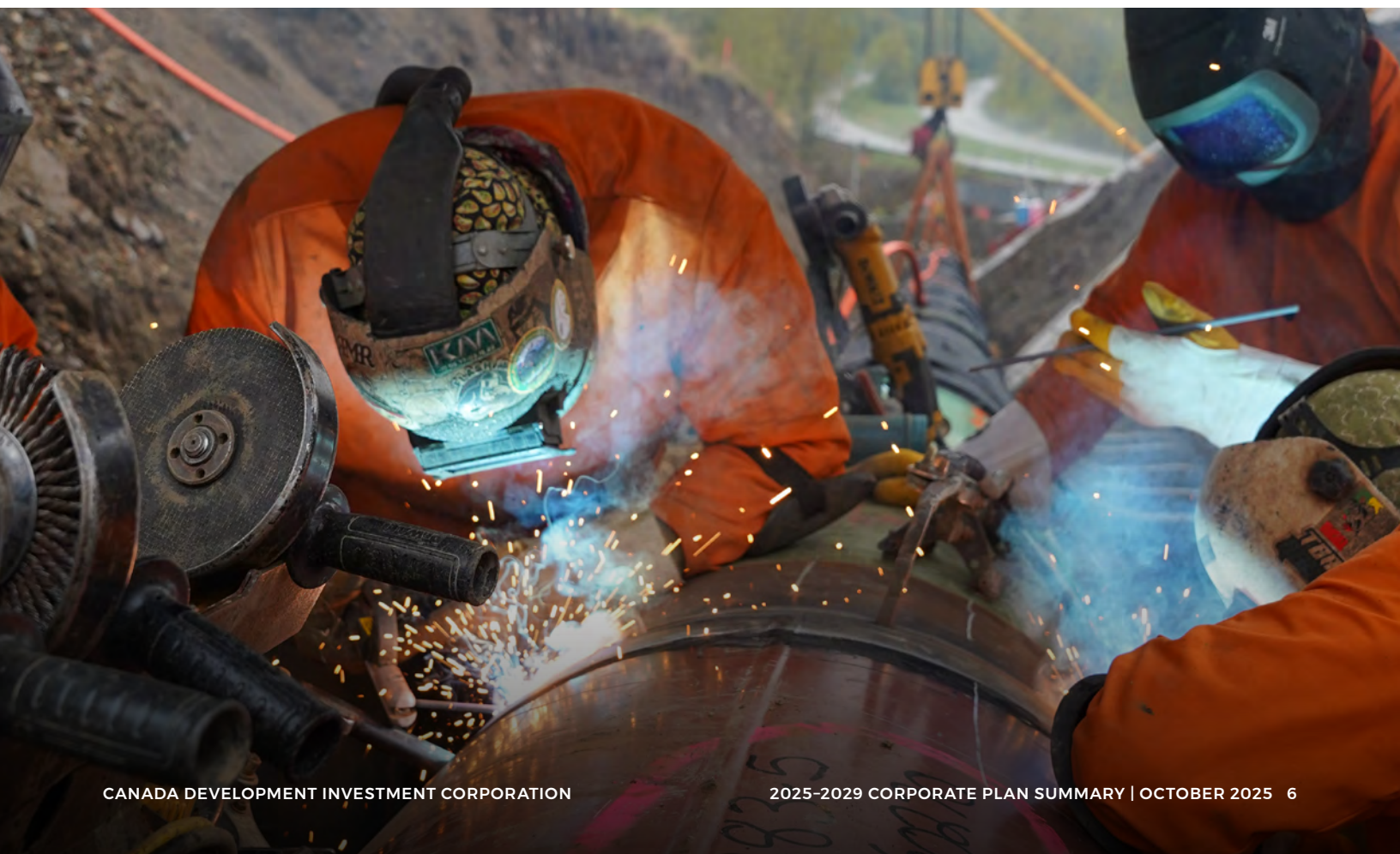
2024 Results

Manage CDEV's operations efficiently.

- Advanced CDEV's new strategic direction.
- Positioned ESG as part of CDEV's day-to-day operations.
- Improved day-to-day internal and external working efficiencies, including rigorous cost/benefit analysis of key spend categories, optimization of travel, and use of advisors.
- Implemented a new online HR management system.
- Conducted an employee engagement survey to identify opportunities to reinforce culture and team cohesion (as a result, CDEV earned a *Great Place To Work*® certification).
- Enhanced security infrastructure and IT incident reporting and monitoring, including strengthening our technology against cybercrime.
- Transitioned IT infrastructure to the cloud, which reduces server costs and drives working efficiencies and more collaborative work through use of SharePoint. CDEV's server structure has now fully migrated to the cloud.
- Conducted analysis of technology platforms.
- Streamlined processes in certain operational areas, such as IT and Finance.
- Optimized board meeting schedule by leveraging virtual framework, for instance.

Assist the government with other mandates (asset reviews, new subsidiaries, etc.).

- Identified and engaged with key stakeholders and prospective parties in alignment with the business development plan.
- For other active mandates, see [Section 4.9 "Other Mandates"](#) for details.



3.1.2 CDEV's Pillars of Expertise

In light of this performance assessment, CDEV has been regularly asked to support on an increasing breadth and number of mandates in recent years. By the nature of the work CDEV undertakes, its operating environment is broad and touches on any area where the government may have commercial interests. Over time, CDEV has developed specific expertise based on experience. CDEV's core pillars of expertise include:

1. Managed assets
2. Asset monetization
3. Capital & funding solutions
4. Financial advisory & strategic reviews
5. Indigenous economic participation

MANAGED ASSETS

CDEV manages a "Group of Companies" comprised of strategic assets on behalf of the Government of Canada. As parent of the Group of Companies, CDEV brings a commercial approach to the management and ownership of these assets. As seen above, CDEV's Group of Companies currently comprises seven subsidiaries, all with various mandates and objectives.

As the owner of these assets on behalf of the Government of Canada, CDEV ensures proper oversight related to governance and financing to ensure they meet their respective mandates, including focusing on tangible outcomes such as increasing the value and efficiency of Canadian economic interests and maximizing dividends and financial returns to Canada.

ASSET MONETIZATION

On behalf of the Government of Canada, CDEV acquires and sells assets to accelerate growth, maximize value and protect the integrity of the Canadian economy. CDEV's ability to analyze optimal outcomes, implement strategic negotiations and execute high-value transfers ensures that financial and policy goals are achieved. CDEV's decades of financial advisory experience, coupled with its ability to access top global advisors, provides reliable expertise in negotiating and executing sales to the benefit of all Canadians.

To date, CDEV has generated \$9 billion in net proceeds from asset sales. Key transactions in the past 15 years included the sales of Canada's shares in Chrysler and General Motors, the sale of Ridely Terminals Inc., which involved a first-of-its-kind transfer of a 10% equity stake to local First Nations, and the review of the Dominion Coal Blocks Inc., in cooperation with Crown-Indigenous Relations and Northern Affairs.

CAPITAL & FUNDING SOLUTIONS

CDEV advises on and provides creative capital and funding solutions.

When the COVID-19 pandemic threatened Canadian businesses and the economy in March 2020, the Government of Canada called on CDEV to help conceive and implement an emergency loan program for Canada's largest businesses. CDEV rapidly developed the Large Employer Emergency Financing Facility (LEEFF) program and formed a dedicated subsidiary, the Canada Enterprise Emergency Funding Corporation (CEEFC), to execute it. Through CEEFC, CDEV has extensive experience negotiating secured and unsecured lending facilities ranging from \$100 million to over \$2 billion, helping to support important Canadian companies with complex financing needs. Since its inception, CEEFC has provided over \$7 billion in liquidity to large Canadian employers. CEEFC remains active in managing its portfolio of approximately \$2.8 billion in loans and equity.

CDEV also worked with the Department of Innovation, Science and Economic Development and the Department of Finance to structure a financing transaction with Telesat. As a result of this work, the Government of Canada announced a financial agreement with Telesat on September 13, 2024, that will allow the company to complete and operate Telesat Lightspeed—one of the world's most innovative satellite networks. With a \$2.14 billion investment from the federal government, Telesat Lightspeed will be Canada's largest ever space program and will expand internet and 5G networks in communities across Canada, with affordable, high-speed broadband connectivity thanks to its low-Earth-orbit satellite network. As part of the agreement, CDEV established a new subsidiary, that provides a loan to Telesat LEO Inc. to fund construction of the project as well as hold and manage the Government of Canada's loan and stock warrants to ensure Canadian taxpayers benefit from this investment.

FINANCIAL ADVISORY & STRATEGIC REVIEWS

CDEV's breadth of financial advisory expertise provides strategic insight and commercial advice to assist the Government of Canada with its policy objectives.

CDEV advises on critical matters, including financial interventions, corporate financing negotiations, asset reviews, and governance matters.

Specifically, CDEV brings expertise and leadership through the due diligence, financial analysis, options assessment, negotiation and documentation phases to inform the risks and optimize benefits to Canada.

The combination of speed, expertise, and execution to deliver optimal results while ensuring that public policy objectives remain at the forefront are cornerstone attributes to the work that CDEV is involved in.

INDIGENOUS ECONOMIC PARTICIPATION

As part of the monetization of Ridley Terminals Inc. in 2019, CDEV helped structure a first-of-its-kind transfer of a 10% equity stake to local First Nations. CDEV has been heavily involved, leading perspectives pertaining to indigenous economic participation and access to capital considerations in several key situations. The delivery of the inaugural federal Indigenous Loan Guarantee Program and the Indigenous economic participation in Trans Mountain Corporation are complex, critical transactions that CDEV is working on.

3.2 CDEV's Future Strategic Direction

Building upon these Pillars of Expertise, and at the direction of its Board of Directors as well as the Department of Finance, CDEV was encouraged to consider a broader review of its strategic direction. This complements a recent significant transformation in corporate culture, new additions to the executive leadership team, and overdue and essential investments in talent, technology, and processes to optimize CDEV's potential value to the government, going forward.

3.2.1 Strategic Objectives and Strategic Statement

CDEV determined that a future Strategic Direction should be founded on the overall Strategic Objectives of:

(a) building upon its Pillars of Expertise, (b) leveraging its commercial expertise, and (c) driving maximum impact to Canada by way of supporting economic growth and driving fiscal efficiencies.

In doing so, CDEV intends to be recognized as the government's centre of excellence for financial advisory, with the commercial mindset and capabilities required to add value for Canada, while leveraging its pillars of expertise.

3.2.2 Strategic Principles

The implementation of CDEV's Strategic Direction will be guided by defined objectives and outcomes supporting the following Strategic Principles which will underpin CDEV's overall operating model and mindset and will span all its activities. Through the planning period, CDEV will consider more specific objectives and outcomes for each of these Strategic Principles, as well as potential new and enhanced service offerings which leverage its Pillars of Expertise. Throughout, CDEV will ensure that its objectives and outcomes directly align to overall Strategic Objectives and Strategic Statement.

- **Engage in the Highest-Value Assignments:** developing CDEV's pipeline of assignments to ensure our unique skills and expertise are deployed to drive maximum impact for Canada.
- **Ensure Financial Efficiency and Sustainability:** developing and implementing additional processes to optimize cost efficiencies, including ongoing cost-benefit and value-for-money analysis to ensure CDEV's long-term financial sustainability.
- **Drive Value through Governance:** optimizing governance within CDEV's Group of Companies.
- **Build a Strong Organizational Culture:** continue to develop a corporate culture founded on high performance and a commercial mindset which retains specialized knowledge to benefit the Government of Canada.

ENGAGE IN THE HIGHEST VALUE ASSIGNMENTS

CDEV can be a central source of commercial expertise for the government in alignment with Canada's policy priorities. CDEV will focus on having a stable pipeline of high-value assignments by being impactful within its core lines of business.

In 2025–2029, objectives and outcomes will focus on:

- Leveraging CDEV's deep experience in commercial transactions to ensure future projects are deployed as efficiently as possible for Canada.
- Providing commercial rigour when advising on, negotiating and executing financial transactions on behalf of Canada.
- Ensuring CDEV has requisite resources to respond to assignments and mandates with a view to internalizing knowledge, reducing reliance on external advisors and ensuring overall budgetary and operational efficiencies.

ENSURE FINANCIAL EFFICIENCY AND SUSTAINABILITY

CDEV will focus on developing financial sustainability models, ensuring appropriate cost recovery for and returns of capital to Canada.

In 2025–2029, objectives and outcomes will focus on:

- Continuing to consider ways to diversify revenue streams and otherwise ensure CDEV's long-term independent financial sustainability to benefit Canada.
- Assessing and demonstrating value for money in executing its mandates.
- Accurately understanding and allocating costs incurred for its various operations and assignments.

DRIVE VALUE THROUGH STRONG GOVERNANCE

CDEV's expertise in leading governance practices enables CDEV to provide value-added oversight of its subsidiary companies and facilitate government accountability while maintaining its arm's length relationship.

In 2025–2029, objectives and outcomes will focus on:

- As parent company, reviewing specific approaches to overseeing the expanded CDEV Group of Companies which capitalize on CDEV's skills and capacity to create efficiencies for the Government of Canada.



BUILD A STRONG ORGANIZATIONAL CULTURE

CDEV will continue to focus on internalizing high-performing talent to ensure retention of corporate knowledge for the benefit of Canada. In the past year, CDEV has drastically improved its communications processes, both internally and externally, to strengthen its reputation among stakeholders and build team cohesion. This included the activation of a LinkedIn account, the establishment of Lunch & Learn sessions, and the articulation of a diversity, equity, and inclusion approach at CDEV. As a tangible result of these efforts, CDEV earned the *Great Place To Work*® certification in August 2024.

In 2025–2029, objectives and outcomes will focus on:

- Evolving its internal culture and overall employee value proposition to build, develop, and retain a high-performing and commercially minded team.
- Review its mission, vision, and values in alignment with its strategic direction.
- Leverage secondments with the private and public sectors to bridge the two perspectives.

3.2.3 Potential New and Enhanced Offerings

In addition to defining objectives designed to advance each of the Pillars of Expertise spanning all CDEV's activities, CDEV is also considering specific opportunities for new and enhanced offerings within each Pillar of Expertise, in alignment with the Department of Finance as summarized below.

Pillar of Expertise	Objectives and Outcomes for 2025–2029
Managed Assets	— Develop and reserve capacity to provide support pertaining to government acquisition of new assets or commercial interests. — Continuously review its subsidiary companies with a view to value enhancement opportunities and optimize oversight and governance of operations. — Consider other ways in which CDEV can act as a centre of excellence developing, programing and launching new companies and ensuring appropriate governance has been implemented.
Asset Monetization	— Develop and reserve capacity to respond to monetization activity by the government. — Undertake preparatory work to demonstrate how CDEV can play a central role as it relates to government monetization activity in coordination with Finance.
Capital and Funding Solutions	— Continue standing up the Indigenous Loan Guarantee Program and managing the loan to Telesat LEO Inc. and the portfolio of Large Employer Emergency Financing Facility Program assets consistent with the Minister of Finance's expectations. — Consider ways in which CDEV can support future similar Government of Canada priorities which leverage its expertise and processes in this area.
Financial Advisory and Strategic Reviews	— Develop and reserve capacity to provide requisite commercial and advisory services, and input into decision-making, when needed by Finance. — Undertake preparatory work to review value enhancement and commercial optimization reviews of government assets. Consider ways in which CDEV can bring greater efficiencies to this review process.
Indigenous Economic Participation	— Continue standing up the Indigenous Loan Guarantee Program. — Consider ways in which CDEV can leverage prior experience structuring indigenous economic participations and play a greater role in comparable access to capital initiatives in alignment with Finance.



4.0 Main Activities, Planned Outcomes and Targets for CDEV's Group of Companies

4.1 Canada Eldor Inc.

ACTIVITY SUMMARY

CEI, through Cameco, the manager and licensee of the Beaverlodge mine site, continues to manage the properties for which it has been granted a license. CEI's goal is to transfer the remaining properties to the Institutional Control ("IC") program of the Government of Saskatchewan by 2025.

PLANNED OUTCOMES AND TARGETS

CEI will continue to pay Cameco to undertake mine site restoration activities, pay regulatory fees and pay benefits to retired employees. The site restoration costs are expected to be settled in 2024 and as such 2025 projected costs are \$0 and \$2.2 million for the entire plan period 2025 to 2029 with approximately \$2 million expected to settle in 2024 with the remainder relating to pension obligations and not restoration. CEI is expected to have on average \$8 million in assets during the entire plan period to pay for all expected costs. We do not currently anticipate further material costs to occur past 2024.

4.2 Canada Enterprise Emergency Funding Corporation

ACTIVITY SUMMARY

CEEFC's original mandate was to provide financing to large Canadian companies unable to secure incremental financing in the financial markets due to the heightened credit risk environment. As directed by the Minister of Finance, CEEFC no longer accepts new applications since July 2022 and is now focused on managing its existing loan portfolio (See [Appendix B](#)). CEEFC has a portfolio made up of four borrowers, all Canadian airlines. Given the requirements under IFRS, CEEFC's financial results are not consolidated into CDEV's and hence the attached financial schedules do not include CEEFC's.

PLANNED OUTCOMES AND TARGETS

CEEFC's financial projections are provided in [Appendix B](#) and are not consolidated in CDEV's financial schedules. These projections reflect the assumptions that the existing portfolio will run off through 2028 when the last airline voucher loan matures, and that repayment timing will follow the terms of the loan contracts. We note that currently no loans are in default and no loan losses have been incurred.

Since inception, CEEFC granted loans to seven borrowers. Three borrowers have repaid all of their loans.

CEEFC LOAN PORTFOLIO

\$ millions

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Opening Balance - Loans	2,385	2,365	2,385	1,868	1,888	1,471	1,471	
Loan Losses			(563)		(155)		(113)	
EIR & Other Adjustments			58	25	(48)			
Repayments			(12)	(5)	(214)		(1,358)	
Total Ending Balance	2,385	2,365	1,868	1,888	1,471	1,471		

4.3 Canada Growth Fund

ACTIVITY SUMMARY

Since the incorporation of CGF and the selection of PSP Investments as manager (acting through CGFIM), significant progress has been made and the manager, CGFIM, has hit the ground running with more than 1,100 meetings with market participants and 8 investment announcements since October 2023. CGFIM is continuing to work through its pipeline of potential investments, to evolve and mature its investment strategy, to develop its in-house expertise across all priority sectors. Beyond this, it is also focused on the deployment of its Carbon Contracts strategy, in accordance with the government's announcement of CGF as the principal federal entity to issue Carbon Contracts for Difference ("CCFDs"), including allocating, on a priority basis, up to \$7 billion of its current \$15 billion in capital to issue all forms of contracts for difference and offtake agreements.

PLANNED OUTCOMES AND TARGETS

CGF's financial projections are provided in [Appendix C](#) and are not consolidated in CDEV's financial schedules. CGF is expected to make a number of investment commitments to projects, companies, as well as external fund managers, which may result in immediate capital deployments or may be deployed over time, depending on the negotiated terms.

As noted in the Overview section of this corporate plan, CDEV and CGF have entered into an IMA with PSP Investments and its subsidiary, CGFIM, so CGFIM provides the full suite of investment management services to CGF. It is important to note that the IMA calls for CGF to reimburse CGFIM for all of the costs it incurs in providing such investment management services and that these costs, as well as the capital required to fund the investments themselves, are intended to be paid out of CGF's total funding of \$15 billion and not from the funds or the assets of PSP Investments.

See CGF's corporate plan in [Appendix C](#) for details about the investment manager's assumptions, operating environment, and projections.

CDEV will continue to provide the necessary support and oversight to ensure CGF's success. Most notably, CDEV is focused on ensuring proper governance and is working with the Department of Finance to secure the appointment of additional members to the CGF Board.



4.4 Canada Hibernia Holding Corporation

ACTIVITY SUMMARY

CHHC's primary goal is to commercially manage its 8.5% and 5.67% ownership in the Hibernia Development Project and Hibernia Southern Extension Unit, respectively, to maintain the asset in a state of readiness should Canada elect to divest of the asset.

CHHC's operating and capital budgets are funded by internally generated cash flow from operations; it does not receive public funds to operate. CHHC's Borrowing Plan consists only of its leasing obligations. CHHC has no threshold leases requiring ministerial approval; accordingly, CHHC is not seeking such approval.

CHHC's primary source of income is crude oil sales revenue from its share of Hibernia oil production. Cash flow primarily fluctuates depending on Hibernia production volumes, crude oil prices, and capital expenditures. CHHC maintains an operating fund required to deliver on its mandate without further government funding, and surplus cash to the operating fund is returned to the shareholder, CDEV, by way of dividends.

PLANNED OUTCOMES AND TARGETS

Hibernia continues to be a successful investment for the Government of Canada. By the end of 2024, CHHC forecasts to have paid cumulative dividends of \$2.64 billion, \$367 million in federal Net Profits Interest, and \$789 million in federal income tax.

CHHC DIVIDEND FORECASTS FOR 2025–2029

Dividends	Actual	2024	2025	2026	2027	2028	2029
Annual Dividends (\$ millions)		68	70	71	88	94	95
Cumulative Dividends (\$ billions)	2.58	2.64	2.71	2.78	2.87	2.97	3.06

Source: [CHHC 2025–2029 Corporate Plan](#)

Appropriations (fully repaid in 2002): \$431 million

Regarding crude oil sales revenue, CHHC indicates that it is forecast to increase by 17% to \$237 million in 2024 from \$202 million in 2023 due to an 18% increase in sales volumes, as there was no significant change in realized oil price in Canadian dollars. In 2025, crude oil sales revenue is forecast to be \$237 million, unchanged from 2024, as higher sales volumes (+8%) are offset by lower realized oil prices (-7%). In the 2026-2029 period, crude oil sales revenue fluctuates between \$225 million to \$311 million, according to changes in sales volumes, as the oil price forecast remains flat.

As the shareholder, CDEV continues to ensure that CHHC is prepared for divesture if directed to do so.

See [Appendix D](#) for further details in CHHC's corporate plan.

4.5 Canada Indigenous Loan Guarantee Corporation

Budget 2024 signaled the Government's commitment of \$5 billion for the Indigenous Loan Guarantee Program (ILGP) and mandated CDEV to set up a new subsidiary to administer the ILGP. Natural Resources Canada will assist in making determinations on applicants' Section 35 eligibility for the first two years and provide Investment Analysis and Due Diligence Funding to eligible Indigenous groups.

CDEV has been active in advancing the design of ILGP and the stand up of the Canada Indigenous Loan Guarantee Corporation (CILGC) that will deliver the program with support from CDEV core staff. Key progress includes:

- **Recruitment:** the recruitment of the Chair, the CEO and Board members has started with an Indigenous-led recruitment firm. This process will be conducted in collaboration with the Deputy Prime Minister's Office, which will be consulted on appointments.
- **Subsidiary stand up:** CDEV is actively involved in stand-up activities and has retained advisory support on a range of fronts, including project management; policies; procedures; terms and conditions; Indigenous-specific lens; and IM/IT.
- **Communications:** CDEV has hired an Indigenous-owned communications firm to focus on branding, website development, and communications support.
- **Engagement with provincial agencies:** CDEV is actively engaging with provincial loan guarantee programs to leverage their experience and better understand opportunities to stack federal and provincial loan guarantees.
- **Conducting early engagement and due diligence:** Pursuant to direction from the Prime Minister in August 2024, CDEV has been conducting early engagement with potential applicants and advancing due diligence on a limited number of projects.
- **Terms and Conditions:** CDEV is developing the terms and conditions of the program and seeks to harmonize its commercial terms and conditions with provincial loan guarantee programs to allow stacking with provincial programs.

CDEV's objective is to launch this new subsidiary in the Fall of 2024, with the assumption that the first loan guarantees will be issued in 2025.

When stacking guarantees with provincial programs, CILGC will consider (in respect of both determining the nominal value and the fiscal impact of the loan loss provision for guarantees issued) only those amounts not indemnified by provincial stacking partners. By way of example:

- CILGC issues a loan guarantee for \$1.3 billion.
- CILGC negotiates back-to-back provincial guarantees for \$500 million, which are executed concurrently with CILGC issuing the guarantee for \$1.3 billion.
- CILGC considers this guarantee as utilizing only \$800 million (i.e. the non-indemnified amount) of its \$5 billion envelope.
- Whilst CILGC executes a \$1.3 billion guarantee, the back-to-back stacking with provincial programs reduces the exposure on those loans to be within ILGP's \$1-billion single nominal value guarantee limit.

4.6 Canada Innovation Corporation

ACTIVITY SUMMARY

As mentioned in the Overview section, CDEV established the CIC in February 2023 and supported an interim CIC team focused on building up the Corporation's internal capabilities and processes, which included:

- Developing draft board policies and directives.
- Preparing requests for proposals for major information technology procurements to manage its operations.
- Working closely with the National Research Council on the transfer of close to 500 staff.
- Leading the process to transfer professional and corporate capacity to the CIC.
- Leading the executive recruitment efforts for the inaugural Chair and CEO.
- Developing program design options for \$200 million per year in incremental funding.
- Engaging with leaders in the innovation ecosystem to understand how to best contribute to existing efforts.

In December 2023, the Government of Canada announced that the full implementation of this new entity is scheduled for no later than 2026–2027. As a result, activities at the CIC have been paused and the team has been dismantled since then. CDEV is on standby until further instructions are received to resume the operations of the subsidiary.

PLANNED OUTCOMES AND TARGETS

In June 2024, the Minister of ISED announced that Sustainable Development Technology Canada (SDTC) would be integrated with the CIC once the National Research Council has completed its work to strengthen the governance and operations of SDTC. The June 2024 announcement did not provide a specific timeline for the transition of SDTC but signaled that it could be as soon as 2026–27.

4.7 Trans Mountain Corporation and TMP Finance

ACTIVITY SUMMARY

TMP Finance is the owner and financing entity for TMC.

See [Appendix E](#) for more details of TMC and its plan for the next five years. TMC owns Trans Mountain Pipeline Limited Partnership (the operator of the Trans Mountain Pipeline), Trans Mountain Pipeline ULC (the regulated entity and general partner of the pipeline), Trans Mountain Canada Inc. (the employer and service entity) and Trans Mountain Puget Inc. (which owns the US branch of the system) as shown in the [Appendix A-1](#).

TMC reached a major milestone by completing the Expansion Project in Spring 2024 and has entered a new phase of its business cycle now that the expanded pipeline system is in service and operating effectively.

CDEV is working closely with TMC and the government to drive value creation in the asset, which may include assessing smaller scale growth opportunities in 2025; reviewing strategic options for TMC including review of its capital structure; and advancing the next steps of Indigenous Economic Participation in TMC including providing legal and financial advisory to the government.

PLANNED OUTCOMES AND TARGETS

Debt refinancing remains critical given the relatively high cost of the \$19-billion syndicated debt. It has been decided to move all TMC-related debt onto the Government of Canada's balance sheet. Details about this decision are provided in the following section, called "TMC Refinancing."

Regarding the Indigenous Equity Participation ("IEP") in TMC, CDEV intends to return in 2025 with an Amended Plan seeking the requisite authorities needed to implement such a transaction. TMC Refinancing

TMC has \$19 billion of syndicated third-party debt, bearing interest at a rate of around 5.75%, with an annual interest burden, on a fully drawn basis, of \$1.1 billion. Now that TMC is in service and has been substantially de-risked, it is appropriate to consider refinancing options to reduce its overall cost of debt and save approximately \$2 million a day in interest cost, thereby increasing its ability to de-lever more quickly, which will improve the government's return on any future monetization. The Prime Minister and Minister of Finance have decided to refinance TMC's debt using the following option:

All debt associated with TMC is funded by the EDC Canada Account. Canada TMP Finance Ltd. ("TMPF") will increase its loan from EDC, using those funds to acquire more equity in TMC and to lend incremental funds to TMC. TMC will use the funds to repay, in full, the syndicated debt and all accrued interest. It is anticipated that the full loan balance between EDC and TMPF will incur interest at or around the Government of Canada's cost of capital at the time of the transaction. TMPF may charge TMC an incremental interest fee, as it does on the current intercompany loan. This option maximizes de-leveraging of TMC; maximizes flexibility for any future monetization; and overall is expected to maximize the return on investment for Canada. This re-financing option is expected to happen as swiftly as possible and could take place in December 2024, should CDEV receive approval from Treasury Board in respect of this Corporate Plan.

TMC will have an agreed dividend policy with TMPF / CDEV to ensure that substantially all levered free cash flow is returned through dividends to TMPF for TMPF to service its debt obligations and, in turn, dividend excess cash flow to the government. CDEV / TMPF will continue to review TMC's annual budget and will participate in monthly management meetings in order to monitor and ensure appropriate and efficient spending activity and an effort to maximize cash distributions.

The detailed outline of the refinancing scenario is as follows:

- Borrowing authority for TMPF to borrow up to an additional \$20 billion from the EDC Canada Account, comprising up to \$19 billion for TMC to fully repay its third party syndicated debt (currently \$18 billion) and any outstanding accrued interest, as well as providing a new working capital facility of \$1 billion (TMC anticipates that it will only require half of this facility, which will be utilized at the asset level and they therefore reflect \$0.5 billion at the asset level in their plan);
- Approval for TMPF to subscribe for additional equity in TMC equal to no more than the total value of TMPF's borrowings from the EDC Canada Account, noting that the actual value of equity acquired will be determined by CDEV and TMC to ensure an appropriate and optimized capital funding structure for TMC; and
- Borrowing authority for TMC to secure funds from TMPF to fully repay all TMC third-party syndicated debt and accrued interest. The amount of such borrowings will be equal to the total value of TMPF's loans from the EDC Canada Account, less TMPF's equity investment in TMC.

General considerations about TMC

The TMC refinancing will include restructuring intercompany loans from TMPF to TMC, in addition to TMPF subscribing to additional TMC equity. Those funds will be used to repay TMC syndicated debt.

Capital restructuring will also require an extension of and amendments to TMPF's loan from EDC, including an interest rate reduction.

Careful structuring of any changes in TMPF's financing arrangements is critical to ensure TMPF does not put itself at risk of insolvency or ongoing concern in the event dividend flow from TMC (or any potential monetization proceeds) is, at any point, insufficient to repay interest and principal on TMPF loans in the absence of appropriate available relief.

Regarding governance, please note that Mark Maki, previously TMC's Chief Financial and Strategy Officer, was appointed TMC's CEO, effective September 1st, 2024, with previous CEO, Dawn Farrell, transitioning to Board Chair on the same effective date. As per its responsibilities, CDEV has played a key role in supporting TMC through the leadership transition.

4.8 Lender to Telesat Lightspeed

ACTIVITY SUMMARY

CDEV has been assisting ISED and Finance structure a C\$2.14 billion Canada Account support package to Telesat to fund the buildout of their low earth orbit (“LEO”) constellation. This investment was publicly announced by the Prime Minister of Canada on September 13, 2024.

CDEV’s role has expanded to also include funding and managing the 15-year construction and term loan to the Telesat LEO borrower, as well as holding and managing the warrant component of the package.

In this context, CDEV focused on the negotiation of documentation alongside both ISED and Finance, as well as preparatory work necessary to fund and manage the loan to the Telesat LEO borrower.

PLANNED OUTCOMES AND TARGETS

CDEV incorporated a subsidiary, 16342451 Canada Inc. on September 5, 2024, to fund, manage and monitor the loan. The subsidiary’s directors are comprised exclusively

of members of CDEV’s executive leadership team and will have no other employees, relying entirely on CDEV staff. The necessary delegations of authority are being developed with Finance and ISED as well as within the CDEV subsidiary, which, among other things, will allow to flow funds from EDC’s Canada Account and the CDEV subsidiary onwards to the Telesat LEO borrower. Funds are expected to be disbursed from the fourth quarter of 2024 through the first quarter of 2028. Disbursements will be made subject to an assessment that the conditions precedent to each advance (including project milestones) as stipulated in the financing agreements have been satisfied, which include necessary confirmations from an independent technical advisor who has been previously retained. The loan will be repaid through scheduled amortization payments from 2029 through 2039 consistent with the overall 15-year tenor of the loan. Among other functions the subsidiary will be reliant upon CDEV to ensure that the loan is in compliance with terms and conditions through its tenor and implement the requisite loan loss provisioning methodology which will be based on IFRS 9.

4.9 Other Mandates

NPI RECEIPTS FROM HIBERNIA PROJECTS OWNERS

CDEV has direct responsibility pursuant to the Hibernia Development Project NPI and Hibernia Development Project INPI pursuant to an executed Memorandum of Understanding. The NPI arrangement provides that the government receives approximately 10% of all profits from the production of oil from the main Hibernia field (i.e., the NPI) as well as 10% of fees from Hibernia's incidental activities (i.e., the INPI), such as the Hibernia South Extension.

These arrangements were made in recognition of the substantial federal financial support for the Hibernia project in 1990 which allowed the project to proceed since the risk level was too large for commercial entities to undertake. Instead of fixed returns to capital, the owners agreed to share future economic upside. The payments were made dependent on oil prices, project profitability and cash constraints. It is important to note that these arrangements are distinct from Canada's equity participation in the Hibernia project through CHHC.

The INPI ceased in 2023 after its contracted twenty years since reaching a minimum oil production in 2003. Net

profit is defined as specific revenue less certain operating expenses and cash capital expenditures incurred by owners, less royalty payments.

To fulfill its responsibilities under the agreement, CDEV retained an accounting firm to audit the NPI submissions by the Hibernia owners. CDEV will retain funds from the NPI reserve at the appropriate time to ensure it has the financial resources to fund any obligations or refunds related to the cost of abandonment at the end of the Hibernia field's project life which currently is in 2047. CDEV is also working with legal and other advisors to defend its interests during any existing or future arbitration procedures.

ADDITIONAL MANDATES

Other additional mandates being undertaken by CDEV include preliminary work to review value enhancement and commercial optimization opportunities of government assets.

Through the various mandates described above, CDEV is solidifying its position as the entity of choice for the federal government to undertake critical financial operations and commercial transactions in the best interest of Canada. CDEV stands ready to take on additional mandates, with the always-on goal of bringing the commercial lens needed to help the government reach its policy objectives.



5.0 Financial Section

5.1 Financial Overview for 2024

CDEV'S CONSOLIDATED FINANCIAL RESULTS AND PROJECTIONS

Without including the financial results of CEEFC, CGF or CIC, CDEV's consolidated net loss is forecast for 2024 at \$413 million which is primarily comprised of a loss in TMP Finance of \$316 million and TMC's loss of \$157 million (both largely driven by interest expenses that are no longer being capitalized and now flow to the Income Statement of both entities). CHHC's had a slight offset against the overall losses as they generated an income of about \$82 million.

See [Appendix A-2](#) for the Proforma financial projections (amounts may not add due to rounding):

- [Schedule 1 - Consolidated Statements of Financial Position](#)
- [Schedule 2 - Consolidated Statements of Cash Flows](#)
- [Schedule 3 - Consolidated Statements of Changes in Shareholder's Equity](#)
- [Schedule 4 - Consolidated Statements of Comprehensive Income](#)
- Schedule 5 - Schedule of Operations

CEEFC AND CGF'S FINANCIAL RESULTS AND PROJECTIONS

For accounting purposes, the management of CDEV made an analysis of CEEFC and CGF to determine if CEEFC or CGF financial results should be consolidated based on criteria outlined in IFRS 10. It concluded that there is not sufficient control by CDEV over CEEFC or CGF's ability to influence the economic returns of CEEFC or CGF. For these reasons, CDEV has not consolidated the financial information of CEEFC or CGF within CDEV's consolidated financial projections for this plan. The results of CEEFC are provided in [Appendix B](#), and CGF results are included in [Appendix C](#).

CEEFC will be managing its asset portfolio through the plan period through loan repayments and asset sales with surplus funds returned to the government.

As indicated in [CGF's Corporate Plan](#), CGFIM estimates that CGF will make approximately \$2.6 billion in total commitments for the year ending December 31, 2024. In terms of funding, CGF is expected to have received a total cumulative \$4.4 billion in net proceeds from the issuance of Preferred Shares funding for 2023 and 2024, using the net

proceeds to fund CGF's investment transactions, as well as to pay for the CGF costs.

DIVIDENDS AND SURPLUS CASH MANAGEMENT

After receiving CHHC dividends and NPI receipts, CDEV assesses its upcoming cash requirements. Consistent with its dividends and surplus cash management practice, CDEV retains cash levels to ensure it can continue to operate and fulfil any government mandates and fund potential contingencies. The remaining surplus cash is paid as a dividend to the government.

5.2 Quarterly Financial Reporting

We issue quarterly financial statements, which we post in both English and French on our website (www.cdev.gc.ca) within 60 days of a quarter end. CEEFC and CGF also post their quarterly and annual financial statements in both official languages on their respective websites, www.ceeec-cfuec.ca and www.cgf-fcc.ca.

5.3 Commentary, Highlights and Key Assumptions in Financial Projections

The table below provides some key highlights of the current baseline projections. Before delving into some of the results it is worthwhile to note some critical assumptions, as well as some key items that are still outstanding.

5.3.1 Outstanding Items

The projections for Telesat and ILGP have not yet been completed given some uncertainty around the timing and magnitude of financial items. The assumption is that the Telesat subsidiary will likely be accounted for under IFRS and will be consolidated into the CDEV Group of Companies, however, the determination of the accounting treatment for ILGP has not yet been undertaken given some of the recent unknowns around operational details.

The decisions surrounding the ultimate accounting for the two entities is currently underway and will rest on the detailed facts and circumstances of the operations, including source and terms of borrowing and lending terms, ultimate risk bearer, and ultimate decision-maker and control. This work will be completed prior to the end of 2024.

5.3.2 Assumptions

- Given the above outstanding items, certain assumptions had to be made, and the financial projections are completed on a “best effort basis.”
- For TMC, a re-financing will recapitalize TMC with a customary capital structure with government financing, lower the overall cost of capital and include the replacement of the EP4 Bank Facility with \$18.5 billion of government loans. The proceeds from the government loans will be contributed by TMP Finance to TMC as a subscription to new equity of \$15 billion and a \$3.5 billion loan on similar terms to the existing TMP Finance loans.
- No sale of TMC is assumed, and Indigenous participation in the form of an ownership interest is not reflected in the 2025 Corporate Plan, as the details of the transaction remain unknown at this time to be able to model the accounting implications.
- Each individual entity’s cashflow is drawn down to a level that provides a margin of safety and ensures the organization (particularly CDEV) can continue to meet future mandates or unexpected expenses that it may be required to undertake.

5.3.3 Highlights and Discussion

FINANCIAL HIGHLIGHTS

\$ millions (Dec 31)

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Revenue								
TMC Transportation revenue	667.0	2,135.9	1,915.4	2,886.6	2,997.2	3,158.7	3,329.0	3,435.3
TMC Lease revenue	71.3	61.8	60.2	55.9	56.4	56.0	55.9	55.5
CHHC Net crude oil revenue	154.5	172.9	181.5	177.6	169.0	217.4	233.5	225.7
Consolidated (Post Eliminations)*	\$ 892.9	\$ 2,370.5	\$ 2,157.0	\$ 3,120.1	\$ 3,222.7	\$ 3,432.1	\$ 3,618.3	\$ 3,716.4
<i>Excludes "Other Revenues"</i>			141.6%	44.6%	3.3%	6.5%	5.4%	2.7%
Net Income/(Loss)								
CHHC Net Income	73.3	80.2	81.5	72.4	66.1	91.6	98.3	95.4
TMC Net Income (Loss)	(772.2)	(61.8)	(102.1)	559.0	670.9	765.8	864.4	930.8
TMP Finance	(374.5)	(547.7)	(261.6)	(770.8)	(718.9)	(809.8)	(1,138.4)	(1,072.0)
CDEV Net Income (Loss)	(310.3)	(497.3)	(185.9)	(756.3)	(659.5)	(727.3)	(1,049.4)	(986.1)
Consolidated (Post Elimination Entries)*	(\$ 896.0)	(\$ 1,260.7)	(\$ 359.2)	(\$ 696.9)	(\$ 600.8)	(\$ 664.1)	(\$ 984.7)	(\$ 922.1)
<i>Note that consolidated amounts are not sums of the individual entities due to accounting eliminations of certain intercompany transactions.</i>								
Cash End of Year								
CHHC	110.4	84.8	78.4	78.7	78.2	78.8	78.1	78.4
TMC	109.5	239.9	333.0	181.9	239.4	200.6	164.3	213.1
TMP Finance	2.6	2.1	(329.7)	201.2	200.8	267.3	(107.4)	(198.2)
CDEV	94.3	76.3	53.3	72.0	81.0	77.1	74.3	70.7
Others	4.5	2.8	2.6	0.6	0.6	2.6	2.5	2.5
Consolidated (Ex Restricted, CIC & CEI)	\$ 321.3	\$ 406.1	\$ 137.6	\$ 534.5	\$ 600.0	\$ 626.4	\$ 211.8	\$ 166.5

The 2024 forecast should see our overall consolidated revenue increase by over 140% from 2023 (\$892 million to \$2,370 million, excluding “Other”). The rapid ramp up in revenue is the result of TMC going in-service in May of 2024. We will continue to see increases in TMC revenues into 2025 (45% up from 2024) before it starts to level off to a more normalized growth rate from 2026 onwards (average growth rate post-2025 averages circa 5%).

Despite the large revenue increases, the CDEV Group of Companies will remain in net loss position resulting from significant interest expenses now flowing through the P&L

(cash impact) as well as the depreciation on the pipeline (non-cash item). TMC is expected to turn profitable in 2025 driven by the movement of debt from that legal entity up to its parent company (TMP Finance) who will carry the interest expense burden from a cashflow standpoint. The CDEV Group of Companies is expected to remain in an overall healthy cash position for the duration of the plan period. CDEV standalone will not be profitable until 2029 because of the negative equity pick up from TMP's net losses.

5.4 Capital Budget

CAPITAL EXPENSES

\$ millions

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
TMC Construction Costs	\$ 8,446.0	\$ 1,877.0	\$ 1,900.0					
TMC Cost Contingency		786.0	1,000.0					
TMC – maintenance capex	123.0	103.0	103.0	159.0	144.5	91.7	61.5	62.8
TMC/TMP Capitalized Interest (IFRS)	767.0	786.0	400.0					
TMC – Construction (project close-out post 2024)				526.0				
Telesat				0.5	0.2			
CDEV				0.5				
ILGP				5.0	0.3	0.3	0.3	0.3
CHHC	22.8	32.0	32.0	26.8	23.6	31.6	35.8	29.8
CGF (not consolidated - info purposes only)	1,290.0	2,900.0	2,600.0	2,900.0	2,900.0	2,900.0	2,200.0	200.0
Total (CDEV Group)	\$ 10,649	\$ 6,484	\$ 6,335	\$ 3,618	\$ 3,069	\$ 3,024	\$ 2,298	\$ 293

CEEFC, TMP Finance and CEI are not involved in capital intensive activities and do not require any capital funding for equipment or other acquisitions for the 2024 fiscal year.

For TMC, capital spending in 2025 includes \$526 million for post construction related matters associated with the pipeline expansion. The remaining \$159 million includes approximately \$47 million to address natural hazard mitigation and preserve pipeline system integrity; approximately \$16 million for pipeline abandonment activities (subsequently recovered from pipeline reclamation fund); approximately \$42 million to address compliance items and facility integrity being primarily tank requirements; approximately \$22 million to improve reliability of the system; \$19 million for technology (applications and hardware)

and communication; \$5 million for security (physical and cyber), and \$9 million for safety, emergency response and environmental related projects.

With the upcoming establishment of ILGP, we will need further investment in additional office space to host the staff of this new subsidiary. The lease amount is not currently known as no work has been done to date on procuring the space. However, it is estimated that a 5-year lease term will likely cost anywhere between \$2–\$5 million for the period. The higher end of this range has been included in the table above for conservative reasons and given the uncertainty on program needs, however, our intention is to remain cost effective at all times.

CHHC self-funds its capital expenditures and has limited ability to influence the capital commitments it must make as an 8.5% owner of the Hibernia oil project. Projects are undertaken on a commercial return basis as decided by a majority of owner interests. Some of the capital expenditures are in the form of leases. The lessee is HMDC, which is not a wholly owned subsidiary of CDEV or CHHC. We therefore do not request approval to enter these leases. Given that CHHC has no right of use of the leased equipment, it is not required to seek the Minister of Finance's borrowing approval.

CGF plans for \$2.9 billion in commitments in 2025, 2026, and 2027, and \$2.2 billion in 2028. CGF is also proposing to commit an additional \$2 billion in 2029 derived from anticipated revenues, based on a set of assumptions (see Section 5.3 of the CGF 2025–2029 Corporate Plan in [Appendix C](#)). CDEV is seeking authority through this capital

budget for only up to \$15 billion to align with identified sources of funds with respect to CGF. The financial results of CGF are not consolidated into CDEV, but we do include CGF's anticipated commitments (up to \$15 billion) as part of the capital expenditures in the CDEV Corporate Plan below.

As of May 1st, 2024, the Trans Mountain Expanded System was put inservice and as such, TMC is no longer capitalizing interest costs and has started to depreciate the asset. Both of these items will create a net loss on the consolidated Income Statement for several years.

5.5 Operating Budget

Please see [Appendices B, C, D](#) and [E](#) for details of the operating budgets of TMC, CHHC, CEEFC and CGF respectively.



Chief Financial Officer Attestation

In my capacity as Chief Financial Officer of CDEV, accountable to the Board of Directors of CDEV through the President and CEO, I have reviewed the corporate plan and budgets and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described, and assumptions having a significant bearing on the associated financial requirements have been identified and are supported with the following observations:
 - a. Assumptions around the capital structure of TMC assets have been assumed to happen in 2024 and as such are reflected in the 2024 forecast and carried forward for the remainder of the plan period.
 - b. There are still some details that are unknown about the potential terms and repayments of the TMC refinancing, such as rates, payment schedules, and other terms and conditions. These could have a material impact on the financials.
 - c. The CER has not made a final determination on TMC's tolls, as such we have assumed that the existing toll rate will continue, and the CER will rule favorably. Should this not be the case, the ability for TMC to provide expected cashflows could be compromised and/or the asset impaired.
 - d. TMC's ability to repay loans payable is subject to significant variation to the potential changes above mentioned, and is also impacted (to a lesser extent) by the non-contracted volumes of pipeline throughput.
 - e. CEEFC's financial assumptions in its projections are highly speculative regarding the size of the loan portfolio, the time and amount of loan repayments, and the financial losses from these loans.
 - f. Overall, the CDEV Group of Companies is waiting on various government decisions that have a material and unknown impact on the plan. As these decisions remain outstanding at the time of this writing, it is impossible to assess the potential impacts on the corporate plan, including the impact of not receiving timely decisions, which could put future project delivery at risk of failure and/or cause cost inefficiencies. The decisions relate largely to mandates relating to IEP, TMC's capital structure, CIC, and ILGP.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed, with the following observations:
 - a. Significant risk remains with respect to the timing, amount, and pricing of any bond offering for TMC.
 - b. Significant uncertainty and risks remain with respect to the size and financial performance of the CEEFC loans within the CEEFC plan.
 - c. The financial projections in the attached indicate that TMC generates sufficient cash flow to address the financial requirement for the expected duration of the corporate plan.
 - d. The preferred shares issued to the government by CEEFC will not be fully redeemed in the plan period based on the financial projections of CEEFC and might not be redeemed in full due to the potential loan losses incurred by CEEFC.

3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered, with the following observations: This plan was prepared using best available internal estimates based on assumptions which are subject to risk as noted in points 1 and 2 above and point 4 below.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the corporate plan, with the following observations, including observations about future funding sources from the government:
 - a. Any potential monetization of TMC assets would also affect the value of the TMC investment.
 - b. Funding for the CEEFC loans and operations is assumed to be in compliance with CEEFC's funding agreement executed with the government.
5. The corporate plan and budget(s) are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the corporate plan).
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of the parent Crown corporation and its wholly owned subsidiaries.

In my opinion, the corporate plan and budgets have substantial financial and risk issues, as noted above.



Carlos Gallardo
Chief Financial Officer
Canada Development Investment Corporation

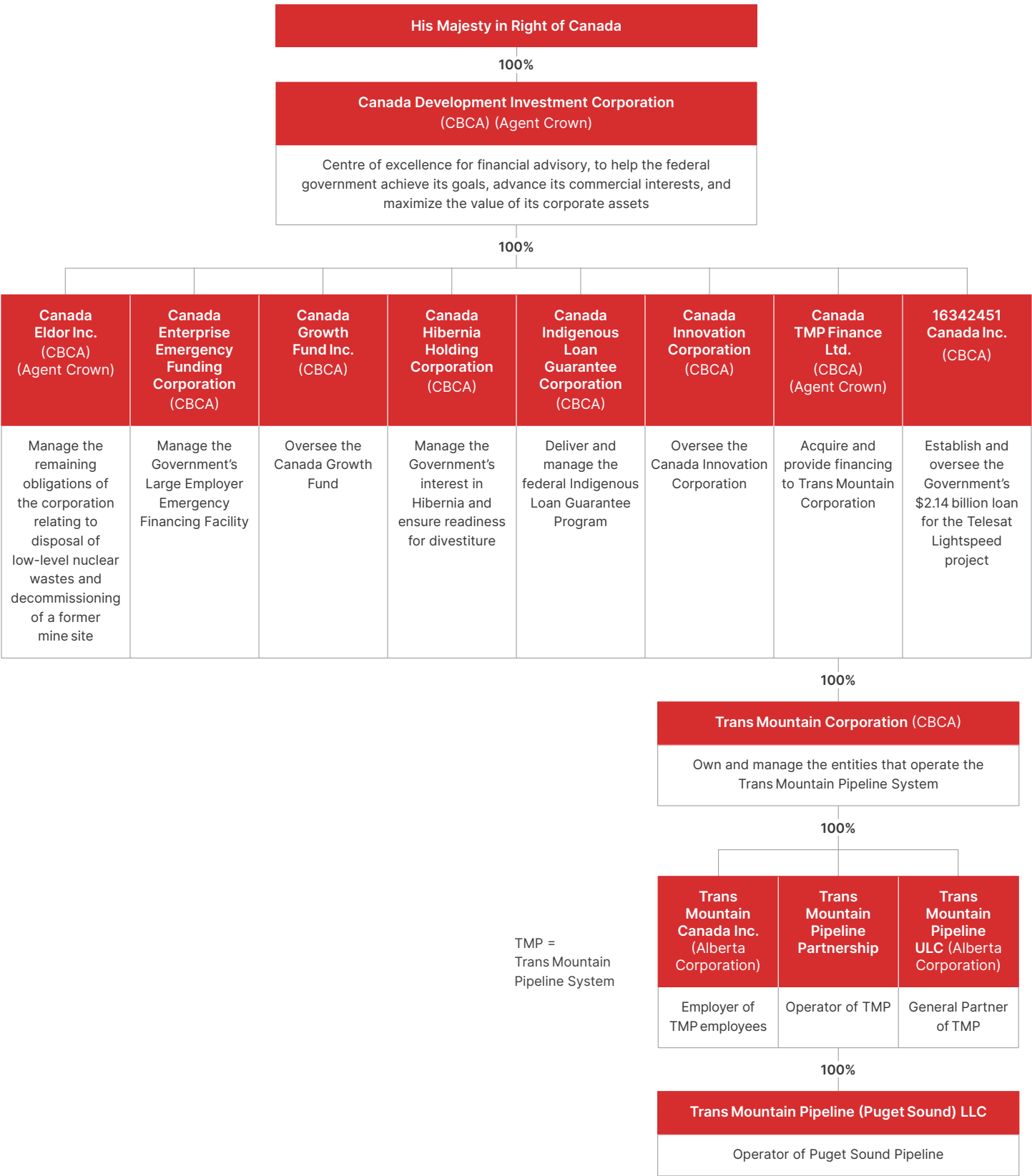
A handwritten signature in black ink, appearing to read 'Carlos Gallardo', with a large, stylized flourish extending from the end.

October 25, 2024

Appendix A



Appendix A-1: Organization Chart: Board and Management



BOARD OF DIRECTORS

JENNIFER REYNOLDS, MBA^{*(3)}

Lead Director of the CDEV Board
CEO
Women Corporate Directors Foundation
Toronto, Ontario

DWIGHT BALL⁽³⁾

Director
Deer Lake, Newfoundland and Labrador

ALICIA DAMLEY, CFA, CPA, CA⁽¹⁾⁽²⁾

Director
University of Toronto
Manhattan Graphics Center
CIO & Portfolio Manager, Aarya Capital
New York, New York

SANDRA ROSCH, MBA⁽¹⁾⁽²⁾

Director
Executive Vice President
Labrador Iron Ore Royalty Corporation
Toronto, Ontario

SEAN STRICKLAND, BA⁽¹⁾⁽²⁾⁽³⁾

Director
Executive Director
Canada's Building Trades Unions
Waterloo, Ontario

ELIZABETH WADEMAN, CFA, ICD.D

Director
President & CEO of CDEV
Toronto, Ontario

* Note that Stephen Swaffield retired from the CDEV Board on October 1st, 2024. The Board appointed Jennifer Reynolds as the Lead Director in the interim.

(1) Audit Committee chaired by A. Damley

(2) Nominating and Governance Committee chaired by S. Rosch

(3) Human Resources Committee chaired by J. Reynolds.

Name of Director	Original Date of Appointment	End of Term
Jennifer Reynolds	July 1, 2015	June 30, 2026
Sandra Rosch	July 1, 2015	June 30, 2026
Sean Strickland	December 16, 2022	December 15, 2026
Dwight Ball	February 14, 2023	February 13, 2027
Alicia Damley	December 15, 2023	December 15, 2027

DIRECTOR MEMBERSHIPS OF CDEV, ITS SUBSIDIARIES AND ITS COMMITTEES

Members	CDEV				CHHC			CHHC Oil Ltd.	CEEFC		TMP Finance	Canada Eldor	CGF	CIC
	Board of Directors	Audit Committee	Human Resources and Compensation Committee	Nominating and Governance Committee	Board of Directors	Audit Committee	Human Resources & Compensation Committee	Board of Directors	Board of Directors	Audit Committee	Board of Directors	Board of Directors	Board of Directors	Board of Directors
Sandra Rosch	✓	✓		Chair					Chair	✓				
Jennifer Reynolds	Lead		Chair		✓	✓	Chair		✓					
Alicia Damley	✓	Chair		✓	✓	Chair								
Sean Strickland	✓	✓	✓	✓	✓	✓								
Dwight Ball	✓		✓		Chair	✓	✓							
Elizabeth Wademan	✓										✓	✓	✓	✓
Jim McArdle									✓					
Nathalie Bernier									✓	Chair				
Barry Pollock									✓	✓				
Carlos Gallardo											✓	✓		
Al Hamdani									✓		✓	✓		
Anita Tonn					✓			✓						

Members	Trans Mountain Corporation				
	Board of Directors	Audit and Finance Committee	Environmental, Health, Oversight and Indigenous Relations Committee	Human Resources, Compensation, Nominating and Governance Committee	Capital Project Oversight Committee
Dawn Farrell	Chair	✓	✓	✓	✓
Harold Calla	✓	✓			
Brian Ferguson	✓	Chair	✓	✓	✓
Carol Anne Hilton	✓			✓	✓
Patricia Koval	✓	✓		Chair	
Mark Maki	✓				
Stanley Marshall	✓				Chair
Chris Forbes (Ex Officio - DM Finance)	✓	✓			
Sandra Stash	✓		Chair		✓
Elizabeth Wademan	✓			✓	

FROM THE BOARD COMMITTEE CHARTERS, WE NOTE THE FOLLOWING:

Statement of Purpose – CDEV Audit Committee

The purpose of the Audit Committee of the Board of Directors (the “Audit Committee”) of the Company is to assist the Board of Directors in fulfilling its oversight responsibilities in relation to the integrity of the Company’s financial statements, the Company’s compliance with all applicable legal and regulatory requirements, the qualifications, independence and performance of the Company’s external auditor(s), the Company’s internal controls, the Company’s standards of integrity and behavior, and to perform the additional duties set out in this Charter or otherwise delegated to the Audit Committee by the Board of Directors.

Statement of Purpose – CDEV Nominating and Governance Committee

The purpose of the Nominating and Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of the Company is to assist the Board by (a) recommending governance policy, guidelines and procedures, making recommendations to facilitate the Board’s effectiveness, (b) recommending the composition and structure of the committees of the Board and of the boards of directors of the Company’s subsidiaries, and (c) to perform the additional duties set out in its Charter or otherwise delegated to the Committee by the Board. The Committee shall provide assistance to the Boards of Directors of subsidiaries of the Company on similar matters if requested by such boards.

Statement of Purpose – CDEV Human Resources Committee

The purpose of the Human Resources Committee (the “Committee”) of the Board of Directors (the “Board”) of the Company is to assist the Board by (a) monitoring the application of the Code(s) of Conduct of the Company and related guidelines and rules, (b) advising with respect to the succession of the Chair of the Board, directors and the President and Chief Executive Officer (“President & CEO”) and senior management, (c) advising with respect to the human resources strategy, policies and practices of the Company, and (d) to perform the additional duties set out in its Charter or otherwise delegated to the Committee by the Board. The Committee shall provide assistance to the Boards of Directors of subsidiaries of the Company on similar matters if requested by such boards.

Meetings

There are four main CDEV Board meetings during the year when directors meet for Board and committee meetings of CDEV and CHHC. CDEV also holds three Board meetings to approve quarterly financial statements. Other meetings may be held on an ad hoc basis as required. Attendance at meetings is extremely high with only a handful of absences due to alternate commitments. TMC holds separate Board meetings and has four committees: Audit, Environmental Health and Safety, Human Resources, and Expansion Project Oversight. The directors of TMC are elected for one-year terms but there is no limit on their re-election. CEEFC holds Board meetings in support of CDEV’s meeting schedule and also holds ad hoc meetings to discuss issues related to its portfolio.

Risk Management

Each of the Boards of CDEV and its subsidiaries is responsible for managing its enterprise risk management. On an annual basis, and as required based on a change in risks, management reports to each Board on the risks of each company and any mitigating actions taken to reduce risk impacts. The CDEV Board receives risk report summaries for each subsidiary.

Subsidiary Board composition

The CHHC Board is composed exclusively of CDEV directors. TMP Finance and CEI are composed exclusively of CDEV management. The chair is appointed by the respective boards. The directors of TMC are appointed by the CDEV Board. Although not mandatory, CDEV will consult with the government on the composition of the TMC Board. CDEV does have the right to appoint other directors and typically would consult with the TMC chair. The CEEFC Board is made up of two CDEV directors, three independent directors, the CDEV Executive Vice-President and Chief Business Officer, and the CEEFC President and CEO. The CGF Board is currently made up of the Chair of CDEV and the President and CEO of CDEV.

CDEV EXECUTIVE TEAM

ELIZABETH WADEMAN

President and Chief Executive Officer

AL HAMDANI

Executive Vice-President and Chief Business Officer

TESS LOFSKY

General Counsel and Corporate Secretary

THOMAS CHANZY

Vice President & Head of Communications and Public Affairs

CARLOS GALLARDO

Chief Financial Officer

RUSS WENMAN

Vice-President & Head of Execution and Advisory

SÉBASTIEN LABELLE

Vice President



Appendix A-2: CDEV Consolidated Proforma Financial Statements

SCHEDULE 1 - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

\$ millions (Dec 31)

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Assets								
Currents assets								
Cash and cash equivalents	321.3	405.2	137.5	534.5	600.0	626.4	211.8	166.5
Short-term investments	63.8	31.6	105.9	105.9	105.9	105.9	105.9	105.9
Trade and other receivables	173.9	197.6	259.4	265.4	260.7	274.1	288.3	297.1
Other current assets	32.2	27.0	33.9	30.4	30.6	30.8	31.1	31.3
	591.3	661.4	536.8	936.2	997.2	1,037.2	637.1	600.8
Non current assets								
Property, plant and equipment	33,801.3	35,616.9	35,593.5	35,415.4	34,681.3	33,891.9	33,072.7	32,249.3
Goodwill	-	-	-	-	-	-	-	-
Investments held for future obligations	132.5	162.7	169.4	179.1	187.0	193.3	201.9	210.8
Restricted cash	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Restricted investments	105.4	131.5	131.8	158.9	186.5	214.8	243.8	273.4
Other assets	283.8	278.9	295.2	252.7	210.0	167.3	124.6	110.3
	34,338.4	36,205.5	36,205.5	36,021.5	35,280.3	34,482.8	33,658.4	32,859.3
	34,929.7	36,866.9	36,742.3	36,957.7	36,277.5	35,520.0	34,295.5	33,460.1
Liabilities and Shareholder's Equity								
Current liabilities								
Trade and other payables	1,029.6	440.7	599.3	389.8	286.4	178.5	75.9	77.4
Current portion of loans payable	-	18,521.9	-	-	-	-	-	-
Income tax payable	-	-	-	-	-	-	-	-
Other current liabilities	92.1	6.7	112.2	113.0	115.7	118.5	121.2	124.1
	1,121.7	18,969.3	711.6	502.8	402.1	297.0	197.1	201.5
Non-current liabilities								
Loans payable to affiliates	32,975.5	17,697.0	35,695.7	36,612.8	36,451.1	36,279.8	35,929.8	35,779.8
Long term interest payable	62.7	105.9	-	-	-	-	-	-
Deferred income taxes	695.0	675.0	642.3	821.4	1,039.8	1,289.1	1,570.5	1,873.5
Provision for decommissioning obligation	641.7	651.6	645.4	656.7	668.3	680.3	692.6	705.2
Provision for site restoration	1.5	-	-	-	-	-	-	-
Defined benefit obligation	58.3	58.3	58.3	58.2	58.2	58.1	58.1	58.1
Other non-current liabilities	122.3	152.4	164.2	187.2	210.9	235.1	260.0	286.2
	34,557.0	19,340.3	37,205.8	38,336.4	38,428.2	38,542.4	38,511.0	38,702.7
Shareholder's equity								
Share capital	-	-	-	-	-	-	-	-
Contributed surplus	603.3	603.3	603.3	603.3	603.3	603.3	603.3	603.3
NPI reserve	27.7	5.5	28.3	28.3	28.3	28.3	28.3	28.3
Accumulated deficit	(1,411.0)	(2,098.4)	(1,838.2)	(2,545.1)	(3,216.9)	(3,984.0)	(5,077.8)	(6,109.8)
Accumulated other comprehensive income	30.9	47.0	31.4	32.0	32.5	33.0	33.6	34.1
	(749.1)	(1,442.6)	(1,175.1)	(1,881.5)	(2,552.8)	(3,319.3)	(4,412.6)	(5,444.1)
	34,929.7	36,866.9	36,742.3	36,957.7	36,277.5	35,520.0	34,295.5	33,460.1

SCHEDULE 2 - PROFORMA CONSOLIDATED STATEMENTS OF CASHFLOW

\$ millions (Dec 31)

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Cash provided by (used in)								
Operating activities	(896.0)	(1,260.7)	(359.2)	(696.9)	(600.8)	(664.1)	(984.7)	(922.1)
Net income (loss) Adjustments for:								
Goodwill impairment	1,015.9	-	-	-	-	-	-	-
Depletion and depreciation	139.9	636.3	597.8	892.2	904.5	914.9	919.3	919.1
Loss on derecognition	2.4	-	-	-	-	-	-	-
Insurance proceeds	(36.5)	-	-	-	-	-	-	-
Income tax expense	108.7	28.5	(22.7)	31.3	30.0	40.8	44.7	41.3
Interest income	(42.0)	(11.4)	(11.5)	(10.8)	(10.4)	(10.7)	(11.0)	(10.9)
Non-capitalized unpaid interest	207.0	-	417.4	1,353.7	1,853.7	1,334.5	-	(0.4)
Finance Interest			217.5	-	-	-	-	-
Capitalized int			(262.0)	-	-	-	-	-
Unwind of discount on provisions	17.1	11.6	12.4	12.6	12.8	13.1	13.4	13.8
Net change in defined benefits	3.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Lease interest expense	-	-	-	-	-	-	-	-
Deferred income taxes	-	(20.1)	-	179.0	218.3	249.2	281.3	302.9
Interest on CRF (abandonment)	-	-	-	-	-	-	-	-
Decommissioning activities incurred	-	-	-	-	(3.6)	(3.4)	(3.8)	(3.6)
Interest received	41.4	11.5	11.9	10.8	10.4	10.7	11.0	11.3
Provisions settled	(5.0)	(1.0)	(1.7)	(2.0)	-	-	-	-
Income taxes paid	(31.5)	(28.8)	(32.0)	(29.6)	(30.2)	(41.0)	(45.0)	(41.5)
	524.8	(639.3)	561.6	1,737.0	2,384.6	1,843.9	225.1	309.8
Change in non-cash working capital	(99.2)	(574.0)	(892.5)	(579.1)	(546.2)	(477.2)	58.3	40.2
	425.6	(1,213.3)	(330.9)	1,157.9	1,838.4	1,366.6	283.4	350.0
Financing activities								
Proceeds from related party loan issuance	-			-	-	-	-	-
Proceeds from 3 rd party loan issuance	8,890.0	2,849.6	2,659.7	-	-	-	-	-
Repayment of debt	-	-	-	-	(1,494.2)	(1,075.3)	(450.0)	(150.0)
Debt issuance costs	(12.8)	-	-	-	-	-	-	-
Dividends paid	(190.0)	(71.0)	(68.0)	(10.0)	(71.0)	(103.0)	(109.0)	(110.0)
NPI Received	185.3	166.3	196.0	178.6	169.8	218.4	234.6	205.7
NPI Dividend	-	(166.3)	(188.9)	(178.6)	(169.8)	(218.4)	(234.6)	(205.7)
NPI refund paid	-	-	(6.5)	-	-	-	-	-
Payment of lease liabilities	(37.6)	(4.2)	(4.4)	(4.5)	(4.5)	(4.5)	(4.5)	(4.5)
	8,834.9	2,774.4	2,587.9	(14.5)	(1,569.7)	(1,182.8)	(563.5)	(264.5)
Investing activities								
Withdrawal from CRF	3.0	-	-	-	-	2.0	-	-
Purchase of property, plant and equipment	(9,285.6)	(1,426.6)	(2,335.7)	(712.1)	(168.0)	(123.3)	(97.4)	(92.6)
Insurance proceeds	6.0	-	-	-	-	-	-	-
Purchase of restricted investment	(9.0)	(26.3)	(26.4)	(27.0)	(27.7)	(28.3)	(29.0)	(29.6)
Other changes	38.1	(7.6)	(78.7)	(7.3)	(7.5)	(7.8)	(8.2)	(8.5)
	(9,247.5)	(1,460.5)	(2,440.8)	(746.5)	(203.2)	(157.4)	(134.5)	(130.7)
Effects of FX translation on cash	(1.6)	-	-	-	-	-	-	-
Increase (decrease) in cash & cash equivalents	11.4	100.6	(183.8)	396.9	65.5	26.5	(414.7)	(45.3)
Cash and cash equivalents, beginning of year	309.9	305.5	321.3	137.6	534.5	600.0	626.4	211.8
Cash and cash equivalents, end of year	321.3	406.10	137.6	534.5	600.0	626.4	211.8	166.5

SCHEDULE 3 - PROFORMA CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

\$ millions (Dec 31)

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Share Capital								
Balance, beginning and end of year	-	-	-	-	-	-	-	-
Contributed Surplus								
Balance, beginning and end of year	603.3	603.3	603.3	603.3	603.3	603.3	603.3	603.3
NPI Reserve								
Balance, beginning of year	5.5	5.5	27.7	28.3	28.3	28.3	28.3	28.3
NPI Provision - additional provisions	(5.0)	-	-	-	-	-	-	-
NPI receipts	201.2		207.1	195.2	185.5	238.7	256.4	247.9
Eliminate CHHC	(16.0)		(17.6)	(16.6)	(15.8)	(20.3)	(21.8)	(21.1)
NPI received	185.3	168.9	189.5	178.6	169.8	218.4	234.6	226.8
Dividends	(158.0)	(168.9)	(188.9)	(178.6)	(169.8)	(218.4)	(234.6)	(226.8)
Balance, end of year	27.7	5.5	28.3	28.3	28.3	28.3	28.3	28.3
Accumulated deficit								
Balance, beginning of year	(483.0)	(765.8)	(1,411.0)	(1,838.2)	(2,545.1)	(3,216.9)	(3,984.1)	(5,077.8)
Net income (loss)	(896.0)	(1,260.7)	(359.2)	(696.9)	(600.8)	(664.1)	(984.7)	(922.1)
Dividends	(32.0)	(71.0)	(68.0)	(10.0)	(71.0)	(103.0)	(109.0)	(110.0)
Balance, end of year	(1,411.0)	(2,097.6)	(1,838.2)	(2,545.1)	(3,216.9)	(3,984.1)	(5,077.8)	(6,109.9)
Accumulated other comprehensive income								
Balance, beginning of year	49.7	48.4	30.9	31.4	32.0	32.5	33.0	33.6
Other comprehensive income (loss)	(18.8)	(1.3)	0.5	0.5	0.5	0.5	0.5	0.5
Balance, end of year	30.9	47.0	31.4	32.0	32.5	33.0	33.6	34.1
Total shareholder's equity	(749.1)	(1,441.8)	(1,175.1)	(1,881.5)	(2,552.8)	(3,319.4)	(4,412.6)	(5,444.2)

SCHEDULE 4 - PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

\$ millions (Dec 31)

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Revenue								
Transportation revenue	667.0	2,135.9	1,915.4	2,886.6	2,997.2	3,158.7	3,329.0	3,435.3
Net crude oil revenue	154.5	172.9	181.5	177.6	169.0	217.4	233.5	225.7
Lease revenue	71.3	61.8	60.2	55.9	56.4	56.0	55.9	55.5
Other revenue	48.9	4.8	4.6	4.8	5.2	4.9	4.7	5.3
	941.7	2,375.3	2,161.6	3,124.9	3,227.9	3,437.0	3,623.1	3,721.7
Expenses								
Goodwill impairment	1,015.9	-	-	-	-	-	-	-
Depletion and depreciation	139.9	636.3	597.8	892.2	904.5	914.9	919.3	919.1
Pipeline operating expenses	208.3	324.0	301.7	388.7	352.2	366.3	386.8	394.1
Crude oil operating, transportation and marketing	23.0	28.7	29.1	29.4	30.2	29.4	30.7	31.9
Salaries and benefits	117.5	173.2	173.4	191.4	194.5	201.0	207.0	213.4
Professional fees	18.8	33.4	49.9	58.3	6.7	9.0	8.9	8.7
Loss on derecognition	2.4	-	-	-	-	-	-	-
Other expenses	15.3	129.5	61.1	172.9	130.3	122.8	126.0	129.4
	1,541.2	1,325.2	1,212.9	1,733.0	1,618.4	1,643.4	1,678.7	1,696.6
Finance expenses								
Interest expense	212.7	2,310.8	1,339.4	1,885.5	1,968.1	2,173.8	2,609.1	2,609.1
Interest income	(42.0)	(19.9)	(20.1)	(18.5)	(17.8)	(18.1)	(18.4)	(18.7)
Unwind of discounts	17.1	11.7	11.3	11.6	11.7	12.1	12.4	12.8
	187.7	2,302.5	1,330.6	1,878.5	1,962.1	2,167.8	2,603.1	2,603.1
Net income (loss) before income taxes	(787.2)	(1,252.3)	(381.9)	(486.6)	(352.6)	(374.2)	(658.8)	(578.0)
Income taxes								
Current	33.6	28.5	30.2	31.3	30.0	40.8	44.7	41.3
Deferred	75.1	(20.1)	(52.9)	179.0	218.3	249.2	281.3	302.9
	108.7	8.4	(22.7)	210.3	248.3	290.0	326.0	344.2
Net income (loss)	(896.0)	(1,260.7)	(359.2)	(696.9)	(600.8)	(664.1)	(984.7)	(922.1)
Other comprehensive income (loss)								
Currency translation adjustment	(6.4)	-	-	-	-	-	-	-
Remeasurement of defined benefit obligations	(12.4)	(1.3)	0.5	0.5	0.5	0.5	0.5	0.5
Total other comprehensive income	(18.8)	(1.3)	0.5	0.5	0.5	0.5	0.5	0.5
Comprehensive income (loss)	(914.8)	(1,262.1)	(358.7)	(696.3)	(600.3)	(663.6)	(984.2)	(921.6)

Appendix A-3: Planned Results for 2025 and Beyond

Expected Outcomes	Performance Indicators	Target(s)	2024 (prior year) Results
Short-term outcomes (Timeframe in the next 2 years)			
CDEV to advance on its strategic direction and refresh its mission, vision and values statement.	Execution against pillars of expertise and expand offerings based on demand.	2025 Corporate Plan approved with direction to move forward.	Performance assessed around CDEV's input and transaction value added.
Support CEEFC in its various activities including loan administration and monitoring of existing loans and funding loan draws.	Administration of CEEFC, management of loan repayments, and collection of interests as contracted.	Monitoring of loan portfolio including repayments and collection of interest on time and correct repayment calculations.	CDEV employees performed functions for CEEFC within all required timelines. Reporting of loan portfolio is done quarterly for the Board with semi-quarterly updates. Focus is now on managing the portfolio, loan repayments and negotiations.
CHHC to continue to successfully manage its operations.	Maximize return on investment via CHHC participation and contributions to HMDC executive meetings, sell crude oil at market prices and fund capital expenditures.	CHHC 2025 Net Income Target: \$60.5 million	By the end of 2024, CHHC forecasts cumulative dividends of \$2.64 billion, \$367 million in federal Net Profits Interest, and \$789 million in federal income tax.
TMC will operate the Trans Mountain Pipeline System in a safe and efficient manner.	Performance evaluation based on operating revenue and expenses as per their planned financial performance.	2025 EBITDA Target: \$2,214 million	Forecast 2024 EBITDA \$1,342 million (USGAAP)
TMC is prepared for possible commercial monetization, including tolls settlement and Indigenous Economic Participation (IEP).	Needs of Finance met to help with decision making. Establishment of a CDEV subsidiary to manage the loans to IEP beneficiaries.	To be updated in an Amended Plan.	CDEV worked on various monetization models to help with decision making and retained a financial advisor to assist with IEP. CDEV requested authorization to establish a subsidiary to manage the loans to IEP beneficiaries.
TMC debt is refinanced.	Debt refinancing option as described in the 2025–2029 corporate plan is executed.	Refinance TMC debt in 2024.	CDEV developed debt refinancing options.
CDEV Management to participate in discussions regarding strategic decisions of TMC.	Participation in all TMC board and committee meetings by relevant CDEV members and continue close working relationship between senior management of TMC and CDEV. Management of advisors.	Attendance at all Board meetings and at least monthly discussions with TMC management.	100% attendance of CDEV Chair and CEO. CDEV present at management and steering committee meetings and engaged with assurance advisors to perform analyses on costs and schedule.
Launch of ILGP.	The program is launched and operates accordingly.	Launch of the program. The first Indigenous loan guarantee is announced by the end of 2024.	The subsidiary is incorporated to manage the loan guarantee and is staffed accordingly. CEO is hired and ILGP Board is appointed. First proposals are being examined for due diligence.

Expected Outcomes	Performance Indicators	Target(s)	2024 (prior year) Results
Loan to Telesat LEO effectively managed via the new CDEV subsidiary.	Loan is managed accordingly so Telesat can complete and operate the Telesat Lightspeed project.	Necessary delegations of authority are approved. Funds are flowed from EDC's Canada Account to the CDEV subsidiary onwards to the Telesat LEO borrower.	A new subsidiary was incorporated in September 2024.
Oversight of CGF to ensure it delivers investments as per its mandate.	Ensuring that CGF and its investment manager CGFIM act in accordance with the Investment Management Agreement and Statement of Investment Principles. Appointment of additional CGF Board members to reinforce oversight.	To be monitored. Additional appointments to the CGF Board.	CGF has announced 8 investments to date.
Beaverlodge Properties transferred to IC.	Prepare for next round of property transfers likely in 2025.	27 properties to be transferred by 2025.	Site restoration costs to be settled in 2024.
Ensure CIC is ready to resume operations.	Integration of Sustainable Development Technology Canada (SDTC) with the CIC, and relaunch of CIC operations.	To be monitored.	CIC was incorporated in February 2023. In December 2023, the Government of Canada announced that the full implementation of this new entity is scheduled for no later than 2026–2027. As a result, activities at the CIC have been paused. In June 2024, the Minister of ISED announced that SDTC would be integrated with the CIC, once the National Research Council has completed its work to strengthen the governance and operations of SDTC.
Other projects and financial advising role.	Adding valuable advising insights and technical financial analysis as the recognized expert in financial advisory to the government.	Additional mandates and projects assignments.	Performance assessed around CDEV's impact and transaction value added.

Medium-term outcomes (Timeframe between 2–5 years)

CDEV will manage financing requirements of TMC through subsidiary Canada TMP Finance Ltd.	TMP Finance to negotiate funding agreements to allow for TMC to manage debt costs and budget contingencies.	To execute as per government direction.	CDEV identified options of debt refinancing financing.
Building constructive relationships with Indigenous peoples potentially impacted by the Trans Mountain Expansion Project.	Work with the government to allow for Indigenous ownership or other participation in TMC.	TMC to comply with government requests regarding Indigenous economic participation; TMC to abide by the Mutual Benefit Agreements (MBAs) executed.	CDEV has played an integral part in the development of an IEP framework including hiring a financial advisor and legal advisors to analyse potential structures and their impact on any TMC monetization and fiscal impact. CDEV also assisted with first engagement activities with relevant Indigenous groups.

Expected Outcomes	Performance Indicators	Target(s)	2024 (prior year) Results
TMC is prepared for possible divestiture or other forms of monetization (driven by policy decisions of the Government of Canada).	TMC continues to have an excellent safety track record, effective and meaningful relations with Indigenous communities and is divested on optimal commercial terms given market conditions and project completion parameters.	Safety incidents below industry average. Tolls settled at appropriate level. Indigenous groups sign-on to economic participation agreements if offered.	Financial and Legal advisors retained to help to manage the monetization. No significant safety incidents in 2024.
Programs that CDEV helped launch in 2023 and 2024, like CGF and ILGP, continue to meet their objectives.	CGF investments and loan guarantees under ILGP are issued as per their respective mandates. Effective governance and oversight are maintained.	To be monitored.	IMA with CGFIM continues to be in effect and needs of CILGC to operate are met.
Continued management of NPI.	Completion of yearly audits on a timely basis.	Complete audits within 4 years of filing.	Progressing on audit filing.
Long-term outcomes (Timeframe beyond 5 years)			
CDEV continues to fulfill its mandate as the centre of excellence for financial advisory and commercial advice to the government in the interest of all Canadians.	CDEV provides its unique and valuable perspectives with deep financial expertise to the country's most complex and diverse commercial transactions and continues to bring 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.	To be monitored.	CDEV successfully developed new strategic direction and built internal capabilities to provide advice to government on a cost-efficient basis.

Appendix A-8: Government Priorities and Compliance With Legislative and Policy Requirements

Environmental, Social and Governance “ESG” Reporting

ENVIRONMENT

As a federal Crown corporation whose mandate includes managing critical assets for the Government of Canada, CDEV recognizes that the way that it approaches climate change factors has a direct link to its success as it supports our Canada's commitment to transition to the low-carbon economy while delivering sustainable growth and prosperity for all Canadians. In July 2023, CDEV released its inaugural climate-related disclosure report, based on the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) for CDEV and its Group of Companies. CDEV released its second [TCFD Report](#) in July 2024. Through these annual reports, CDEV shares its strategy, progress, and ambition in addressing climate-related risks and opportunities—both at the corporate level and within its subsidiaries. As part of this work, CDEV completed a climate change materiality assessment to identify, assess, and prioritize our climate-related risks and opportunities and has begun a climate change strategy development process to identify opportunities for the Corporation to improve the integration of climate change in its business model.

CDEV will continue to publish climate-risk reports using the TCFD framework annually. As planned, CDEV will conduct qualitative climate scenario and work on reinforcing its climate integration with its Group of Companies. CDEV has also joined the Crown Corporation Greening Community of Practices and the Crown Corporations Working Group on sustainability and climate-related risks and disclosures to better collaborate and share good practices among peer Crown corporations to align with the Greening Government Strategy.

As noted in CDEV's TCFD report, climate-related financial disclosures as reported by CDEV mostly cover CDEV itself, CEEFC and CHHC.

TMC is CDEV's most active and substantive subsidiary and produces its own comprehensive ESG and climate-related reporting.

Regarding CGF, CDEV takes pride in having established this unique \$15-billion arm's length public investment vehicle that helps attract private capital in building Canada's clean economy, that has already announced a series of significant announcements to that end. CGF has allocated up to \$7 billion of its current \$15 billion in capital to issue all forms of contracts for difference and offtake agreements, making it the principal federal entity issuing such innovative contracts. As it relates to public reporting, CGFIM will begin formally reporting on climate disclosures in Calendar Year 2025, as per the terms of the Investment Management Agreement with CDEV.

CEEFC's approach to GHG emissions quantification considers the unique nature of our business. 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). For more details, please consult CDEV's latest [TCFD Report](#).

Regarding CHHC, it is tracking its direct GHG emissions as well as its proportionate share of the Hibernia platform GHG emissions. CHHC has been working with Hibernia owners to identify, support and advance GHG reduction initiatives at Hibernia as well as its ESG approach at large. CHHC has adopted the principles of the TCFD framework to develop reporting of climate change risks, opportunities, and measurements of its GHG emissions, and its disclosures are included in CDEV's [TCFD Report](#).

SOCIAL

Accessibility

CDEV and its Group of Companies have approved and publicly posted their plan to making their operations accessible to its employees and to the public. CDEV has retained the service of a professional firm to assist with the validation and the reporting. CDEV released a first progress report in December 2023 and will continue to report annually on accessibility matters, as expected.

Diversity, Equity, and Inclusion

CDEV engages in proactive employment practices notwithstanding its small team. There is strong gender diversity within its Board of Directors with greater than 50% female representation and Executive Leadership Team with a 1/3 female representation, including its President and CEO. CDEV has invested in professionalizing and modernizing the way human resources are managed, including knowledge management and professional growth through monthly Lunch & Learn sessions, and increased awareness of diversity and inclusion issues and opportunities. For instance, CDEV marked the National Day for Truth and Reconciliation with an education session on the meaning of Orange Shirt Day. As noted above, CDEV also released its progress report on its Accessibility Plan and provided training on accessibility-related matters. CDEV will continue to build a diverse and inclusive work environment as CDEV believes that the diversity of backgrounds, skills, experiences, and perspectives of its workforce is key to its success and its ability to attract and retain top talent. CDEV's subsidiaries have similar processes, and details can be found in their respective corporate plans. In the case of TMC, more information is available in its [ESG report](#).

In 2024, CDEV has begun to work with its subsidiaries to ensure that its business operates in accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act, where relevant. In that regard, CHHC released its first report on the matter in May 2024.

Anti-Harassment

CDEV is committed to a healthy, harassment-free, and violence-free environment for all of its employees and has developed a company-wide policy intended to prevent and respond to workplace harassment and violence of any type, and effectively address any incident that might occur.

Transparency and Open Government

Effective communication between CDEV and the public is conducted through various publications, such as the board-approved Corporate Plan, Corporate Plan Summary, interim financial reports, the Annual Report, and the Climate-related Financial Disclosure report, as well as through the corporate website, LinkedIn, and an annual public meeting.

Additional disclosures include reports on special examinations and audits, executive and director travel and hospitality expenses and Access to Information Act inquiries. CDEV responds to public and media requests in a timely manner and also completes numerous types of surveys as part of its obligations as a Crown corporation, such as the annual survey on Official Languages, the annual report on the operation of the Canadian Multiculturalism Act, and the annual survey of Environmental Goods and Services.

GOVERNANCE

By the nature of its mandate, CDEV has always had a strong focus on governance which is led by an independent Board of Directors, as well as independent boards at the subsidiary level. As noted before, the CDEV Board supervises and oversees the conduct of the business and affairs of CDEV, while exercising their independent judgement to strengthen management and accountability.

The CDEV Board has an effective working relationship with CDEV's management. The allocation of responsibilities between the Board and management is reviewed on a regular basis. A Board of Directors' Charter has been adopted which denotes roles and responsibilities, primarily in terms of Board stewardship. The Board reviews and approves the policies of the Corporation.

COMPLIANCE

In addition to complying with the FAA through its reporting and operating processes, CDEV has procedures to ensure compliance with all relevant laws. The most relevant are discussed below.

The most relevant compliance matters for CDEV, including TMC, were:

IT Processes and Security

CDEV retains a third-party service provider to manage its IT requirements and specifically computer functionality, file server management and our e-mail system. The service provider manages CDEV's computers and ensures antivirus, security patching and managed detection and response tools are monitored and updated as required. New security measures are installed as they become available.

The corporate network is protected by active and monitored password policies implemented and controlled centrally on all PCs and laptops as well as security protocols for mobile phones. The email system uses Microsoft Office 365 services which include real time back up. CDEV also makes copies of our emails for back-up purposes, and these are stored in a secure location. Office 365 Platform is protected by corporate user multifactor authentication process.

CDEV is committed to continuously improving its day-to-day internal and external working efficiencies, including rigorous cost/benefit analysis of key spend categories, optimization of travel, and use of advisors. CDEV implemented a new online HR management system and enhanced security infrastructure and IT incident reporting and monitoring.

The organization also continuously looks to enhance and harden its technology environment to counter the ever-increasing risk of cybercrime. To this end there have been several tools and network assessments that have been conducted to ensure the resilience and security of the platform. These reviews have included end-user behaviour and awareness as these tend to be vulnerable and often-exploited entry points.

A major upgrade over the past year was completed with the full migration of CDEV's server structure to the cloud, which reduces server costs and drives working efficiencies and more collaborative work through use of SharePoint.

CDEV continues to conduct analysis of technology platforms and to identify opportunities to streamline or automate processes in certain operational areas, such as IT and Finance, which includes bill coding, expense processing or the use of AI.

CDEV provides the required IT services to its subsidiaries CEEFC, TMP Finance and CEI. CDEV has an IT policy and user guidelines that govern its IT environment.

Pay Equity Act and Accessibility Act

At TMC pay decisions are based on job performance, review of internal equity and a market analysis of employee salaries in similar jobs. We are assessing gaps with the *Pay Equity Act* and working with external consultants to determine next steps including developing a pay equity plan and developing a pay equity committee. We will file statements and update our pay equity plan in accordance with the *Pay Equity Act*.

Other CDEV subsidiaries monitor the legislation and will adhere to all regulations relevant to their size.

Access to Information Act

CDEV has an experienced individual who works as a part-time Access to Information and Privacy ("ATIP") coordinator and who is supported by a part-time ATIP Analyst. Training sessions and sessions with other ATIP offices are attended. As well, we retain the services of a professional with extensive ATIP expertise to provide strategic and other advice regarding complex requests to ensure that CDEV remains in compliance with the act. TMC has also retained an employee to manage ATIP requests and reporting requirements. This is a resource intensive corporate function. Between April 1st, 2023, and March 31st, 2024, 7,750 pages were reviewed and processed for the purpose of responding to ATIP requests. As requests increase, we will resource accordingly. Given the commercial nature of TMC's and CEEFC's businesses, it is difficult to release many documents without extensive redactions.

Conflict of Interests Act

CDEV (including CHHC, CEEFC, TMP Finance and CEI) have a code of conduct for their employees and directors. As stated in the 2024 Report of the Auditor General of Canada on Professional Services Contracts released on June 4, 2024, CDEV agreed with the Auditor General's recommendation regarding conflicts of interest, and has updated its relevant policies and practices accordingly, with a view to ensuring that a proactive process is in place to identify actual or perceived conflicts of interest.

TMC developed a new code that is relevant to its size and operation. These codes encompass compliance with conflict-of-interest conditions which reflect the Act.

Official Languages Act

All CDEV and TMC public posting of information is made in both official languages. TMC has also updated its processes to ensure improved access to information in French on its website and elsewhere.

CDEV's switchboard can receive messages in French, and we have staff that can respond and converse in French as appropriate.

Directive on Travel Hospitality, Conference and Event Expenditures

CDEV's Travel Policy is in compliance. Its small size allows a few key individuals to observe continued diligence. In line with the new ATIP legislation, expenses are posted monthly.

Other requirements

Senior CHHC management participate in regular meetings with the operator of Hibernia, the C-NLOPB regulator, other JV owners and industry participants. This allows CHHC to be aware of changes in compliance requirements.

Cameco, which has large organizational support, is able to monitor relevant requirements to remain in compliance with laws and the requirements of the regulator CNSC.

TMC is a regulated pipeline operator and is required by the Canada Energy Regulator to be in compliance in many matters. TMC has several individuals dedicated to CER compliance issues. See the [TMC Corporate Plan](#) for more details.

CEEFC receives private information from LEEFF borrowers and has discussed the required measures to ensure it is in compliance with the *Privacy Act*.

CDEV's external legal counsel has extensive expertise in Crown and private enterprise compliance requirements. As well, our General Counsel and Corporate Secretary and CFO attend Crown corporation working peer groups where compliance issues and upcoming issues are discussed with suggested implementation.

The CDEV Board has the opportunity at regular Board and Committee meetings to observe and probe senior management on its compliance with laws. Annual certification for senior management is provided on compliance matters.



Appendix B: CEEFC 2025–2029 Corporate Plan



Canada Enterprise Emergency Funding Corporation

A wholly-owned subsidiary of Canada Development Investment Corporation, a federal Crown corporation.

2025–2029 CORPORATE PLAN SUMMARY

and

2025 CAPITAL BUDGET SUMMARY

September 2024

CEEFC CORPORATE PLAN
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1.0 EXECUTIVE SUMMARY AND CORPORATE PROFILE

Canada Enterprise Emergency Funding Corporation (CEEFC), a wholly-owned subsidiary of Canada Development Investment Corporation (CDEV), was incorporated in May of 2020 to implement the Large Employer Emergency Financing Facility (LEEFF) mandated by the Government of Canada (“the Government”).

CEEFC’s primary activities since its incorporation in 2020 have been the negotiation and issuance of loans to applicants and the administration of those loans once issued. LEEFF loans are made based on prescribed terms documented in term sheets authorized by the Minister of Finance. In 2025, CEEFC expects its primary focus to be loan administration as it no longer processes new LEEFF applications.

In 2021, CEEFC’s mandate expanded to include LEEFF loans to airlines for reimbursement of cancelled flights (voucher loans) and LEEFF loans to large airlines under a specialized term sheet.

In July 2022, the Minister directed CEEFC to no longer accept or process new LEEFF loan applications.

CEEFC has made seven LEEFF liquidity loans, four voucher loans, and one “large airline” loan, with total commitments of \$7.6 billion. A total of \$3.1 billion has been drawn on these loans. \$0.8 billion in loans have been repaid, and \$4.5 billion in loan commitments have been cancelled or expired. CEEFC currently holds \$2.4 billion in loans outstanding and Air Canada shares valued at \$0.4 billion.

The financial projections provided in this plan assume no further loan agreements are signed and existing loans are repaid by 2028, with assumptions for loan losses depending on the characteristics of the loan and averaging 33% of the principal loan balance for the portfolio. The assumptions on size, timing and financial results in this document are only for planning purposes.

2.0 MANDATE AND BUSINESS OVERVIEW

2.1 Mandate

CEEFC is a federal non-agent Crown corporation, incorporated in May 2020 and wholly owned by its parent, CDEV. CEEFC is responsible for administering LEEFF. The objectives of LEEFF are to help protect Canadian jobs, help Canadian businesses weather the economic downturn brought on by the COVID-19 pandemic, and avoid bankruptcies of otherwise viable firms where possible. Pursuant to a directive issued to CEEFC on May 10, 2020 (order in council P.C. 2020-307, or “the Directive”), LEEFF loans are made in accordance with terms and conditions approved by the Minister of Finance.

The focus of the CEEFC board and management team has been to evaluate loan applications in accordance with the LEEFF terms and conditions approved by the Minister and to administer loans issued. Those terms can be periodically amended or supplemented by the Minister. Initial terms of LEEFF loans were provided by the Minister to CEEFC in May 2020. In April 2021, the Minister authorized two new sets of LEEFF terms applicable to borrowers that are air carriers. In February 2022, the Minister authorized amendments to CEEFC’s loan agreements with mid-sized air carriers to mitigate the effects of the Omicron COVID-19 wave at that time.

In July 2022, the Minister directed that CEEFC accept no new applications after July 29, 2022. This decision was publicly announced on July 29. The focus of the CEEFC board and management is now to administer approved and issued loans.

The approval of loans under the May 2020 term sheet was based on an assessment of the eligibility and the cash needs of the applicant. If an applicant was able to meet the eligibility requirements and the prescribed terms, the applicant qualified for a LEEFF loan, provided that the loan formed part of projections indicating a return to financial stability.

2.2 Business Overview

Historically, CEEFC has been responsible for receiving LEEFF applications, assessing the requests against the eligibility criteria and terms approved by the Minister of Finance, negotiating and entering into transactions in accordance with such terms, and funding these transactions. After loans are funded, CEEFC is responsible for the administration of those loans (and the management of any related equity instruments obtained).

CEEFC has executed a funding agreement with His Majesty in Right of Canada as represented by the Minister of Finance that outlines how CEEFC is capitalized. CEEFC is funded through the issuance of preferred shares to the Government

2.3 Loan Application and Approval Process

Applications to LEEFF opened on May 20, 2020. The basic elements of the process for approving a potential loan under the May 2020 term sheet were as follows:

1. CEEFC conducts an initial review of applications and refers qualifying applications to the Ministers of Finance and Innovation, Science, and Industry.
2. If determined to be acceptable by the Ministers, CEEFC conducts due diligence and enters into negotiations with the borrower. When an agreement is reached, the agreement is signed and the loan is funded and administered by CEEFC.

The May 2020 term sheet governs all LEEFF loans other than certain airline-related LEEFF loans described below. Canadian corporations were eligible under the term sheet if they satisfied specified eligibility criteria, including having over \$300 million in revenue and requiring at least \$60 million in loans. To compensate taxpayers, in addition to interest CEEFC has received warrants from public companies and fees from private companies.

In April 2021, the Minister of Finance directed that two new supplemental term sheets – one for large air carriers and the other for voucher reimbursements – be considered approved LEEFF terms for the purpose of the Directive.

As of July 29, 2022, by direction of the Minister of Finance, CEEFC no longer accepts new LEEFF applications. As there are no outstanding active applications, CEEFC does not expect to process or approve any further LEEFF applications unless further direction to that effect is received from the Minister.

2.4 Loan Administration

With the closing of LEEFF to new applications, CEEFC expects that its primary business activities will relate to the administration of existing loans – both ordinary course loan management and dealing with defaults and special situations presented by borrowers, if any.

2.5 Equity Holdings

CEEFC holds 21,570,942 common shares in Air Canada which were acquired for \$500 million as part of Air Canada's LEEFF loan arrangement. CEEFC does not regard itself as a long-term holder of Air Canada equity and intends to divest the shares when appropriate.

CEEFC also holds Air Transat warrants which were obtained as part of Air Transat's LEEFF loan. These may be exercised at maturity or at an earlier date, divested at an appropriate time, or called by Air Transat.

3.0 CORPORATE GOVERNANCE AND OPERATING ENVIRONMENT

CEEFC's board of directors consists of two directors of CDEV, the Executive Vice President and Chief Business Officer of CDEV, three independent directors of CEEFC, and the President and CEO of CEEFC. In January 2021, Mr. Zoltan Ambrus, a Vice President of CDEV, was appointed by the CEEFC board to serve as President and CEO. In May of 2024 Mr. Zoltan Ambrus resigned as the President and CEO of CEEFC and Mr. Bruno Lemay was appointed as the President and CEO of CEEFC.

CEEFC shares staff, office space, and administrative resources with its parent, CDEV. A services agreement was agreed between CDEV and CEEFC outlining the services that CDEV shall provide to CEEFC to help it implement LEEFF.

A Memorandum of Understanding was developed between CDEV and CEEFC outlining the responsibilities of each party to help ensure that CEEFC is able to provide the appropriate level of governance and reporting to allow CDEV to meet its obligations as a parent Crown corporation.

An Organization Chart is provided in Appendix A-1.

3.1 Cash Management and Dividend Policy

As loans are repaid, CEEFC may accumulate surplus cash. CEEFC intends to retain sufficient funds to meet its expected obligations, with an additional cushion to allow for further funding of existing LEEFF borrowers if needed (e.g., in a restructuring). Funds above this amount will be returned to the government through the redemption of preferred shares. When CEEFC holds excess funds allowing the return of capital of \$100 million or more, redemptions will be made once per year. In March 2024 CEEFC redeemed 330,000 preferred shares for \$330 million. CEEFC does not expect to declare or pay any dividend during the plan period.

3.2 COVID-19 Measures

CEEFC was established to implement LEEFF in response to COVID-19, and therefore its strategic direction is necessarily impacted by the pandemic. The Omicron wave of late 2021 and early 2022 adversely affected CEEFC's loans to airlines and resulted in the amendments to those loans authorized by the Minister in February 2022.

If outbreaks or the threat of outbreaks of viruses or other contagions or infectious diseases, were to cause greater than anticipated economic hardship on LEEFF borrowers, the financial results of CEEFC would likely be impacted significantly through related loan losses and potentially through higher loan volumes if LEEFF were re-opened to new applications.

CEEFC's operations were originally developed on a primarily remote office environment basis due to COVID-19, but Toronto-based staff have returned to the office on a 3-day-per-week basis since April 2022.

4.0 CORPORATE PERFORMANCE

Assessment of 2024 Results to date

CEEFC's actual performance in 2024 as compared to the objectives outlined in the 2024-2028 Corporate Plan is as follows:

2024 Objectives	2024 Results
Evaluate and fund where appropriate loan advance requests from borrowers.	No loan advance requests were received by borrowers in 2024.
Consider requests for consents or amendments from LEEFF borrowers and execute where appropriate.	CEEFC received numerous requests for consents and amendments in 2024. All requests were given due consideration and where appropriate, consents and amendments were given. In several instances CEEFC negotiated additional rights in exchange for consents.
Monitor loans and deal with borrower defaults if any occur.	CEEFC continuously monitors its loans under its loan monitoring process. To date, no loans have defaulted, and CEEFC monitors for events that may increase the risk of default.

Contain costs at a reasonable level given level of activity of the corporation.	CEEFC has enacted cost-containment measures for 2024, bringing in-house certain loan monitoring work that was previously performed by external consultants. Excluding provision for credit loss, costs in 2024 are above 2023 and below the 2024 plan, The YoY increase has been driven primarily by advisor activity.
Prepare detailed analysis on restructuring scenarios for high-risk borrowers.	In 2023, CEEFC developed and adopted a restructuring strategy laying out principles, roles and processes for CEEFC in the event a LEEFF borrower were to enter a restructuring.
Evaluate the status of loans on a regular basis.	In 2024, CEEFC followed its framework to assess the status of the loans in its portfolio.
Enforce compliance with legal and policy requirements of LEEFF loans where appropriate.	All LEEFF loans have been compliant in 2024. No enforcement actions were needed.
Exercise rights associated with equity instruments as appropriate.	CEEFC voted its Air Canada shares at the 2024 shareholder meeting.
Bring CEEFC staff to appropriate size.	In May 2024 the President and CEO of CEEFC resigned and a new President and CEO was appointed.
Manage surplus cash within short-term investment policy.	Cash balances were kept in accordance with CEEFC's cash management policy and invested in accordance with CEEFC's short-term investment policy.
Consider opportunities for divestiture or monetization of particular CEEFC assets where appropriate.	CEEFC considered the potential divestiture of its equity stake in Air Canada. CEEFC is prepared for a sale of that stake at the appropriate time.

The financial projections for 2024, which were prepared in Q3 2023, forecast that CEEFC would not fund any loans by the end of 2023, and CEEFC did not fund any

loans. Current estimates are that CEEFC's portfolio will consist of \$1.9 billion in loans and \$0.4 billion in equity at the end of 2024 (The equity is valued at the share price on June 30, 2024).

5.0 CEEFC - OBJECTIVES AND STRATEGIES FOR THE PERIOD 2025 TO 2029

CEEFC's overarching objective is to manage LEEFF. With the closing of LEEFF to new applications, CEEFC no longer has any objectives relating to new applications and loans. CEEFC does not expect to process any new loans or loan applications in 2025.

Since 2024, CEEFC's primary function has been managing existing loans and other assets. CEEFC seeks to ensure the prudent and responsible monitoring and administration of its loans in keeping with its stated approach (see 2.4 above). Objectives include:

- Consider requests for consents or amendments from LEEFF borrowers and execute where appropriate;
- Monitor loans and deal with borrower defaults if any occur;
- Contain costs at a reasonable level given level of activity of the corporation;
- Prepare the company to handle restructuring needs of borrowers should that become necessary;
- Address restructuring and refinancing requests and needs of borrowers as appropriate;
- Evaluate the status of loans on a regular basis;
- Enforce compliance with legal and policy requirements of LEEFF loans where appropriate;
- Manage equity instruments, including divestiture where appropriate;
- Return excess capital to the Government of Canada through the redemption of preferred shares;
- Exercise rights associated with equity instruments as appropriate;
- Satisfy climate reporting requirements in accordance with adopted TCFD framework; and
- Manage surplus cash within short-term investment policy

Risks and risk mitigation summary

CEEFC has developed a risk assessment and reporting framework used for managing risks and board reporting. In the context of this framework, CEEFC identified one primary risk that warrants the greatest attention given its impact on the company. Other risks continue to be evaluated and mitigated.

The primary and dominant risk faced by CEEFC is Portfolio Credit Risk, which is the risk to CEEFC of significant portfolio losses resulting from weak borrower credit profiles, general credit deterioration and CEEFC's unsecured collateral position.

CEEFC continuously monitors its portfolio and engages regularly with borrowers. CEEFC has undertaken planning and preparation for dealing with defaults and restructuring scenarios. Advisors are in place and high-level action plans have been reviewed with the CEEFC board.

6.0 FINANCIAL SECTION

6.1 Financial Overview for 2024

As at June 30 2024, CEEFC holds \$2.4 billion in loans outstanding, and has no undrawn loan commitments. In 2024, \$12 million in loan principal was repaid by June 2024, in addition to the \$338 million repaid in 2023. Since inception of LEEFF, \$4.5 billion in loan commitments have been cancelled or expired and \$0.8 billion have been repaid.

Of the loans outstanding, \$672 million are regular LEEFF loans (secured and unsecured) issued under the May 2020 Term Sheet, as amended. \$1.7 billion are voucher reimbursement loans with 7-year terms maturing in 2028.

For CEEFC's operations in 2024, forecast operating costs are estimated at \$567 million. Forecast interest and fee revenues are estimated at \$98 million. Cumulative loans issued in 2024 by December 31, 2024 are estimated to be nil.

Revenue booked under Public Sector Accounting Standards (PSAS) will vary from billed interest and fees due to effective interest rate method (EIRM) accounting which factors in all loan fees and interest through the life of the loan and recognizes all revenue over the life of the loan. In the attached schedules, the expected cash interest and fees are calculated using the EIRM and the expected loan losses are recognized at the expected time of impairment and write-off.

See Appendix A-2 for the pro forma financial projections (December year-end):

- Schedule 1 - Statements of Financial Position
- Schedule 2 - Statements of Cash Flows
- Schedule 3 - Statements of Operations
- Schedule 4 - Statement of Remeasurement Gains and Losses

Key assumptions for the above schedules are outlined below in Section 6.3.

6.2 Financial and other reporting

In 2021, CEEFC's parent CDEV undertook an analysis to determine if CDEV controlled CEEFC under IFRS 10 criteria for accounting purposes and concluded that it does not. CEEFC then determined that it will prepare its financial statements under PSAS.

Since 2022, in accordance with Public Sector Accounting Standard PS3450, CEEFC fair values financial instruments. The resulting gain or loss is recognized in the Statement of Remeasurements Gains and Losses for each period in CEEFC's financial statements.

6.3 Commentary, Highlights and Key Assumptions in Financial Projections

The financial projections attached are based on an assumption that no further LEEFF loans will be issued, such that the financials are driven by the existing loan portfolio.

Reasonable assumptions have been made regarding loan losses, but these are difficult to estimate due to the unpredictable nature of economic conditions, market dynamics, and individual company actions. The estimate for loan losses is indicative of a portfolio of loans made to borrowers in financial distress that were unable to obtain financing in commercial markets. The actual financial performance of the loan portfolio will vary significantly based on the financial performance of the borrowers and general economic and financial market performance.

Since inception, CEEFC granted loans to seven borrowers: Seven LEEFF liquidity loans, four voucher loans, and one "large airline" loan, with total commitments made of \$7.6 billion. A total of \$3.1 billion has been drawn on these loans, including \$0.8 billion that has been repaid. In addition to the loans, CEEFC purchased \$500 million shares of Air Canada and was issued warrants in Air Canada (cancelled in January 2022) and Air Transat.

Partial repayments totalling \$12 million were made on two LEEFF loans in 2024 (as at June 2024).

All voucher loan facilities are now closed, and no further funds may be drawn. At June 30, 2024, Air Canada owes \$1.27 billion on its facility, Transat owes \$353 million, Sunwing owes \$100 million and Porter owes \$10 million.

At June 30, 2024 CEEFC does not have any undrawn commitments.

Based on an analysis of CEEFC's existing portfolio of borrowers, the expected combined credit loss of the principal loan balance of the portfolio at maturity is 33%, but actual credit losses could be materially different. We note that currently no loans are in default and no

loan losses have been incurred. The accounting framework only recognizes loan losses on an incurred basis when defaults or events of similar effect occur.

6.4 Capital Budget

CEEFC is not a capital-intensive business. Currently it has no plans for major capital investments or commitments.

Chief Financial Officer attestation

In my capacity as Vice President Finance of CEEFF, accountable to the Board of Directors of CEEFC through the Chief Executive Officer, I have reviewed the corporate plan and budgets and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described, and assumptions having a significant bearing on the associated financial requirements have been identified and are supported with the following observations:
 - Assumptions around the loan portfolio size and composition are subject to significant variation due to refinancing requests from borrowers, their credit situations, and the expected timing of loan repayments.
 - Assumptions around operating costs are highly dependent on the size of the loan program and the composition of loans and the need for advisory services.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed, with the following observations: Significant risk remains with respect to the size of potential loan losses and write-offs as well as the collection of interest and fee revenue from some borrowers and repayments. The financial projections attached indicate that there is sufficient cash flow generated by CEEFC during the plan period to redeem some of the preferred shares issued to the government. No income from the financial instruments is forecast due to the speculative nature of future equity values of publicly traded shares.
3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered, with the following observations: *This plan was prepared using best available internal estimates based on assumptions which are subject to risk as noted in point 1 and 2 above and point 4 below.*
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the corporate plan, with the following observations, including observations with regard to future funding sources from the government: *That the Funding Agreement remains in effect.*

5. The corporate plan and budget(s) are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the corporate plan).
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of CEEFC, with the following observations: if loan volumes materially exceed planned volumes, CEEFC may need to implement a loan management system and hire significantly more staff to manage and enact suitable financial controls.

In my opinion, the corporate plan and budgets have substantial uncertainty, financial and/or other risk issues, as noted above.

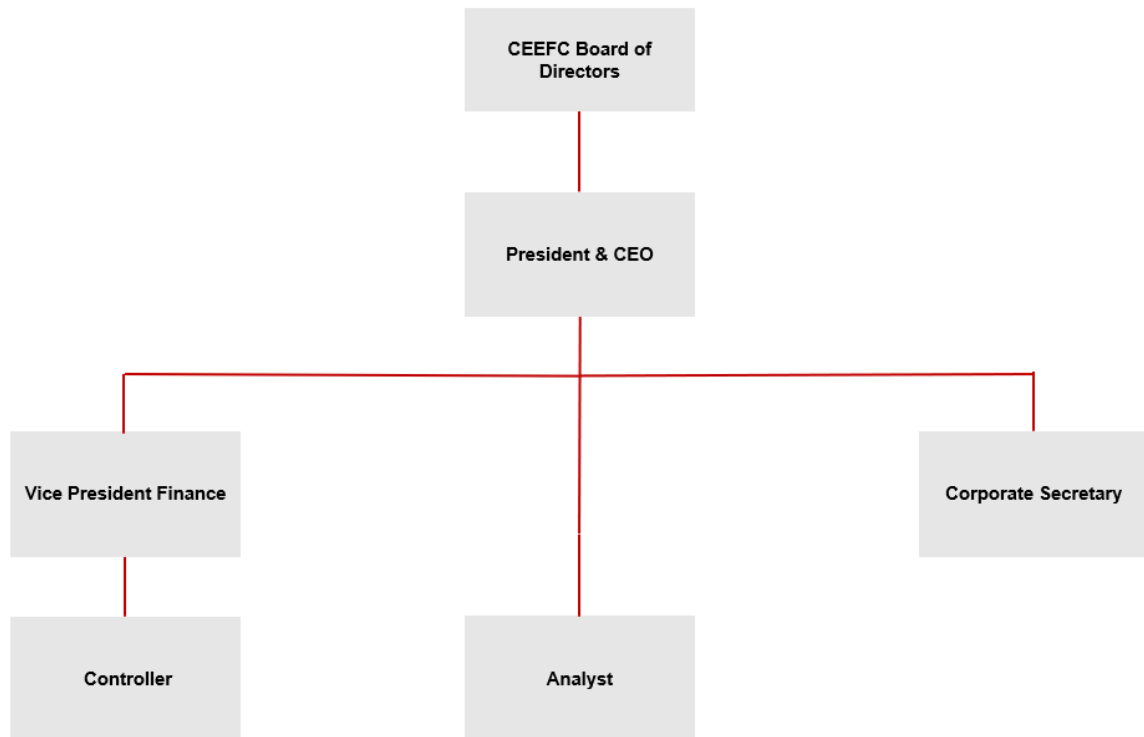


Carlos Gallardo

Vice President - Finance
Canada Enterprise Emergency Funding Corporation

October 17, 2024

Appendix A-1 – Organization Chart and Board of Directors



All CEEFC employees, with the exception of the President and CEO are CDEV employees seconded to CEEFC. For the Vice President Finance and the General Counsel & Corporate Secretary, CEEFC tasks constitute a minority of their responsibilities. The President and CEO has overall responsibility for execution of the strategic direction of the company set by the board of directors, the administration of LEEFF, as well as day-to-day responsibility for loan management and monitoring. The CEO is supported in this by an Analyst and an external accounting/consulting firm engaged for this purpose.

Directors	Current / Past Experience	Date of Appointment
Sandra Rosch	• Chair of CEEFC • EVP and Director, Labrador Iron Ore Royalty Corporation • Former President of Stonecrest Capital Inc. • CDEV Director	May 12, 2020
Jennifer Reynolds	• President & CEO of Women Corporate Directors Foundation • CDEV Director	May 12, 2020
Jim McArdle	• Former Senior Executive at Export Development Canada	May 18, 2020
Nathalie Bernier	• Former CFO and SVP Strategy for PSP Investments • Former Regional Managing Partner of KPMG - Quebec	June 25, 2020
Bruno Lemay	• President and CEO of CEEFC	May 22, 2024
Barry Pollock	• Former Global Head of Corporate Banking at BMO	March 11, 2021
Al Hamdani	• Executive Vice -President and Chief Business Officer of CDEV	March 19, 2024

The CEEFC Board currently has one committee, the Audit Committee, chaired by Ms. Bernier. The other members of the Audit Committee are Ms. Rosch and Mr. Pollock.

Appendix A-2 – CEEFC Pro-Forma Financial Statements 2023 - 2029

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION

Proforma Statement of Financial Position

Years ended December 31, 2023 to 2029

Cdn\$ '000

Schedule 1

PSAS

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Financial Assets								
Current assets:								
Cash and short term investments	517,501	259,934	238,385	254,418	228,494	239,299	245,806	240,022
Total current assets	517,501	259,934	238,385	254,418	228,494	239,299	245,806	240,022
Other assets:								
Loans receivable	2,385,418	2,365,469	1,868,538	1,888,134	1,471,283	1,471,283	-	-
Equities	403,161	492,249	386,120	386,120	386,120	386,120	386,120	386,120
Warrants	21,939	32,030	10,733	10,733	10,734	10,734	10,734	10,734
Interest and Other receivables	3,409	-	-	-	-	-	-	-
Total other assets	2,813,927	2,889,748	2,265,391	2,284,987	1,868,137	1,868,137	396,854	396,854
Total Assets	3,331,428	3,149,682	2,503,776	2,539,405	2,096,631	2,107,436	642,660	636,876
Financial Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	763	-	-	-	-	-	-	-
Total current liabilities	763	-	-	-	-	-	-	-
Net Financial Assets and Accumulated Surplus	3,330,665	3,149,682	2,503,776	2,539,405	2,096,631	2,107,436	642,660	636,876
Accumulated surplus is comprised of								
Accumulated operation surplus	3,434,895	3,154,733	2,636,251	2,671,880	2,229,106	2,239,911	775,135	769,351
Accumulated remeasurement loss	(104,230)	(5,051)	(132,475)	(132,475)	(132,475)	(132,475)	(132,475)	(132,475)
	3,330,665	3,149,682	2,503,776	2,539,405	2,096,631	2,107,436	642,660	636,876

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION

Schedule 2

Proforma Statement of Cash Flow

PSAS

Years ended December 31, 2023 to 2029

Cdn\$ '000

	2023	2024	2024	2025	2026	2027	2028	2029
	Actual	Plan	Forecast	Plan	Plan	Plan	Plan	Plan
Operating activities:								
Net operating profit/(loss)	138,025	40,536	(798,644)	35,629	(442,774)	10,805	(1,464,776)	(5,784)
Adj. for non-cash items	(35,356)	(54,085)	(58,105)	(25,000)	47,865	-	-	-
Provision for credit loss	-	35,000	562,634	-	154,829	-	113,139	-
Changes in non-cash working capital								
Due from Shareholder and Interest receivable	(1,881)	-	-	-	-	-	-	-
Trade and Other Payables	(203)	-	2,648	-	-	-	-	-
Cash from operating activities	100,585	21,451	(291,467)	10,629	(240,080)	10,805	(1,351,637)	(5,784)
Investing activities:								
Repayment of Loans - received	338,131	28,500	12,351	5,404	214,156	-	1,358,144	-
Cash from investing activities	338,131	28,500	12,351	5,404	214,156	-	1,358,144	-
Cash, beginning of year	78,785	209,983	517,501	238,385	254,418	228,494	239,299	245,806
Change in cash	438,716	49,951	(279,116)	16,033	(25,924)	10,805	6,507	(5,784)
Cash, end of year	517,501	259,934	238,385	254,418	228,494	239,299	245,806	240,022

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION
Proforma Statement of Operations
Years ended December 31, 2023 to 2029
Cdn\$ '000

Schedule 3
PSAS

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Revenue								
Interest income	141,113	82,320	98,339	52,413	28,839	22,589	10,147	6,000
Gain from Sale of warrants	-	-	-	-	-	-	-	-
Gain on share sale	-	-	-	-	-	-	-	-
Total revenue	141,113	82,320	98,339	52,413	28,839	22,589	10,147	6,000
Expenses								
Professional fees ¹	1,956	5,000	2,875	15,000	15,000	10,000	10,000	10,000
Management fee	904	904	904	904	904	904	904	904
Salaries and benefits	225	200	228	200	200	200	200	200
Provision for credit loss	-	35,000	562,634	-	154,829	-	113,139	-
Other expenses	3	680	342	680	680	680	680	680
Total operating expenses	3,088	41,784	566,983	16,784	171,613	11,784	124,923	11,784
Surplus/(deficit) before government contribution	138,025	40,536	(468,644)	35,629	(142,774)	10,805	(114,776)	(5,784)
Government contribution ²	-	-	-	-	-	-	-	-
Government repayment ²	-	-	(330,000)	-	(300,000)	-	(1,350,000)	-
Surplus/(deficit) for the year	138,025	40,536	(798,644)	35,629	(442,774)	10,805	(1,464,776)	(5,784)
Accumulated surplus, beginning of period	3,296,870	3,114,197	3,434,895	2,636,251	2,671,880	2,229,106	2,239,911	775,135
Accumulated surplus, end of period	3,434,895	3,154,733	2,636,251	2,671,880	2,229,106	2,239,911	775,135	769,351

¹ Some of the fees have been recovered from borrowers but are shown as an expense in the year incurred. The recovery is recognized over the life of the loan.

² Refer below for the continuity of the Government contribution/repayment

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Preferred Shares								
Opening Preferred Shares	3,090,000	2,790,000	3,090,000	2,760,000	2,760,000	2,460,000	2,460,000	1,110,000
Preferred Shares Issued	-	-	-	-	-	-	-	-
Preferred Shares redeemed	-	-	(330,000)	-	(300,000)	-	(1,350,000)	-
Ending Preferred Shares	3,090,000	2,790,000	2,760,000	2,760,000	2,460,000	2,460,000	1,110,000	1,110,000

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION
 Proforma Statement of Remeasurement Gains and Losses
 Years ended December 31, 2023 to 2029
 Cdn\$ '000

Schedule 4
PSAS

	2023	2024	2024	2025	2026	2027	2028	2029
	Actual	Plan	Forecast	Plan	Plan	Plan	Plan	Plan
Accumulated remeasurement gains/(losses), beginning of period adjusted	(97,191)	(5,051)	(104,230)	(132,475)	(132,475)	(132,475)	(132,475)	(132,475)
Remeasurement gains arising during the period								
Unrealized gains/(losses) on equity	(15,100)	-	(17,041)	-	-	-	-	-
Unrealized gains/(losses) on warrants	8,061	-	(11,204)	-	-	-	-	-
Amount reclassified to the statement of operations and accumulated surplus								
Realized gains on Warrants	-	-	-	-	-	-	-	-
Cancelled warrants	-	-	-	-	-	-	-	-
Net remeasurement gains/losses, for the period	(7,039)	-	(28,245)	-	-	-	-	-
Accumulated remeasurement losses end of period	(104,230)	(5,051)	(132,475)	(132,475)	(132,475)	(132,475)	(132,475)	(132,475)

Appendix A-3 – Planned results for 2025

Expected Outcomes	Performance Indicators or Targets
Monitor all loans	Ensure quarterly reporting and regular evaluation of all loans is up to date. Quarterly reporting to be completed within 10 days of receipt of reporting requirements. Management reports to CEEFC's Board on a semi-quarterly basis using a standard template.
Manage requests for consents and amendments on loans	Requests considered on a timely basis and accorded or rejected with results consistent with LEEFF objectives.
Manage loans to minimize losses, and manage defaults and restructurings where required	Indicators are LEEFF borrower survival, preservation of related jobs and avoidance of bankruptcy where possible, as well as maximization of recovery to CEEFC in conjunction with LEEFF objectives. Ensure CEEFC is aware of and prepared to handle any restructuring needs of borrowers or to deal with borrower defaults if any occur.
Cash Management	Manage cash in compliance with CEEFC policy.

Appendix A-4 – Government Priorities and Compliance with legislative and policy requirements

Government Priorities

Transparency and Open Government

With the use of communications tools, CEEFC is well positioned to deliver its mandate in a fully open and transparent manner. CEEFC's website provides details of LEEFF and announcements of new loans. The website also lists loans and loan commitments for any completed loan transactions. Within the prescribed timeframes, CEEFC will include its financial results with CDEV's annual and quarterly reports, corporate plan summaries, executive and director travel and hospitality expenses and *Access to Information Act* inquiries.

Gender-Based Analysis / Diversity and Employment Equity

CEEFC's staff volume (consisting entirely of CDEV employees) is too low for a statistically significant analysis of any of its employment parameters. The current Chair of CEEFC is a woman, as are the majority of its directors. CEEFC's hiring process ensures that all suitable candidates are considered based on merit and without prejudice. LEEFF prohibits loans to companies that discriminate on the basis of sex, gender, sexual orientation, race, ethnicity, religion, culture, region, education, age or mental or physical disability.

Environmental, Social and Governance (ESG)

ESG is integral to CEEFC's role as overseer of LEEFF. CEEFC mandated objectives are grounded in public policy priorities, with a focus on supporting Canadian businesses and jobs. CEEFC is overseen by a highly-qualified, diverse and independent board of directors that adheres to strict standards of governance.

Through LEEFF, CEEFC is supporting the transition to climate-related disclosure in financial reporting. All 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. Such reporting must be consistent with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

Since calendar year 2022, CEEFC has been using the TCFD framework for its own climate reporting in coordination with CDEV and its other subsidiaries.

IT Processes and Security

CEEFC shares information technology (IT) resources with its parent CDEV, which manages IT processes and security.

CDEV retains a third-party organization to manage its IT requirements and specifically computer functionality, file server and email system. This organization ensures antivirus, security patching and managed detection and response tools are monitored and updated as required. The corporate network is protected by active and monitored password policies implemented and controlled centrally on all PCs and laptops as well as security protocols for mobile phones.

The file server is housed in a Toronto data center with redundant power back up. The server is backed up every hour by a Business Continuity & Disaster Recovery system that will allow CDEV and CEEFC to restore their entire infrastructure using advanced virtualisation tools in the event of failure and or ransomware attack. The server has an annual back up for posterity. The email system uses Microsoft Office 365 services which include real time back up. CDEV also makes copies of emails for back-up purposes and these are stored in a secure location. The Office 365 Platform is protected by corporate user Multifactor Authentication processes.

Harassment and Violence Prevention

In June 2021, CDEV adopted a Harassment and Violence Prevention Policy, which applies to CEEFC. The policy was revised in December 2022. CEEFC directors, executives and staff underwent workplace harassment and violence prevention training in September and October 2021, and CEEFC personnel underwent training again in December 2022.

Compliance

In addition to complying with the *Financial Administration Act* through its reporting and operating processes, CEEFC will provide CDEV with information for it to report on compliance with all relevant laws. See the CDEV Corporate Plan.

CEEFC and CDEV were issued a directive (P.C. 2020-307) to implement LEEFF. CEEFC remains in compliance with the Directive.

Appendix A-5 – Mandate Letter

May 20, 2020

Ms. Sandra Rosch
Chair
Canada Enterprise Emergency Funding Corporation

Mr. Stephen Swaffield
Chair
Canada Development Investment Corporation

1240 Bay Street, Suite 302
Toronto, ON M5R 2A7

Dear Ms. Rosch and Mr. Swaffield:

The Canadian economy is facing substantial challenges due to the global drop in demand for goods and services caused by the COVID-19 emergency. Companies' ability to access credit has also been constrained due to uncertainty in the financial markets. Without continued access to credit, Canadian businesses may face retrenchment, which could slow prospects for longer-term economic growth.

In order to promote the stability and maintain the efficiency of Canada's financial system in the wake of the COVID-19 emergency, on May 11, 2020, the Government of Canada announced the Large Employer Emergency Financing Facility (LEEFF) to provide bridge financing to Canada's largest employers, whose needs during the pandemic are not being met through other financing sources, in order to keep their operations going. The LEEFF program will be open to large, non-financial for-profit businesses, as well as certain not-for-profit businesses, such as airports, seeking financing of \$60 million or more, that have substantial operations in Canada and that are not involved in active insolvency proceedings.

I understand that the Canada Development Investment Corporation (CDEV) has established, pursuant to and consistent with Orders in Council P.C. 2020-305 and P.C. 2020-306, a subsidiary, the Canada Enterprise Emergency Funding Corporation (CEEFC), in order to administer LEEFF.

- 2 -

The specific eligibility criteria for LEEFF are set out in the term sheet that I have approved as required by and pursuant to Order in Council P.C. 2020-307 (the Term Sheet). The Term Sheet is attached to this letter.

As a supplement to Order in Council P.C. 2020-307, and pursuant to direction under *Open and Accountable Government* (2015), which recognizes my role, as the Minister responsible for CDEV, in providing guidance to the Board on the corporation's objectives and in conveying to the Board the Government's expectations concerning the corporation's public policy objectives, I am outlining additional Government expectations for CDEV and CEEFC in relation to the administration and governance of LEEFF. The expectations outlined in this letter supplement any requirements already established by the Governor in Council and the Term Sheet.

Objective

The Government's objective for LEEFF is to help protect Canadian jobs, help Canadian businesses weather the current economic downturn and avoid bankruptcies of otherwise viable firms where possible. The additional liquidity provided by LEEFF will allow Canada's largest businesses and their suppliers to remain active during this difficult time, and position them for a rapid economic recovery. This support will not be used to resolve insolvencies or restructure firms' capital structures.

Operations

It is the Government's expectation that CEEFC will administer LEEFF. Specifically, CEEFC will receive and review applications to LEEFF, perform financial analysis and due diligence, approve funding in accordance with the Term Sheet, and provide funding in accordance with the Term Sheet and agreements reached with Borrowers. Funding for these activities will be provided through a separate funding agreement to be entered into by CEEFC and Her Majesty in Right of Canada.

CEEFC will conduct a preliminary assessment of each application to LEEFF in terms whether that application satisfies LEEFF's eligibility criteria as outlined in the Term Sheet. CEEFC will transmit each application that meets those eligibility criteria to Finance Canada. Shortly thereafter, CEEFC, with the support of its advisors, will provide initial credit market information on and preliminary financial analysis of each such LEEFF applicant to Finance Canada. Finance Canada, working with Innovation, Science and Economic Development Canada, will support the Minister of Finance and the Minister of Innovation, Science and Industry in determining whether each such application to LEEFF is able to be further considered by CEEFC. The Ministers' decision will be communicated to CEEFC by Finance Canada.

- 3 -

When the Ministers opt for further consideration by CEEFC, CEEFC will evaluate the applications in accordance with the Term Sheet. When CEEFC approves an application, CEEFC will ensure that any program financing is provided to Borrowers in accordance with the Term Sheet and on a timely basis in light of current economic conditions.

I understand that, for select applicants, certain terms in the Term Sheet may need to be adapted to the particular circumstance of the applicant, while still protecting taxpayers' interests and aligning with the objectives of the LEEFF program. In such cases, the Board of CEEFC will advise me if it determines that a request for financing from a company cannot be accommodated within the scope of the corporation's mandate as per this letter of expectation.

CEEFC will adopt a prudent treasury management policy for any unused funds.

CEEFC will also be responsible for monitoring the loans once made and managing and disposing of any assets it acquires through the administration of LEEFF, including warrants or shares, in a commercial manner.

CEEFC will provide, regularly and also upon request, information and reports to Finance Canada on the status of LEEFF, such as applications, loan volumes, sectoral uptakes, risk exposures and compliance. This will be particularly important in relation to ensuring appropriate reporting to Parliament on the use of public funds.

In addition to the foregoing expectations, CEEFC will comply with applicable laws and Government policies.

Supervision

It is the Government's expectation that CDEV will establish a qualified Board of Directors of CEEFC to oversee CEEFC's administration of LEEFF. It is further expected that CDEV will ensure that the CEEFC Board and, through the CEEFC Board, the CEEFC staff are subject to CDEV's policies and procedures for the management of conflicts of interest.

In its role as CEEFC's parent Crown corporation, CDEV should monitor the performance of CEEFC and transparently report plans and results as part of its annual reports to Parliament and fulfill its other oversight obligations pursuant to the *Financial Administration Act*.

Conclusion

The Government has entrusted CEEFC to provide liquidity support to Canada's large employers to preserve economic capacity in response to the COVID-19 emergency. The Boards of both CDEV and CEEFC have my full confidence that you will meet the highest standards of good governance and, in so doing, serve the best interests of Canada.

Yours sincerely,

The Honourable Bill Morneau, P.C., M.P.
Enclosure

Appendix C: CGF 2025–2029 Corporate Plan



Corporate Plan Summary*

2025 – 2029

*The information set out herein is current as of December 12, 2024

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1. Executive Summary

The Canada Growth Fund (“CGF”)¹ is an independent impact investment fund, operating at arm’s length from the Government of Canada. It was created to accelerate important decarbonization projects, to support emerging clean technologies, to help Canadian cleantech companies scale up to become global champions, and to capitalize on Canada’s abundant natural resources. Through its investments, CGF takes on carefully considered risks that help attract private capital and ultimately accelerate investment in Canadian projects and technologies. CGF differs from traditional for-profit private sector investors seeking market returns and traditional public sector grant and contribution programs. CGF expects to deliver against its strategic objectives while recovering its capital on a portfolio basis and recycling its capital base over the long term.

In March 2023, Public Sector Pension Investment Board (“PSP Investments”) was selected to act as the independent, arm’s length and exclusive investment manager of CGF. Following this, in June 2023, the *Public Sector Pension Investment Board Act* was amended to allow a subsidiary of PSP Investments to be incorporated for the purpose of providing investment management services to CGF and in August 2023, PSP Investments incorporated Canada Growth Fund Investment Management Inc. (“CGFIM”) as its wholly-owned subsidiary for that purpose. CGFIM acts as an independent investment manager to CGF and provides a full suite of services pursuant to the Investment Management Agreement (“IMA”) which was entered into between PSP Investments, CGFIM, CGF and CDEV on March 11, 2024². The CGFIM team has full discretionary authority over all aspects of investment management and transactions.

Individual investment decisions will always be made by CGFIM based on transparent investment principles and in strict independence from the Government of Canada.

Since the announcement of PSP as the manager in the 2023 Budget, significant progress has been made in formally establishing and ramping up CGF’s activities.

The CGFIM team has indeed hit the ground running; over a period of approximately 18 months, CGF has already announced 8 transactions across its areas of focus.

Calendar year 2024 also saw the launch of CGF’s Carbon Contracts Strategy and the development of a bespoke Impact Measurement and Management framework, approach, and tools, which have been embedded in the investment process and piloted on announced deals. These topics are further addressed herein.

Looking forward, CGF will continue to invest across a variety of sectors and to deploy innovative financing structures, in accordance with the CGF Mandate, the IMA, the Statement of Investment Principles appended to the IMA (the “SIP”) and the Statement of Priorities and Accountabilities (the “SPA”), as further described herein. In order to do so, CGFIM will continue to scale its team, build out its capabilities, and support the growth of Canada’s low-carbon economy through its investment management activities.

This 2025-2029 Corporate Plan provides an update on the progress made, as well as CGF’s plan for the next five years. The plan also provides an overview of CGF, its operating environment, its activities, as well as projected financials for its next five years of operations.

¹ Canada Growth Fund Inc. was incorporated as a subsidiary of Canada Development Investment Corporation (“CDEV”) in December 2022.

² On June 5th, 2023, PSP Investments, CGF and CDEV entered into an agreement pursuant to which PSP Investments agreed to provide, through a secondment arrangement, employees that would deliver a full suite of services to CGF (the “Framework Agreement”) prior to entering into the IMA.



2. Overview of the Canada Growth Fund

2.1. Purpose and Rationale

CGF was established to support the growth of Canada's economy and to attract private sector capital to achieve Canada's emissions reductions goals. In light of the significant economic and investment opportunities associated with the low-carbon economy, many countries around the world have launched innovative clean technology financing initiatives, such as the Inflation Reduction Act ("IRA") in the United States. Such initiatives provide significant investment incentives to the private sector to improve the economic and risk profiles of decarbonization-related projects. To remain competitive on the global stage and to ensure it continues to be a leading destination for private investment, Canada has established similar initiatives, including CGF, to drive innovation across new and traditional sectors of Canada's industrial base.

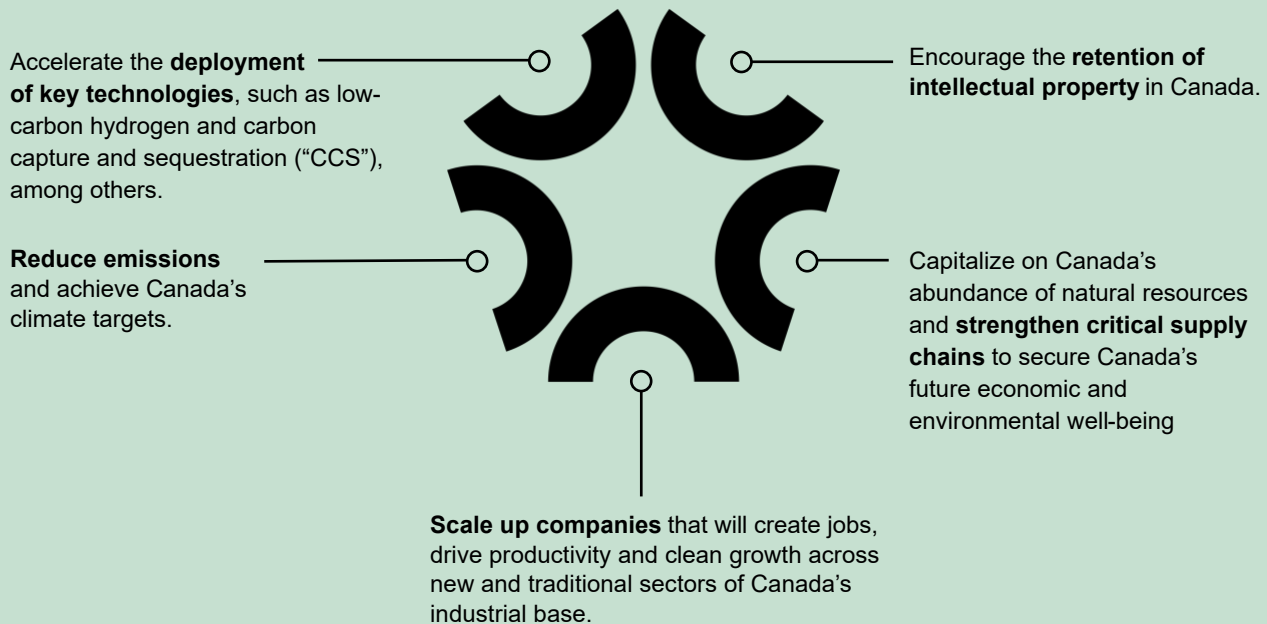
CGF takes a unique role in the investor ecosystem by deploying innovative financial structures to unlock new investment in Canada's energy transition. In addition to equity debt, and hybrid finance, these structures include Contracts for Difference (CfD) and Offtakes (together referred to thereafter as

"Contracts") for carbon pricing. CGF aims to mitigate certain risks associated with investing in novel decarbonization projects and technologies, such as demand and pricing uncertainty, execution risk, as well as uncertainties associated with an evolving policy and regulatory landscape. By doing so, CGF aims to improve the risk profile of Canadian energy transition investment opportunities and attract additional private capital to Canadian decarbonization projects, technologies, businesses and supply chains.

CGF is focused on capitalizing on Canada's abundance of natural resources and strengthening its supply chains to support Canada's future economic and environmental performance. Through this, CGF contributes to positioning Canada as a leading player in the global clean economy. By investing in and supporting the development of domestic expertise, intellectual property, knowledge, and technologies, CGF helps Canadian businesses compete and win as leaders on the global stage.

2.2. CGF Mandate

CGF's mandate (the "Mandate") is to build a portfolio of investments (the "CGF 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 is intended to help Canada meet the following national economic and climate policy strategic objectives:



2.3. Scope of Investment Activities

To achieve its Mandate, CGF focuses its investing activities on three key areas:



Projects

Projects: projects that use technologies and processes (that have been proven in pilots but not yet widely adopted) to reduce emissions across the Canadian economy. This includes projects across a variety of sectors, including but not limited to, CCS, electrification and the greening of electricity, as well as hydrogen and biofuels.

CGF will take direct minority or control positions through a mix of debt, equity, hybrid instruments, and Contracts.



Clean technology

Clean technology: clean technology companies, including small and medium enterprises (“SMEs”), which are scaling less mature but proven technologies that are in the demonstration or commercialization stages of development, and can meaningfully reduce local and global GHG emissions.

CGF will invest through i) direct investments focusing on minority growth equity positions, and in ii) select commitments to third party fund managers where the strategy and objectives align with those of CGF.



Low-carbon supply chains

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

CGF will invest in i) minerals alongside operators and general partners in critical minerals sector and ii) in direct investments in critical path supply chain, such as ports for offshore wind, battery factories, and hydrogen infrastructure.

Where applicable, to deliver on the Mandate, CGF will also provide risk assurances for investments through Contracts. Contracts are financial instruments used to address demand or price risk related to market volatility as well as regulatory and policy risks.

Details of investment instruments are discussed [in section 4.1.4](#)



2.4. Additional Considerations Pertaining to the CGF Mandate

2.4.1. Balancing Returns, Risk Mitigation, and Concessionality

Considering the nature of its Mandate, CGF has unique considerations compared to traditional returns-focused investors. In seeking to create a portfolio of investments that fulfills its Mandate, including considering impact-related criteria, CGFIM considers and aims to balance three key elements with respect to any particular investment: concessionality, risks mitigated, and financial returns

Concessionality: It is expected that CGF's investments will generally have some level of concessionality (i.e., discount rate and/or loss exposure relative to market) to fully serve the purpose. Such concessional investing may take different forms and is guided by the following principles:

- (i) CGF will always aim to minimize the level of investment concessionality to the level necessary to attract private capital or otherwise make the project viable; and
- (ii) CGF will participate, to an appropriate degree, alongside private sector investors in both the downside risk and upside potential of an investment.

Risk Mitigation: CGF may use investment instruments that absorb certain risks to reduce uncertainty and encourage private sector investment in low-carbon projects, technologies, businesses, and low-carbon supply chains. Each CGF Investment is expected to address one or more of the following key risk factors that create uncertainty in respect of an investment's long-term financial profile:

- (i) Demand risk associated with uncertainty around end-market demand and pricing;
- (ii) Policy risk related to perceived uncertainty around climate regulations;
- (iii) Regulatory risk with respect to project assessments and permitting approvals for construction projects;
- (iv) Execution risk from building first-of-a-kind commercialized products and companies;
- (v) Liquidity risk from investing in projects without abundant debt financing or visible secondary markets for equity; and
- (vi) Other risks that limit investor interest.

Financial Returns: CGF will not generally invest where it does not have a reasonable expectation of a return of capital. Making individual investment decisions on this basis reflects CGF's aim to recover its invested capital on a portfolio basis, over a period of 15 years. Any distributions of capital in respect of CGF Investments are intended to be reinvested in additional investments, to the extent not used to pay expenses of CGF.

As CGF is on its second full year of operation and continues to ramp up its business development and investment activities in the market, it is understood that the implementation of the Mandate is likely to result in a concentrated portfolio of investments, especially during this ramp up period when the portfolio is being assembled. Notwithstanding the above and to the extent it is reasonably possible, CGFIM will aim to build a diversified portfolio of investments across various sectors, regions, as well as investment instruments.



2.4.2. Catalyzing Private Sector Investment

As it delivers the CGF Mandate, CGF will aim to attract significant amounts of private sector capital to Canadian low-carbon projects, technologies, businesses, and supply chains. Therefore, CGF Investments are intended to be made alongside one or more private sector investors, including through investments structured as direct investments, fund investments, as well as co-investments. It is acknowledged, however, that the participation of other private sector investors may not always be synchronous with CGF Investments, and that in some cases, CGF may be the only provider of fresh capital at the time of investment.





3. Operating Environment

3.1. Internal Environment

3.1.1. Progress to date

2022	April: Government of Canada announces its intention of creating CGF in its 2022 Budget. November: In its Fall Economic Statement, the Department of Finance announces the launch of CGF, and issues a Technical Backgrounder providing additional details on CGF's mandate, operations, and investment framework. December: CGF incorporated as a subsidiary of CDEV and initial appointment of two directors to CGF's Board of Directors.
2023	March: Government of Canada announces that it has selected PSP Investments to manage the assets of CGF and deliver its mandate as part of its 2023 Budget. June: Dedicated team of investment professionals seconded by PSP Investments, including senior - leaders, start reviewing potential investment opportunities on behalf of CGF, under an interim arrangement. The Public Sector Pension Investment Board Act is amended to allow a subsidiary of PSP Investments to act as investment manager of CGF. August: Incorporation of CGFIM, a wholly-owned subsidiary of PSP Investments' to act as the investment manager of 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.



2024

March:
Execution of the IMA between PSP Investments, CGFIM, CGF and CDEV, formalizing the investment management services provided to CGF by CGFIM.
CGF announces a first cleantech fund commitment of \$50M in Idealist Climate Impact Fund.

May:
Publication of CGF's 2023 Annual Report

June:
CGF, Gibson Energy and Varne Energy announce a strategic partnership to advance Canadian waste-to-energy project.
CGF announces Canada's first carbon policy contracts for difference in Markham, Ontario
CGF publishes its Carbon Contracts Strategy Backgrounder.

July:
CGF announces up to \$2 billion carbon capture and sequestration partnership with Strathcona Resources.
Publication of CGF's 2024-2028 Corporate Plan Summary

August:
CGF announces a two-tranche commitment of US\$100M to advance Svante's carbon capture technologies.
CGF announces \$50M commitment to MKB Partner Fund III, along with other institutional investors, focused on accelerating the energy transition

3.1.2. Looking Ahead

CGFIM continues to provide investment management services to CGF and to execute on the CGF Mandate. More specifically, CGFIM will be advancing transactions while continuing to evolve its investment strategy and to develop CGFIM's in-house expertise across all priority sectors. CGFIM will also continue to scale the organization and improve its processes.

3.1.3. Staffing and Resources

CGF does not have employees as all services are provided by CGFIM. CGFIM proactively manages its resources to ensure the successful delivery of the CGF Mandate. To do so, CGFIM closely monitors workloads and volume of activity across its organization and ensures that additional resources are hired as required to meet its current and future business needs. Going forward, CGFIM anticipates that the team will continue to expand to support investment and asset management activities of CGF. CGFIM has a place of business in Montreal and one in Calgary.

As CGFIM grows its team of world-class, seasoned investment professionals, it aims to do so by drawing on a diverse pool of talent and perspectives from across Canada. This commitment to fostering diversity across the CGFIM organization includes efforts, in accordance with CGF's SPA, to broaden the range of voices and views within the governance and decision-making bodies of CGFIM, taking into consideration Canada's gender, linguistic, cultural and regional diversity, including the unique perspectives of Indigenous Peoples.



CGFIM recognizes the risks associated with attracting and retaining key personnel, given its Mandate requires specialized skills, knowledge, and expertise. CGFIM is leveraging PSP Investments' experience and human resources policies and processes (including with respect to equity, diversity and inclusion in the workplace) to effectively attract and retain the talent required to successfully deliver the CGF Mandate.

3.1.4. Conflicts of Interest

PSP Investments' and CGF's assets are not commingled in any way and the investment management activities of CGFIM are distinct from PSP Investments' pension investment management mandate. For example, CGF's transactions are discussed at, and submitted for approval to, the Impact, Risk & Investment Committee ("IRIC"), which acts independently from PSP Investments' Investment and Risk Committee.

PSP Investments has also adopted a policy to address any real, potential, and perceived conflicts of interest between PSP Investments and/or CGFIM, on the one hand, and CGF, on the other hand, which may be found at this [link](#). Where appropriate, disclosures are made publicly with respect to transactions or situations submitted to the Conflicts Committee's review.



3.2. External Environment

3.2.1. Emissions Reductions Initiatives Around the world

Despite unprecedented rising temperatures and intensifying extreme weather events worldwide³, overall global policy progress remains insufficient to meet global climate targets, as major emitting countries continue to implement measures that are contradictory, inconsistent or inadequate to meet Nationally Determined Contributions⁴. Inflation and economic uncertainty, political polarization, and a more volatile geopolitical landscape have all further contributed to making global coordination and progress on climate goals increasingly difficult^{5,6}.

Spotlight on blended finance: a cost-efficient method to accelerate decarbonization investments

Blended finance is a strategy that combines public and private capital to finance projects with social or environmental impacts. In the context of decarbonization, many governments have established blended finance investment funds to support the transition to a low-carbon economy. Notable global examples, in addition to the Canada Growth Fund, include:

Australian Clean Energy Finance Corporation (CEFC)

Description: The purpose of the CEFC is to facilitate increased flows of finance into the clean energy sector and to facilitate the achievement of Australia's greenhouse gas emissions reduction targets. The CEFC is a specialist investor in Australia's transition to net zero emissions by 2050, with access to more than \$30 billion from the Australian Government.

European Union InvestEU Programme

Description: Provides the European Union with crucial long-term funding by leveraging private and public funds. Helps to mobilize private investments for the EU's top policy priorities, such as the green, and digital transition, innovation and social investments and skills. The €26.2 billion EU budget guarantee backs the investments of financial partners (the "implementing partners"), increasing their risk-bearing capacity and thus allowing to mobilize at least €372 billion in additional investment.

New Zealand Green Investment Finance (NZGIF)

Description: NZGIF is a crown-owned green investment bank to invest in scalable companies, technologies and projects that help reduce greenhouse gas emissions in New Zealand and achieve net zero emissions by 2050. NZGIF leverages various forms of debt and equity, and is able to take risk positions that help attract co-investors. NZGIF focuses on seven priority sectors, including transportation, agriculture, plastics, and distributed energy resources.

United Kingdom National Wealth Fund (NWF)

Description: In July 2024 the UK government committed £7.3 billion of public capital with the goal of mobilizing private capital to fund the UK's transition to a low-carbon economy. Investment catalyzed by the NWF is anticipated to create green jobs and drive growth across the UK. CGFIM is pleased to have been consulted by the UK government regarding the establishment of the NWF

Even in the face of these significant challenges, progress to reduce emissions continues, with multiple major climate action policies passed in large jurisdictions. Over 200 new climate- and energy transition-related policies were implemented in the past year around the world. Notably, 2023 saw increased focus on climate finance following the first Global Stocktake under the Paris Agreement.

³ Global Temperature | Vital Signs – Climate Change: Vital Signs of the Planet (nasa.gov) <https://www.noaa.gov/news/2023-was-worlds-warmest-year-on-record-by-far>

⁴ Climate policy in 2023 | Nature Reviews Earth & Environment

⁵ Global Growth Steady Amid Slowing Disinflation and Rising Policy Uncertainty (imf.org)

⁶ WEF: The Global Risks Report 2024.pdf (weforum.org)



While approximately two thirds of climate finance comes from the private sector in the US and Canada⁷, government finance has played a key role in catalyzing the remaining investments in emerging clean technologies and mobilizing additional capital to the space.

Building on blended finance initiatives globally, new instruments to support the derisking of policies and projects, such as carbon pricing assurance mechanisms and credit offtake agreements, have been highlighted as a vital tool to increase viability and lower the cost of capital of decarbonization projects, reducing the overall cost of the energy transition⁸.

With respect to CGF's unique mandate on carbon price assurance mechanisms, including carbon contracts for difference (CCfDs), CGFIM has been tracking developments globally to inform its strategy and approach. Various mechanisms have been adopted across the world to derisk various sectors, markets, and decarbonization related commodities. Notable global examples of areas in which contracts for difference and similar price assurance mechanisms have been used in relation to the energy transition include:

Carbon Markets: In April 2024, the German government unveiled a CCfD program modelled on private-sector hedging contracts (risk-hedging instruments). Companies are guaranteed a fixed price for energy sources, as well as for carbon emission allowances. The level of this funding depends on the actual market price and the additional cost of equipping and operating the low carbon project and/or technology, compared with the conventional option. Once the cost of low carbon production falls below that of conventional manufacturing, the payment flow is to be reversed and the state is to receive money from the companies. This program is under development and further developments are expected over time. Beyond this, the EU Emissions Trading Scheme, is the world's largest carbon market, has implemented several measures to stabilize this market, including the Market Stability Reserve (MSR), and is exploring additional mechanisms like CfDs to further support price stability and investment in low-carbon technologies.

Renewable Energy: CfDs have long been used to encourage the expansion of renewable energy in countries such as the UK, Norway and across nine EU member states. Typically, a tender process is used to establish the strike price⁹.

Hydrogen: Notably, the UK government-owned Low Carbon Contracts Company (LCCC) has been developing innovative hydrogen CfD structures, despite the challenge of establishing a clearly defined market price. Other hydrogen CfD initiatives are in preparation in Japan and South Korea¹⁰.

Other Emission Reduction Projects: The longstanding Dutch SDE++ scheme leverages a one-way CfD structure to function as a subsidy program for a variety of renewable energy and emission reduction projects¹¹.

CGF has a number of investments already in place leveraging its capacity as Canada's principal issuer of CfDs. See [Section 4.1.4](#) for additional information on these activities

In addition to government-led initiatives, private market solutions have also begun to emerge, such as Frontier Climate which leverages offtake agreements to stimulate the development of carbon removal technologies¹². These examples provide excellent case studies to CGFIM, who is seeking to understand and adapting these tools, where appropriate, to the Canadian context.

⁷ [Policy database – Data & Statistics - IEA](#)

⁸ [Financing the Green Energy Transition: A US\\$50 trillion catch \(deloitte.com\)](#)

⁹ [RSCAS WP Template 2013 \(eui.eu\)](#)

¹⁰ [ET34-Contracts-for-Difference.pdf \(oxfordenergy.org\)](#)

¹¹ [SDE++ Features \(rvo.nl\)](#)

¹² [Frontier \(frontierclimate.com\)](#)



3.2.2. Key Risks mitigated by CGF

CGF helps Canada keep pace with a growing list of jurisdictions that are using innovative public funding tools to attract the significant private capital needed to accelerate the deployment of technologies required to decarbonize and grow their economies.

While companies and investors are aware of opportunities to commercialize and deploy emissions-reduction technologies, they are often restrained due to the risks associated with these investment opportunities. CGF is designed to invest its capital in a manner that helps mitigate these risks and unlock the domestic and foreign capital that Canada will need to support the growth of its economy as it seeks to reduce emissions over time.

As outlined in the Investment Criteria (defined under [Section 4.1.3](#)), the primary risks CGF aims to mitigate include demand risk, policy risk, regulatory risk, execution risk, and liquidity risk. To do so, CGF may invest in a manner that reduces some or a portion of these risks, with the aim of bridging the private market funding gap and drawing in additional capital to low-carbon projects, technologies, businesses, and supply chains across Canada.

3.2.3. CGF Positioning Relative to Existing Government Initiatives

3.2.3.1. Federal initiatives

CGF is complementary to multiple federal initiatives, and existing government policies, strategies, and investment programs shape the environment in which CGF operates. A strong understanding of relevant federal, provincial and territorial initiatives is required for CGFIM to pursue effective strategic prioritization, including related to portfolio construction, investment opportunity origination and execution, and stakeholder engagement.

For example, some of the federal clean economy strategies and initiatives relevant to CGF include:

Canada's climate plans and targets: Like many nations globally, Canada is seeking to achieve net-zero greenhouse gas emissions in Canada by 2050. Federally, this commitment is underpinned by the 2030 Emissions Reduction Plan, with a target of 40 percent below 2005 levels by 2030 through economy-wide mechanisms such as carbon pricing, oil and gas methane regulations, low-carbon fuel standards, and other sectoral initiatives.

Critical Minerals Strategy: This strategy focuses on the sustainable exploration, extraction, processing and downstream manufacturing and recycling of 31 critical minerals that are essential for net-zero aligned technologies. It emphasizes the importance of innovation and exploration and aims to accelerate project development and building of infrastructure, while advance reconciliation with Indigenous peoples and potentially impacted communities.

Hydrogen Strategy: A comprehensive plan that aims to establish Canada as a global leader in low-carbon hydrogen production, usage, and export. The strategy is built around 8 pillars, including advancing strategic partnerships, de-risking investments, and developing regional blueprints and hubs to link hydrogen production and end use.

Carbon Management Strategy: A strategy to guide the expansion of approaches to capture carbon dioxide from point sources or the atmosphere to be reused and durably stored, focused on accelerating innovation and R&D, creating a supportive policy and regulatory environment and supporting the proliferation of projects and infrastructure.



3.2.4.1.1 Complementarity of CGF Mandate with existing Federal Government Initiatives

CGF's Mandate complements the existing suite of federal government initiatives supporting Canada's clean economy, while also distinguishing itself in a number of ways.

Target Investment Stage: CGF targets projects, technologies and companies at the scale-up stage of development. This distinguishes CGF from:

- (i) Research and development, demonstration, and pilot projects, which are funded through grants and contributions programs;
- (ii) Start-up companies, which are funded through venture capital funds; and

Mature companies and/or companies deploying mature technologies, which can typically attract private sector investment on their own and at market terms.

Financing Tools Offered: CGF has access to a broad range of investment and financial tools allowing it to offer innovative forms of investment, including instruments where CGF may take on above-market risks to catalyze private sector investment. This distinguishes CGF from:

- (i) Grants and contributions programs that provide funding to early-stage companies; and
- (ii) Private sector investors that provide financing to companies at market terms.

Delivery Expertise: the CGF Mandate is delivered by a team of independent investment professionals with extensive experience across a range of sectors and strategies, as well as expertise in structuring and executing complex direct investments. The delivery of the CGF Mandate is done on an arm's length basis from the Government of Canada.

Decision making: CGF and CGFIM operate at arm's length from the Government of Canada, maintaining independence and autonomy in operations and decision-making processes.

Project Types: CGF focuses on private projects and companies.

For greater certainty, CGF generally does 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).

3.2.3.2. Provincial and territorial priorities

Provincial and territorial priorities are pivotal in shaping Canada's electricity, carbon, and energy markets. Provincial and territorial jurisdiction, and related legislative, regulatory and funding initiatives, significantly shape the industrial and economic landscape in which CGF operates. Provincial and territorial priorities also influence the mix of stakeholders, technologies, and companies who may seek to partner on investment opportunities. Examples of relevant provincial priorities and policies include:

Table 1 – Key initiatives by province and territory

Province or Territory	Key Initiatives
Alberta	- Carbon Pricing: Alberta maintains a provincial carbon pollution pricing system for industry called the Technology Innovation and Emissions Reduction (TIER) regulation. The federal fuel charge applies. - Mining and Critical Minerals: Launched in November 2023, the plan aims to deliver more minerals-focused public geoscience information, build an inventory of minerals, and enhance the fiscal and regulatory environment. - Electricity Generation: Alberta's deregulated electricity market began in 1996, when the Electric Utilities Act came into effect. Alberta is presently exploring and promoting small and micro modular reactor technologies and is meanwhile pursuing broader market redesign. - Clean Technology: Alberta is implementing multiple strategies to reduce the impact of energy production on the environment (including CCS, ammonia, geothermal, amongst others).
British Columbia	- Carbon Pricing: In April 2024, BC launched a new Output Based Pricing System (OBPS) for large industrial emitters. They also maintain a provincial fuel charge. - Mining and Critical Minerals: BC's Critical Minerals Strategy led to the development of 11 Phase 1 strategy actions currently being implemented, including setting up a Critical Minerals Project Advancement Office. - Clean Technology: BC passed Bill 37 in 2022, establishing the BC Energy Regulator and advancing a province-wide approach to CCS, including regulator responsibilities expanded to include hydrogen, ammonia, methanol, and carbon storage reservoirs in addition to oil, gas and geothermal activities. BC has committed to develop a Clean Transportation Action Plan for 2023. The Low Carbon Fuels Act came into force on Jan 1, 2024, and Budget 2024 allocates \$318M to extend CleanBC programs and regulatory measures for a low-carbon economy by 2030. BC has also created a Hydrogen Office to attract energy investors.
Manitoba	- Carbon Pricing: The federal pollution pricing system is implemented in full in MB, including both the federal fuel charge and OBPS. - Mining and Critical Minerals: The June 2023 MB Critical Minerals Strategy focuses on raising awareness of Manitoba's critical minerals advantages, advancing Indigenous involvement, and streamlining the regulatory and permitting process. - Electricity Generation: MB recently released two planning documents: Manitoba's Energy Roadmap: Pathway to Prosperity, and Manitoba Hydro's first ever Integrated Resource Plan (IRP) (2023).
New Brunswick	- Carbon Pricing: The federal fuel charge applies in NB. NB maintains a provincial OBPS for large emitters. - Mining and Critical Minerals: While NB currently lacks a specific strategy for critical minerals, it is committed to exploring their potential within a wider economic framework. - Electricity Generation: NB is determined to enhance its reputation as a pioneer in clean energy solutions, while simultaneously diversifying its energy portfolio to reach net-zero emissions. In December 2023, NB unveiled their 2035 energy transition roadmap, highlighting four key strategic initiatives: Affordability, Energy Security, Regulatory Reform, and Economic Growth. Small Modular Reactors ("SMR") are high on NB's agenda. The province aims to develop a local nuclear industry, to stimulate job growth and economic development. - Clean Technology: As part of its clean energy strategy, NB introduced its Hydrogen Roadmap on January 30, 2024. The roadmap anticipates a substantial decrease in GHG emissions from the industrial sector through hydrogen use.

Newfoundland and Labrador	- Carbon Pricing: The federal fuel charge applies in NL. NL maintains a provincial OBPS for onshore and offshore industrial emitters. - Mining and Critical Minerals: NL's Critical Minerals Plan was released in November 2023 to de-risk and attract private investment for exploration to identify potential viable projects. - Clean Technology: In November 2023, NL and BC signed a statement of co-operation to promote their mutual interest in clean energy, including accelerating clean hydrogen development. Launched on May 14, 2024, NL's Hydrogen Development Action Plan complements their Renewable Energy Plan and the Climate Change Action Plan, advancing the province's status as a global supplier of clean energy. - Other: NL has made progress in positioning the oil sector to meet the world's energy needs during the energy transition, while taking steps to decrease the carbon intensity of the sector.
Northwest Territories	- Carbon Pricing: The NWT has implemented a territorial carbon tax which is on track to meet federal benchmark stringency requirements. - Mining and Critical Minerals: NWT is positioning itself as an epicenter for critical mineral mining in Canada, with 6 critical minerals projects in early mining and advanced exploration stage. Investments to support mine development, including shared Federal-Territorial-Indigenous investments in the Tłıchq Highway, are a significant priority for NWT. - Electricity Generation: The 2022-2025 Energy Action Plan includes measures to reduce GHG emissions in electricity generation, increase renewable energy usage in space heating, and improve building energy efficiency. This is complemented by the 2030 Energy Strategy, which aims to achieve a more secure, affordable, and sustainable energy system by the year 2030.
Nova Scotia	- Carbon Pricing: The federal fuel charge applies in NS. NS maintains a provincial OBPS for large emitters. - Mining and Critical Minerals: Released in March 2024, NS' Critical Minerals Strategy focuses on 16 critical minerals. The strategy will be revisited every 5 years with action plans developed annually. - Electricity Generation: NS has committed to achieving 80% of energy supplied by renewable energy by 2030, with offshore wind energy development as the priority. The 2024 Energy Reform Act establishes a standalone energy regulator and an independent electric system operator. Despite regulatory challenges leading to the withdrawal of a proposed floating tidal array in the Minas Passage, tidal energy continues to develop in NS. - Clean Technology: Invest Nova Scotia has identified clean tech as a priority area of economic development. Nova Scotia released its Green Hydrogen Action Plan in December 2023. The Clean Fuels Fund, launched in May 2024, aims to support industries and businesses to adopt low-carbon and renewable fuels such as green hydrogen, renewable natural gas, biofuels, and sustainable biomass.
Nunavut	- Carbon Pricing: The federal pollution pricing system is implemented in full in NU, including both the federal fuel charge and OBPS. - Mining and Critical Minerals: NU is home to 8 critical minerals and three operating gold mines. They are currently prioritizing the implementation of their mineral exploration and mining strategy. They are also developing the Nunavut Land Use Plan. - Electricity Generation: Nunavut relies heavily on imported fossil fuels for energy, but is exploring opportunities for renewable energy generation and energy efficiency improvements.
Ontario	- Carbon Pricing: The federal fuel charge applies in ON. ON maintains a provincial OBPS called the Emissions Performance Standards (EPS) for industrial emitters. - Mining and Critical Minerals: Through the Ontario Critical Minerals Strategy, ON seeks to develop its mining sector, particularly in the northern region known as the Ring of Fire (RoF). They are focused on supporting critical infrastructure in the RoF region, and aim to better connect it to the manufacturing sector in southern ON. - Electricity Generation: ON is focused on developing transmission infrastructure to support high-growth areas in the mining and industrial sectors in Northern and Eastern Ontario, and around Ottawa. ON emphasizes hydroelectric and nuclear generation, and especially the development of SMRs. They are also pursuing the development of multiple new energy storage projects. - Clean Technology: Budget 2024 announced measures to support projects that will help integrate hydrogen into ON's grid.

Prince Edward Island	- Carbon Pricing: The federal pollution pricing system is implemented in full in PEI, including both the federal fuel charge and OBPS. - Electricity Generation: PEI seeks to achieve net zero energy by 2030, and net zero GHG emissions by 2040. They are developing renewable electricity and energy storage infrastructure, while also exploring the regional potential of SMRs. The province is considering how to transform Maritime Electric into a Crown Corporation. A new comprehensive energy strategy is expected later in 2024. - Clean Technology: PEI is advancing cleantech development through initiatives like Cleantech Park, Cleantech Learning and Innovation Centre, and Cleantech Academy.
Quebec	- Carbon Pricing: Quebec has maintained a provincial cap-and-trade program since 2013 as part of the Western Climate Initiative, sharing an internationally-linked emissions trading market with California. - Mining and Critical Minerals: QC is aiming to become a leader in critical minerals supply chains (including production, transformation and recycling), and has tabled a bill to amend the Mining Act. The 2023-25 phase of the Critical and Strategic Minerals Action Plan increased Quebec's critical minerals list from 22 to 28 minerals. - Electricity Generation: QC's current grid will not be sufficient to meet anticipated growth in demand. The province is considering the construction of additional hydroelectric dams, as well as the addition of renewable and nuclear energy. - Clean Technology: QC supports the development of the <i>Vallée de la Transition énergétique</i> to accelerate the development of the battery industry, transport electrification, green hydrogen and the decarbonization of industrial ports.
Saskatchewan	- Carbon Pricing: The federal fuel charge applies in SK. SK maintains a provincial OBPS for industrial emitters, which was expanded in 2023 to include all large industrial sectors. - Mining and Critical Minerals: Released in 2023, SK's Critical Minerals Strategy seeks to enhance competitiveness and innovation in the sector, especially focused on expanding potash, uranium, helium and rare earth elements. - Electricity Generation: The province is collaborating with ON, AB and NB on the development and deployment of SMRs, with four projects expected to be deployed between 2034 and 2042. - Other: SK is encouraging new oil well drilling configurations and has enhanced existing programs like the SK Petroleum Innovation Incentive.
Yukon	- Carbon Pricing: The federal pollution pricing system is implemented in full in YT, including both the federal fuel charge and OBPS. - Mining and Critical Minerals: YT has launched significant public engagement, aiming to modernize legislation related to their mining sector. - Electricity Generation: Expanding access to clean, affordable and reliable electricity is a major priority for YT. Of the projects identified in their 10-year energy plan, only the Atlin Hydro Expansion is actively underway. The Yukon Energy Electricity Plan is scheduled to be released in Summer 2024, with an Integrated Resource Plan expected by the end of 2025. - Clean Technology: Innovation is a key action area in YT's 2020 Our Clean Future strategy. - Other: YT signed the Western Arctic – Tasiuq (Offshore) Accord along with the Inuvialuit Regional Corporation, Canada and NT, establishing a co-management and revenue-sharing arrangement with full and equal role for the Inuvialuit to participate in decision making on the development of oil and gas and renewables in the settlement region.



3.2.4. Overview of CGF's Focus Sectors

As per CGF's SPA, CGF is expected to advance a portfolio aligned with Canada's economic plan. In particular, CGF is expected to make significant advancement in transactions with a diversity of clean technology sectors, as well as support the decarbonization of heavy emitters.

Clean Technology

CGF will continue to seek to provide financing to scale-up companies beyond the technology demonstration stage, where they have outgrown their early-stage venture capital backers but are still facing certain risks, namely commercialization risk, that prevent them from attracting investments from later-stage investors. By doing so, CGF will aim to bridge the funding gap in the Canadian clean technology ecosystem and support the ongoing development and growth of Canadian clean technology companies.

See [Section 3.2.4 iv\) Clean Technology](#) below to read more on the sector and the role CGF can play on Clean Technology projects.

Decarbonization of Heavy Emitters

Heavy Industry and Oil & Gas account for 11% and 31% of Canadian's total emissions, respectively. These sectors often have single point-source emissions that are ideally suited for carbon capture and permanent sequestration. CGFIM is of the view that CCS will play a pivotal role in decarbonizing Canada's point-source emissions in hard-to-abate industries.

CGF's carbon capture strategy is three-fold: (i) support build-out of lowest cost large capture projects and of critical infrastructure (hubs and pipeline), (ii) contribute to the selective advancement of first of a kind (FOAK) project with the potential to increase CCS use cases and (iii) accelerate technology by supporting the growth of Canada's CCS intellectual property and the advancement of commercially unproven technologies.

See [Section 3.2.4 i\) Carbon capture and Sequestration](#) below to read more on the sector and the role CGF can play on CCS projects.

In order to successfully deliver the CGF Mandate, CGF's investment activities focus on the following sectors:

- (i) Carbon capture and sequestration;
- (ii) Hydrogen;
- (iii) Biofuels;
- (iv) Clean technology;
- (v) Low-carbon supply chains; and
- (vi) Electrification and greening of electricity

Each of these sectors has a unique set of challenges and opportunities, which are considered when structuring and pursuing investments. It is also important to note that various risks exist with respect to these sectors, which may impact the availability as well as the financial viability of investment opportunities falling within the CGF Mandate. External factors such as, but not limited to, technology costs, demand and pricing uncertainty, supply chain constraints, as well as a constantly evolving regulatory landscape may impact the delivery of the CGF Mandate.



(i) Carbon Capture and Sequestration

Carbon capture and sequestration is the process of capturing CO₂ from carbon-intensive industrial processes and compressing it for transportation and storage in underground geological formations. CCS represents an attractive solution to decarbonize hard to abate sectors such as energy production, heavy manufacturing, and other industrial processes.

Capture is typically done by constructing a facility that treats flue gas streams from industrial processes. The primary capture methods for gas streams involve the use of solvents and sorbents, membranes, and cryogenics. CO₂ can be captured either before or after a combustion process, with pre-combustion capture projects being the most commercially viable today. A technologically promising alternative is to capture CO₂ using Direct Air Capture (“DAC”) technology, which extracts CO₂ from ambient air as opposed to from an industrial process’ flue gas stream. Following capture, the carbon must be transported to its sequestration location.

Transportation of carbon involves compressing CO₂ at high pressures, and then liquifying it to reduce its volume for efficient transportation. CO₂ can be shipped via heavy vehicles, freight trains, as well as shipping vessels. CO₂ can be transported via pipeline, which is more capital intensive but has greater benefits when implemented at scale (i.e., used across multiple CCS projects).

Sequestration of CO₂ involves using injection wells to pump compressed CO₂ into deep underground geological formations, including depleted oil & gas reservoirs or saline aquifers. The main activities of carbon storage operations include injection, monitoring, and decommissioning. Upon storage projects reaching the end of their useful life, storage site owners will be required to decommission all above ground facilities and infrastructure, including the sealing, and securing of injection wells before they can be abandoned. Storage site monitoring is likely to be required for several years after site decommissioning to ensure that CO₂ remains safely secured underground.

Potential Role for CGF: CGF aims to provide investment solutions to CCS projects that will help minimize their cost of capital, while de-risking certain elements that have historically deterred private sector investment. CGF anticipates it will be able to do so by deploying innovative financing structures, using combinations of equity, debt, Contracts, or other bespoke financial instruments.

To date, CGF has announced four transactions in the CCS sector in a wide spectrum of applications, ranging from a waste-to-energy project for the production of new clean power, to the decarbonization of Canada’s oil sands¹³.

Notably, CGF has announced a novel CCS Partnership with Strathcona Resources Ltd., which represents a first-of-its-kind approach to CCS risk-sharing. Under this partnership, CGF and Strathcona will build CCS infrastructure on Strathcona’s steam-assisted gravity drainage (“SAGD”) oil sands facilities across Saskatchewan and Alberta. Through the SAGD CCS Partnership, Strathcona will seek to capture and permanently store up to two million tonnes of carbon dioxide annually, with CGF and Strathcona each contributing up to \$1.0 billion in project funding. Through the CCS partnership model, the emitter retains carbon pricing risk and CGF shares in the risk for the project’s cost and capture efficiency.

The SAGD CCS Partnership is expected to enhance the long-term competitiveness of one of Canada’s most carbon-intensive industries by advancing large-scale commercial CCS projects over time and demonstrating decarbonization outcomes in a fiscally prudent manner. CGF intends to scale this model to other emitters and other sectors over time, and views this transaction structure as a fiscally prudent and highly replicable approach to capital intensive decarbonization investment.

¹³ Entropy, Varmie, Strathcona Resources and Svante – see section 0 for details.



(ii) Hydrogen

Hydrogen is a clean fuel alternative, emitting zero greenhouse gases (“GHGs”) when combusted to produce energy (the combustion of Hydrogen with Oxygen creates water).. Due to its high energy density (hydrogen is the lightest molecule and has the highest energy density of all fuels by mass), hydrogen is an alternative fuel source for many industrial applications, including steel and cement production, as it can be utilized to yield very high temperatures. In addition to industrial uses, hydrogen also has potential applications in industries such as heavy transport, building heating and power, as well as power generation and storage.

Approximately 95% of hydrogen used today is produced via steam methane reforming (“SMR”)¹⁴, where natural gas is broken down using steam to create hydrogen, as well as CO₂ as a byproduct. The hydrogen produced via SMR is known as Grey Hydrogen because of the high CO₂ emissions associated with its production. Hydrogen can also be produced via alternative “clean” methods, such as Blue and Green Hydrogen. These clean methods of production aim to reduce the carbon intensity (“CI”) of the final product. However, only 0.07% of hydrogen produced globally utilizes low carbon methods of production¹⁵ due to its high levelized cost compared to carbon intensive alternatives. The most common methods of producing hydrogen are:

- (i) Grey Hydrogen: producing hydrogen via SMR;
- (ii) Blue Hydrogen: producing hydrogen via SMR, while also utilizing CCS to capture and reduce (but not fully eliminate) CO₂ emissions; and
- (iii) Green Hydrogen: using electricity to break down water molecules (via electrolysis), creating hydrogen and oxygen as the only byproduct (no emissions if renewable energy is used as source of electricity).

Potential Role for CGF: The development of commercially viable low carbon hydrogen facilities across Canada will require significant capital investment. Not only will new hydrogen production facilities need to be built, but more low carbon electricity projects will also be required to enable the build out of green hydrogen infrastructure. CGF expects that the growth of Canada’s clean hydrogen industry will result in new job creation across both the clean hydrogen and renewable energy sectors.

In order to support the growth of Canada’s clean hydrogen industry, CGF is engaging with a multitude of commercially viable clean hydrogen project stakeholders to understand their challenges and will consider partnering with high-quality developers to accelerate the development of commercially viable green and blue hydrogen projects across Canada. In doing so, CGF will aim to unpack Canada’s ability to attract more project developers and capital providers to Canada over time

(iii) Biofuels

Bioenergy is energy that is derived from organic materials known as biomass which can be used to produce biofuels, heat, electricity and products. Biofuel is a fuel that is produced from biomass (typically waste, plants or animal matter), rather than the slow natural processes involved in the formation of fossil fuels. The resulting biofuel can be blended with conventional fuel or, in some cases, a fully fungible drop-in alternative to fossil fuel. Biofuels come in several forms including biogas (ex. Renewable Natural Gas) and liquid biofuels (ex. Renewable Diesel, Sustainable Aviation Fuel).

Renewable Natural Gas (“RNG”) is a type of biogas which is indistinguishable from conventional natural gas and can be used without any changes to transmission or end-user equipment. RNG is typically produced via three primary processes:

- (i) Landfill Gas: considered one of the oldest methods of producing biogas, landfill gas is a natural byproduct of the decomposition of organic material in landfills which creates large amounts of methane gas.
- (ii) Anaerobic Digestion: use of bacteria to break down feedstock, such as animal manure or wastewater, releasing biogas. The biogas is then upgraded and treated to remove contaminants, yielding RNG.

¹⁴ Encyclopedia of Sustainable Technologies, “Methane Steam Reforming”, ScienceDirect, July 2017.

¹⁵ Clean Energy Canada, “Hydrogen as part of Canada’s energy transition”, Clean Energy Canada, July 2020.



- (iii) Thermal Gasification: use of heat to break down feedstock, such as agricultural and forest residue, releasing biogas. The biogas is then upgraded and treated to remove contaminants, yielding RNG.

Subject to verifications related to lifecycle emissions, RNG can be considered a “carbon negative” source of energy and provides a solution to methane gas emissions. Methane is a significant contributor to the atmospheric greenhouse effect, being 25 times more potent¹⁶ than CO₂ at trapping heat in the atmosphere. Some examples of methane producing activities include agriculture, wastewater treatment, landfills, coal mining, and certain industrial processes. By producing RNG, methane that would otherwise have been released in the atmosphere is instead captured and transformed into biogas. After treating the biogas, the resulting RNG can be used as a renewable fuel to displace the consumption of fossil fuels in hard to electrify sectors, such as the heating of buildings, as well as various industrial processes.

Other Biofuels include liquid biofuels such as biodiesel, renewable diesel (“RD”) and sustainable aviation fuel (“SAF”). Liquid biofuels are typically produced by processing biomass via transesterification of lipids, instead of anaerobic digestion. They are mainly used as an alternative to conventional fuels across various transportation sectors, such as aviation (SAF) and trucking (biodiesel, RD), as well as other heavy-duty applications such as construction, mining, and agricultural equipment.

Potential Role for CGF: Despite biofuels being readily available to consumers, the sector still faces numerous challenges that are slowing their widespread adoption, including feedstock risk, high costs, and the significant upfront investments associated with biofuel projects. CGF will aim to catalyze growth in the Canadian biofuels sector by considering strategic partnerships with leading biofuel producers with the intent of expediting new projects and drawing in additional capital from private sector investors.

(iv) Clean Technology

The clean technology sector encompasses a wide range of companies that develop products and technologies or offer services contributing to the global decarbonization effort. These companies operate across a wide range of sectors including, but not limited to, energy and power, materials, chemicals, transportation and logistics, buildings, food, agriculture, and industrials. Clean technology companies may vary in size, stage, and levels of capital intensiveness (asset-light or asset-heavy business models).

The Canadian clean technology sector has expanded significantly in recent years, with total transaction values growing at a compound annual growth rate of approximately 20% over the last decade¹⁷. Despite this growth, the sector remains in its early stages of development, and is primarily composed of small and medium-sized enterprises.

The clean technology sector is expected to play an important role in the decarbonization of the global economy, as well as support Canada in achieving its long-term climate goals. According to the International Energy Agency¹⁸, approximately 50% of the total emission reductions required to achieve net-zero globally by 2050 are expected to be attributable to technologies that are in early stages of development, or not yet commercially available. Accelerating the development, commercialization and deployment of these early-stage technologies is therefore critical to support the decarbonization of Canada's economy, particularly in hard to abate sectors (such as energy, transport, agriculture, industrials, and buildings), as well as positioning Canada as a key player in the global decarbonization market.

In addition to playing a pivotal role in the decarbonization of Canada's economy, the growth of the clean technology sector is also expected to provide significant economic benefits. According to Statistics Canada, the clean technology and environment sectors accounted for 2.9% of Canada's GDP in 2021 (\$73bn) and provided over 314,000 jobs¹⁹. With the global clean technology market estimated to have reached \$3.3 trillion in 2022²⁰, there is significant

¹⁶ United States Environmental Protection Agency, “Importance of Methane”, May 2023.

¹⁷ Pitchbook database, March 2024.

¹⁸ International Energy Agency, “Energy Technology Perspectives”, January 2023.

¹⁹ Government of Canada (Office of the Chief Economist), “Canada's Environmental and Clean Technology Sector”, July 2023.

²⁰ Export Development Canada, “Canada's CleanTech Future Looks Bright”, October 2020.



opportunity for Canada's clean technology companies to grow not only domestically, but also participate in a large and growing international market and establish themselves as global leaders.

Potential Role for CGF: Subject to due diligence, CGF will seek to provide financing to scale-up companies beyond the technology demonstration stage, where they have outgrown their early-stage venture capital backers but are still facing certain risks, namely commercialization risk, that prevent them from attracting investments from later-stage investors. By doing so, CGF will aim to bridge the funding gap in the Canadian clean technology ecosystem and support the ongoing development of Canadian clean technology companies.

In addition, CGF will aim to play a meaningful role in developing Canada's clean technology investor ecosystem. CGF will support private market investment managers in their fundraising efforts by making strategic commitments to like-minded managers. By doing so, CGF will aim to attract additional private capital to Canada's clean technology investor ecosystem, expanding the pool of capital available to finance Canadian clean technology companies.

To date, CGF has announced one direct transaction in the Clean Technology²¹ sector relating to a company developing next-generation geothermal energy projects and two fund commitments²².

(v) Low-Carbon Supply Chains

The low-carbon supply chain is a broad sector, encompassing projects and companies involved in developing new or existing supply chains for materials that enable the growth of Canada's clean economy. This includes the development of Canada's critical minerals industry, which serve as key inputs for several clean technologies essential to Canada's long-term decarbonization goals.

Critical minerals are defined as minerals that have few or no substitutes, are limited in availability, and have strategic value to the development of essential products or technologies²³. While Canada and other countries have defined their own lists of critical minerals (reflecting the realities of each of their economies), these may change over time as technological and economic developments impact the global supply and demand for various commodities.

In Canada, 34 minerals are currently considered critical minerals. To be deemed critical, minerals must meet both of the following criteria:

- The supply chain is threatened, and
- there is a reasonable chance of the mineral being produced by Canada.

It must also meet one of the following criteria:

- Be essential to Canada's economic or national security, or
- be required for the national transition to a sustainable low-carbon and digital economy, or
- position Canada as a sustainable and strategic partner within global supply chains

Canadian critical minerals are important to global decarbonization goals, as they serve as key inputs to various clean technologies and advanced manufacturing applications, such as solar panels, wind turbines, electric vehicles, and battery components, among others. According to the International Energy Agency, global demand for critical minerals is set to more than double by 2030²⁴ (under its Announced Pledges Scenario), as countries around the world focus on electrification and energy transition, and renewables capture an increasingly large share of the global energy generation. This highlights the importance of developing a resilient supply of critical minerals, as demand growth may lead to future supply and demand imbalances, which could cause volatility in global commodity markets. Potential supply constraints for critical minerals would impact Canada's ability to successfully transition to a low-carbon economy and meet its long-term decarbonization goals.

²¹ Eavor - see section 0 for details

²² Idealist Capital and MKB- see section 0 for details.

²³ Government of Canada, "Canadian Critical Minerals Strategy", December 2022.

²⁴ International Energy Agency, "Critical Minerals Market Review 2023", July 2023.



In addition to developing a resilient supply of critical minerals, investing across the entirety of the supply chain, including upstream, midstream, and downstream activities will be of strategic importance for Canada and its trading partners. Today, the processing activities for several critical minerals are geographically concentrated, exposing their global supply to various economic and geopolitical risks. According to the International Energy Agency²⁵, China controlled over 50% of the global processing capacity for several critical minerals in 2022, including cobalt, lithium, graphite, and rare earth elements. This level of concentration highlights the strategic importance for Canada to invest in, as well as develop its domestic capabilities across all levels of the critical minerals supply chain.

Overview of the Critical Minerals Supply Chain

- (i) Exploration (Upstream): the search for critical mineral deposits that meet minimum volume and concentration thresholds.
- (ii) Mining (Upstream): activities related to the extraction of critical minerals from the earth, primarily through surface or underground mining.
- (iii) Processing (Midstream): activities focused on transforming minerals into a form suitable for manufacturing, via processing, chemical extraction, and refining.
- (iv) Manufacturing (Downstream): activities focused on the manufacturing of components used in clean technologies.
- (v) Recycling: activities focused on extracting and recycling materials from end-of-life products, such as lithium-ion batteries.

Potential Role for CGF: CGF will seek to invest in projects and companies that advance the development of new or existing supply chains of critical minerals, as well as other materials that will support Canada's long-term decarbonization goals. CGF may invest at various levels of the supply chain, including, but not limited to, mining activities and related infrastructure, processing, manufacturing, as well as recycling. In doing so, CGF will strive to attract private sector capital to fuel economic growth and job creation, while also strengthening the supply chain of critical minerals and other key materials for Canada, as well as its allies and trading partners.

(vi) Electrification & Greening of Electricity^{26,27}

Electrification can be broadly defined as the replacement of fossil fuel-powered processes with electric alternatives.

Greening of Electricity

In order to support the electrification of transport, buildings, and other industrial processes, countries around the world will need to invest in technologies and infrastructure that enable the integration of renewables, as well as alternative sources of low-carbon energy generation across their energy systems. According to the International Energy Agency, global demand for electricity in final energy consumption is set to increase by ~4.0% per annum between 2022 - 2030 and will need to further accelerate in order to remain on track with its Net-Zero Scenario. As global demand for electricity continues to grow, it will need to be met with incremental low-carbon energy generation capacity, as well as supporting infrastructure.

Potential Role for CGF: In order to fully realize the emission reduction potential of electrification, Canada will need to ensure that the increasing demand for electricity is met with clean and low-carbon sources of generation. CGF will aim to support the electrification of transport, buildings, and various industrial processes by considering investments in projects and companies that, while not commercially mature, provide technologies and infrastructure solutions that enable and support electrification across a broad range of sectors.

^{25,26} International Energy Agency, "World Energy Outlook", November 2022.

²⁷ Canada Energy Regulator, "Canada's Energy Future 2023", June 2023.



In addition, CGF will aim to invest in projects and companies that facilitate the integration of renewables and alternative low-carbon energy sources (such as small modular nuclear reactors, geothermal energy, abated natural gas power generation facilities, etc.) into Canada's energy system.

To date, CGF has announced two transactions in this sector²⁸. In this transaction involving a novel project relating to an energy-efficiency project in the district heating sector, CGF deployed the first carbon policy contract for differences in Canada, providing the certainty required for the project to reach its final investment decision and unlocking deployment of new sustainable technologies.

²⁸ Varne Energy and Eavor Technologies – see section 0 for details.



4. Activities, Risks, Expected Results, and Performance

4.1. Activities of CGF

4.1.1. Primary Activities

Investments: CGFIM executes all investment activities of CGF. These investment activities are part of a broader and comprehensive set of investment management services provided to CGF pursuant to the terms of the IMA.

Table 2 - Transactions announced to date

MKB \$50M commitment to MKB Partner Fund III, contributing to scale the impact of the firm's strategy focused on accelerating the energy transition and fostering growth and innovation in the Canadian clean technology sector. August 2024, Press release	Svante US\$100M financing commitment to Svante who is a global carbon capture and removal solutions provider. Initial \$50M tranche to be used to accelerate and de-risk first-of-a-kind commercial projects currently underway with a second tranche available to fund the development and construction of projects, with a focus on Canadian projects. August 2024, Press release
Strathcona Resources Strategic partnership totalling up to \$2 billion to build CCS infrastructure on oil sands facilities in Alberta and Saskatchewan, a first in the Canadian heavy oil sector. This partnership represents an innovative approach to CCS risk-sharing. July 2024, Press release	Markham District Energy Two-way CfD to enable the investment needed in replacing natural gas boilers with efficient heat recovery system from wastewater, in order to provide residents with reliable and cost competitive low carbon energy services. June 2024, Press release
Gibson Energy & Varne Energy Strategic partnership to facilitate the development of Canada's first waste-to-energy facility with integrated CCS. The Project seeks to produce clean power while reducing landfill waste and promotes a circular economy. June 2024, Press release	Idealist Climate Impact Fund Commitment of \$50M in a Canadian focused fund aiming for on commercializing, scaling, and accelerating i) the decarbonization of power supplies and industrials, ii) electrification of transportations and iii) circular economy. March 2024, Press release
Entropy Investment of up to \$200 million in Entropy coupled with a global first long-term fixed price carbon credit offtake of up to 1 million tonne per annum to invest in Canadian CCS projects that could significantly reduce emissions in Canada and worldwide. December 2023, Press release	Eavor Technologies \$90M preferred equity commitment to close funding gap and scale geothermal technology solutions, retaining intellectual property and creating Canadian jobs. October 2023, Press release



4.1.2. Opportunity Sourcing

To ensure a fair approach to the sourcing of investment opportunities, CGFIM employs a dual-track strategy which includes (i) an active outreach strategy, as well as (ii) a publicly available electronic mailing address to receive and evaluate inbound investment proposals while the public sourcing strategy is fully developed.

Active Outreach Strategy: The active outreach strategy allows CGFIM to proactively identify and directly engage with industry stakeholders through three main approaches:

- (i) Direct outreach to companies and projects to structure and propose potential investments;
- (ii) Partnering with third-party investors to leverage their sourcing capabilities and increase the breadth of investment opportunities available to CGF; and
- (iii) Building multi-investor coalitions to develop and deliver large, complex projects.

Public Sourcing Strategy: CGFIM also reviews inbound investment proposals received through its publicly available electronic mailing address (infocgf@cgf-fcc.ca). Over time, CGFIM will consider the possibility and pertinence of developing a publicly available portal which it would use to gather inbound proposals under its public sourcing strategy.

4.1.3. Investment Selection

When evaluating investment opportunities on behalf of CGF, CGFIM uses a set of Investment Criteria (as detailed below) that enable rigorous, fair, and consistent evaluations, while ensuring that the opportunities pursued align with relevant aspects of the CGF Mandate. It is acknowledged, however, that any individual investment may not satisfy all Investment Criteria and strategic objectives of the CGF Mandate.

Table 3 – Investment Criteria

Investment Criteria	
1	Consistency with goals: The investment will advance the CGF Mandate.
2	Long-term benefits for Canada: The investment has a reasonable chance to strengthen the development of Canadian workers and generate knowledge that will produce long-term benefits for the Canadian economy. For example: a) Canadian presence: activities related to the project or company are done in Canada and may generate widely shared economic benefits. b) Intellectual property: the activity will enable the development, utilization, or commercialization of Canadian intellectual property. c) Value chain creation: the investment will develop or strengthen Canadian competitiveness by participation in a new or existing value chain.
3	Additionality: The investment will attract private sector investment, immediate or future, that would not have been secured without the participation of CGF.
4	Financial soundness: The investment will meet a certain return threshold and will fit within a portfolio that will target a return of capital.
5	Consistency with ESG principles: The investment will fit within a portfolio that will enable CGF to meet the highest internationally recognized standards of Environment, Social and Governance ("ESG") measurement, disclosure, and performance.



To help assess the alignment of a given potential investment to the screening criteria, CGFIM has translated each of the investment criteria into standard dimensions and key performance indicators as a part of the Impact Measurement and Management framework development ([see Section 4.1.7](#)). This summary framework provides the basis for investment diligence and selection, asset management, and portfolio monitoring. Please [see Appendix C](#) for a detailed list of relevant metrics.

4.1.4. Investment Instruments

CGF may invest in projects, companies, as well as investment funds managed by external investment managers. In doing so, CGF has the flexibility to employ a variety of investment instruments, including:

Table 4 – Investment instruments

Investment Instruments	
1	Equity, debt, and hybrid instruments: CGF may invest in equity (e.g., common shares, preferred shares, trust interests or partnership interests), debt, or hybrid instruments.
2	Contracts: CGF may enter into contracts and other forms of price assurances to address demand and policy risk and improve project viability. There are three main types of contracts: a) Offtake contracts: CGF may enter into offtake contracts to address demand risk and improve project viability by providing revenue for a volume of production where sufficient demand from prospective private buyers is still developing. b) Contract for Difference²⁹ – Market Price: CfD absorbing carbon credit market risk; if the market price is below the contract strike price, CGF pays the difference to credit holder, and vice-versa. Contract for difference – Policy price: CfD absorbing carbon policy risk; if policy price falls below contract strike price, CGF pays the difference to credit holder, and vice-versa.

4.1.4.1. CGF's Carbon Contracts Strategy

Contracts, including both offtake contracts and CfDs, are financial instruments used to address demand or price risk related to market volatility as well as regulatory and policy risks. This reduces uncertainty and unlocks investment decision-making by emitters.

Offtake contracts are a conceptually simple commercial agreement to purchase an established quantity of a commodity at a known price, reducing price risk. Common forms of offtake contracts include power purchase agreements, often used in the renewable energy sector, whereby a power plant sells its generated power at a known price to an offtaker such as a utility. In CGF's offtake contracts, CGF will buy carbon credits from a credit holder at a fixed volume, price and term, providing revenue certainty.

²⁹ Contracts for difference will be structured as "two-way" contracts. Two-way contracts are the same as one-way contracts, with the exception that whenever the reference price is greater than the strike price, the credit holder must pay CGF the difference between the reference price and the strike price (allowing CGF to participate in upside).



In comparison, a CfD provides price assurance through exchange of the price difference between the market price and the contract's strike price, rather than the purchase or sale of the commodity itself. If the carbon market or policy price is lower than the contract strike price, CGF pays the difference to the credit holder, and vice versa.

Figure 1 - Types of carbon contracts

	Risk Mitigated			Considerations		
	Policy	Market	Sale of Credits	Emitter Risk	Finance-ability	Best Suited For
1 Offtake	✓	✓	✓	Lowest (counterparty retains zero basis risk to market index)	High (enables project financing and lowers cost of capital)	Situations where CGF can buy and sell credits in a liquid market
2 CfD – Market Price	✓	✓	--	Mid (counterparty retains limited basis risk to market index)	Project Dependent (remains to be proven)	Situations where a robust carbon price index exists
3 CfD – Policy Price	✓	--	--	Highest (counterparty retains full basis risk to policy)	Low (unlikely to sufficiently de-risk projects for project finance providers)	Situations where a robust carbon price index does not exist

CGF is the principal federal entity issuing carbon Contracts in Canada³⁰, allocating, on a priority basis, up to \$7 billion in funding for their issuance. In this context, CGF has developed an initial Carbon Contracts Strategy³¹ to provide an expanded range of these tools to the market. This initial go-to-market strategy has been informed by extensive market and industry engagement with stakeholders from across Canada.

CGF has adopted six principles guiding the execution of its strategy, in alignment with its Mandate. These principles are to:

- (i) **Unlock Projects:** Make projects investable through reduction of policy and/or market risk;
- (ii) **Strengthen Carbon Markets:** Support the development of efficient, liquid carbon markets;
- (iii) **Respect Regional Differences:** Design regionally tailored solutions;
- (iv) **Prioritize Efficient Projects:** Promote competitive industry through cost & capital efficiency;
- (v) **Accelerate Technologies:** Accelerate the deployment of key technologies;
- (vi) **Deliver value for money:** Maximize impact of CGF capital through project selection, investment structure and partnership with private sector.

CGF's strategy will be tailored to emitters in various jurisdictions and with differing scale of decarbonization projects. To guide this approach, CGF has developed a deployment framework, which helps classify potential projects into one of three categories:

- (i) **Scale:** Continue to scale the deployment of carbon contracts with large projects that have lower cost and risk profiles;
- (ii) **Scope:** Expand scope to include "first-of-a-kind" projects that are higher up the risk-spectrum while advancing decarbonization in new regions and/or industries;
- (iii) **Accessibility:** Develop standardized instruments for certain jurisdictions / sectors to promote rapid and efficient deployment and ensure wide-spread accessibility.

³⁰ As announced in the 2023 Fall Economic Statement.

³¹ Canada Growth Fund, "[Carbon Contracts Strategy Backgrounder](#)", June 2024.



Additional details on approach to deployment within this three-pronged framework can be found in the below table.

Figure 2 - Carbon contracts deployment strategy

		1	2	3
		Scale	Scope	Accessibility
Application	Project Type	Larger Emitters	"First-of-a-kind" Projects	Smaller Emitters
CGF Approach	Capital Commitment	Larger	Varies	Smaller
	Investment Structure	Customized (typically includes contracts and requires equity investment and/or upside participation)		Standardized (focus on replicability to accelerate wide adoption)
	Governance Rights	Customized (governance commensurate with equity participation, including information rights)		Limited (typically limited to information rights and commitments to operate)
	Due Diligence	Higher (in-line with equity investor due diligence standards)		Medium (demonstration of technical and commercial soundness and creditworthiness)

4.1.5. Investment Process

CGFIM's investment process includes two phases (as shown on [Figure 4](#)) and is designed to allow the CGFIM team to engage quickly when new opportunities arise.

As part of its investment process, CGFIM conducts comprehensive due diligence, in line with the best practices of private market investors. Due diligence is led by the CGFIM team, and key focus areas include, but are not limited to, financials, operations, governance, intellectual property, commercial studies, technical assessments, environmental risks and liability, legal matters, tax matters, human resources, indigenous peoples' rights, ESG practices and policies, as well as IT and cybersecurity assessments.

In addition, for each investment opportunity, CGFIM conducts a systematic assessment of the opportunity against the CGF Investment Criteria (acknowledging that individual investments may not always satisfy all of the CGF Investment Criteria). In doing so, CGFIM also considers the opportunity's financial returns, risk mitigation, level of concessionality, as well as how the opportunity will fit within CGF's broader portfolio of investments. For all of its prospective investments, CGFIM also assesses potential reputational risks as well as any potential conflicts of interest.



4.1.6. Asset Management

CGFIM actively monitors the performance of the CGF investments, ensuring responsiveness to changing market conditions, and accountability for results against the CGF Mandate. This monitoring includes:

Table 5 – Asset Management

1	Operational Oversight: execution of projects and implementation of initiatives to achieve economic and impact benefits.
2	Financial Oversight: responsible management of financial risks and realization of expected returns.
3	Strategic Oversight: ongoing relationship with investment partners and industry stakeholders to ensure sustained commitment to projects and corporate growth.

Following an investment, CGFIM engages with the company commensurate with its negotiated information and governance rights, which will vary from an investment to another but, for illustration, may include acting as a board member to a company, participating in annual sustainability and ESG meetings, and receiving ongoing data and reporting with respect to the performance criteria of CGF. CGFIM remains engaged with CGF's portfolio companies to ensure their growth and their performance are in alignment with the CGF Mandate.

4.1.7. Impact Measurement and Management

Measuring the non-financial performance of CGF Investments is one of CGFIM's key deliverables pursuant to the IMA. To reflect this central importance and ensure that impact and ESG factors are considered at every stage of the investment process, CGFIM has developed a bespoke Impact Measurement and Management ("IM+M") framework, approach, and tools, which have been piloted on its initial investments. This IM+M approach is embedded directly into CGFIM's investment activities, and all investment team members are responsible for integrating these considerations directly into the underwriting process, and ensuring that impact considerations are harmonized with financial and transaction soundness.

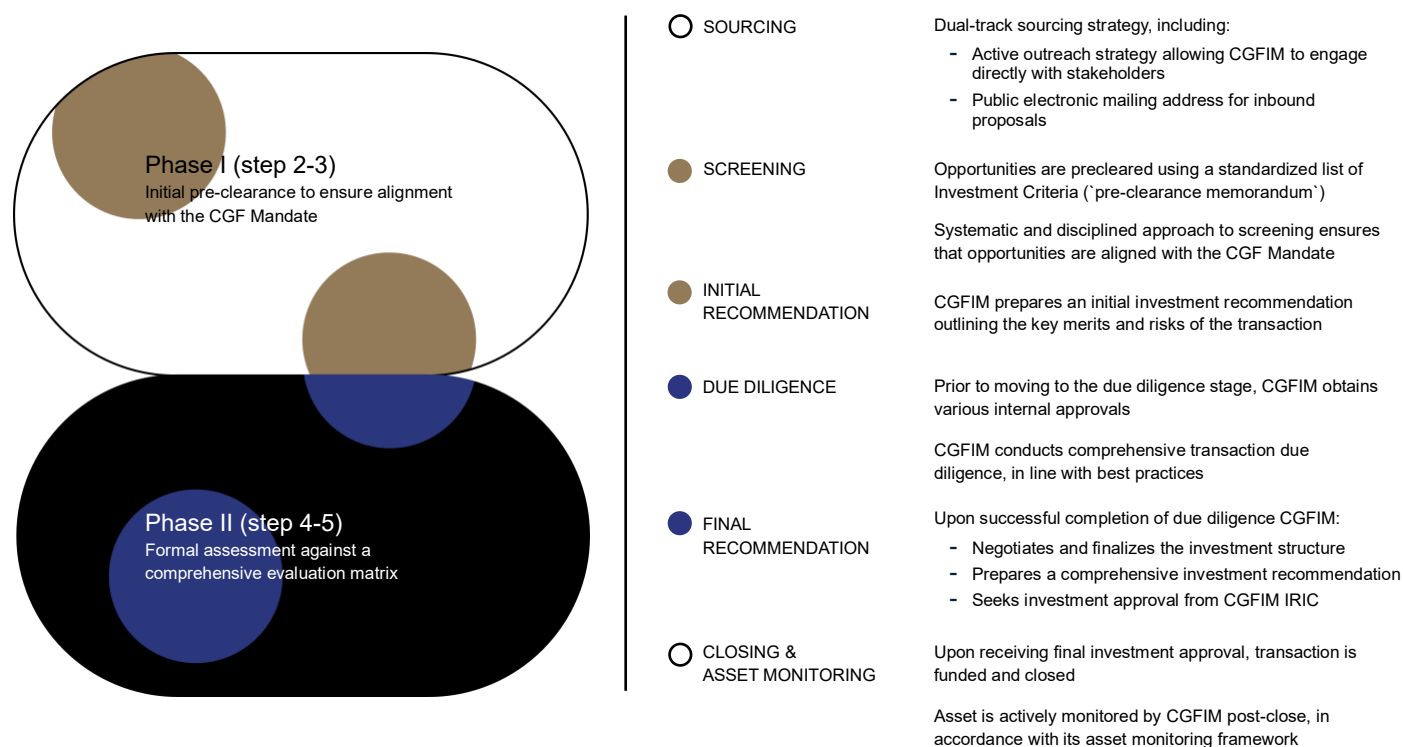
IM+M in the Investment Process

CGF's Mandate and Investment Criteria have been translated into a practical framework built around a standard set of indicators and criteria ([see Appendix C](#)). These form the basis of the IM+M approach and provide structure and consistency to the subsequent steps of the process. CGFIM has developed IM+M tools and templates to structure and standardize IM+M integration at each step of the investment process, as described in the illustration below.

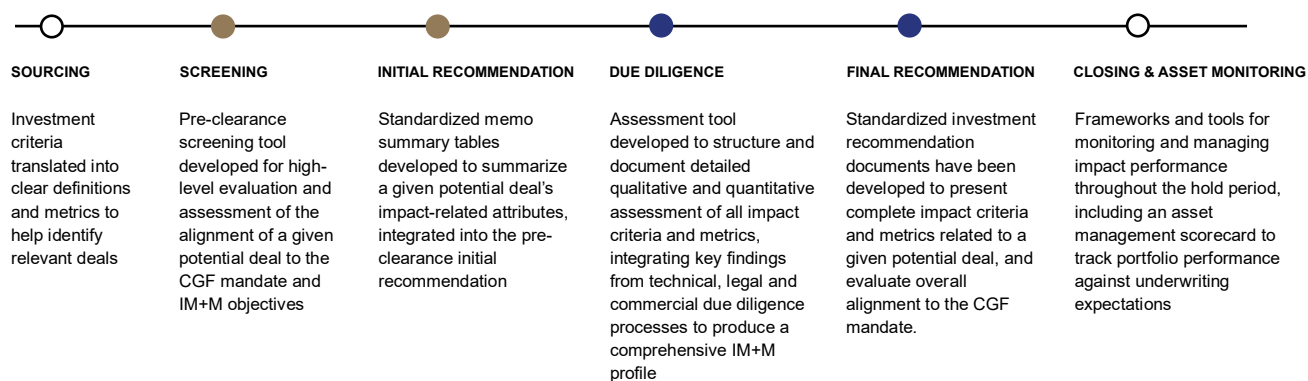
CGF will release its inaugural impact report in 2025, which will include quantitative impact data collected from portfolio companies to the extent available.



Figure 3 - CGF investment process



IM+M Integration





4.2. Overview of Risks and Mitigation Strategies

CGFIM is leveraging PSP Investments' expertise in identifying, evaluating, managing, mitigating, and monitoring risks, while adapting its processes to meet CGFIM's specific needs and to reflect the startup nature of the entity. A Risk Management Policy, which defines the guiding principles and framework to prudently and proactively manage investment and non-investment risks, is being finalized. The table below highlights the investment risks of CGF, defined as the risk of loss inherent in achieving investment objectives.

Table 6 – Risks and Mitigation Strategies

	Definition	Mitigation Strategies
Market	Risk that the value of an investment will fluctuate as a result of an adverse financial outcome due to changes in the factors that drive that value. Key market risks for CGF notably includes demand, policy, regulatory, execution, interest rate, and foreign currency risks.	Ensuring compliance with the following SIP Limit: "aggregate net exposure through CFD and offtake contracts, in a tail risk scenario, will be no more than \$7B". Independently ³² assessing an investment's expectation of return of capital at the time of the approval and on an ongoing basis thereafter. Also, ongoing monitoring via internal covenants, watch list, etc. Producing sensitivity analysis on key market risk areas on a quarterly basis (or more often if deemed relevant).
Liquidity	Risk that CGF will not be able to meet its financial obligations on a timely basis, with sufficient and readily available cash resources.	Ensuring there are sufficient liquidity to cover unfunded commitments at any given time.
Credit and Counterparty	Risk of non-performance of an obligor on whom CGF relies on to fulfill contractual or financial obligations.	Independently ³³ conducting a credit risk assessment at the time of the approval and on an ongoing basis thereafter for each counterparty and, when relevant, for portfolio investments.
Concentration	Risk arising from unwarranted exposure due to a lack of diversification or concentrated exposure.	Monitoring concentration metrics to ensure appropriate reporting and provide insight-driven information. Metrics include Area of Focus, Private Sector, Type of Investments, Region, Single Name, and Manager & Partner. Nevertheless, as indicated herein, the implementation of the Mandate is likely to result in a concentrated portfolio of investments, especially during this ramp up period.
Strategic and Impact-Related	Risk that portfolio companies do not achieve expected impact and performance outcomes and ability to achieve the strategic objectives of its mandate.	Refer to section 4.1.7 for a description of the Impact Measurement and Management framework developed by CGFIM, which is embedded in the investment process.

With respect to non-investment risks (defined as the direct or indirect risk of loss not derived from investment risks and includes legal, compliance, technology, operational, and people), these are embedded within PSP Investments' procedures, considering PSP Investments is supporting CGFIM in providing investment management services to CGF in accordance with the IMA.

^{32,33} Performed by PSP Investments Risk Management Group.



4.3. Expected Results and Performance

Building on the successes of the first year of operations, CGFIM is poised for significant growth and impact in the coming year. CGF is well-positioned to deliver on its mandate and continue to make a meaningful contribution to clean growth in Canada. Most notably, CGF aims to advance the following areas:

- **Investment Capabilities and Market Traction:** CGF aims to continue to sign transactions in alignment with its mandate. The focus will be on continuing to deliver and execute on a comprehensive investment strategy in priority sectors across projects, cleantech and low-carbon supply chain verticals.
- **Carbon Contracts:** CGFIM will continue to develop and grow its program to deliver and operationalize Contracts across multiple jurisdictions.
- **Impact Measurement and Management:** CGFIM plans to finalize and fully operationalize its IM+M framework. Specifically, existing components (as described in [Section 4.1.7](#)) will be complemented by new frameworks and tools for further IM+M integration into portfolio monitoring, asset management activities, and enhanced public reporting. The inaugural impact report will also be published, communicating the initial sets of impact data collected from CGF's portfolio companies.

In 2025, in keeping with Canadian and global best practices in the decarbonization investment sector, CGF will undertake its inaugural portfolio company data collection exercise, leveraging current PSP Investments' established systems, processes and controls, as well as global best practices. This will allow CGF to assess and, as appropriate, to communicate an overview of CGF's portfolio impact data. Beyond this, a comprehensive data collection initiative will allow CGF to conduct portfolio analysis and determine its current and anticipated fund-level outcomes. This information will inform CGF's strategic planning and corporate objectives in the coming years.



5. Financial Overview³⁴

5.1. Context and Definitions

Unless otherwise noted, all dollar amounts presented in Section 5 are in Canadian dollars.

Projection Period

The financial projections presented herein (the “Financial Projections”) outline the expected financial condition and operations of CGF for the 2025 – 2029 period (the “Projection Period”), as well as preliminary estimates for the year ending December 31, 2024 (the “2024 Estimates”)³⁵.

CGF has a December 31 year-end. Unless otherwise specified, all year references made in Section 5 assume a January 1 to December 31 calendar year.

Use of Assumptions

The Financial Projections rely on the use of a number of assumptions, including assumptions regarding the anticipated market conditions under which CGF will operate over the Projection Period. CGFIM used its best judgement in developing the assumptions underlying the Financial Projections. However, it is acknowledged that given CGF’s limited operating history, the limited availability of historical information, as well as CGF’s unique role in the Canadian investor ecosystem, actual results may vary significantly from the Financial Projections.

Commitments vs. Deployments

Over the Projection Period, CGF will make a number of investment commitments to projects, companies, as well as external fund managers (“Commitments”). These Commitments may not always result in immediate capital deployments, as some Commitments may be deployed over time.

Throughout Section 5, Commitments refer to agreements entered into by CGF to make investments (immediate or future), while capital deployments (“Deployments”) refer to the funding of prior (or concurrent) Commitments.

³⁴ For completeness, we note that CGF’s 2023 Annual Report, 2024 Q1 Interim Report, 2024 Q2 Interim report and 2024 Q3 Interim report are publicly available on CGF’s website www.cgf-fcc.ca.

³⁵ Financial projections and the 2024 Estimates were developed in or around August/September 2024.



5.2. Funding

Over the course of the execution of its Mandate, CGF will obtain its funding through the issuance of preferred shares to His Majesty in Right of Canada, as represented by the Minister of Finance (the “Preferred Shares”).

The funding schedule presented below represents the funding amount, i.e. capital expenditure amount, that is targeted to be drawn each year, in addition to the amounts that were called in 2023 and 2024 (total of \$4.4**billion**), for a cumulative total of \$15 billion.

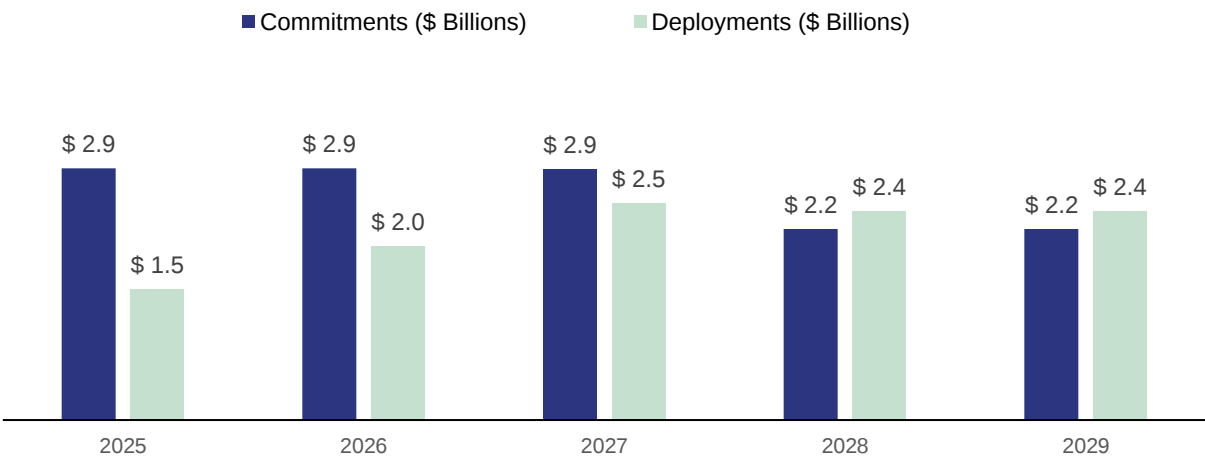
Table 7 - Funding schedule

Government Funding (in \$ billions)	2025	2026	2027	2028	2029
Net Proceeds from the issuance of Preferred Shares	\$3.0	\$3.0	\$3.0	\$1.6	-

5.3. Commitments and Deployments

The Projection Period (2025 – 2029)

Figure 4 - Capital Budget





Key Assumptions for the Projection Period

From the funded \$15 billion, CGFIM assumes conservative revenues based on the following assumptions:

- (i) Interest income from liquidity;
- (ii) Proceeds from divestitures of assets;
- (iii) While CGFIM expects CGF to achieve a return of capital on a portfolio basis over a period of 15 years, the Financial Projections do not assume mark-to-market or investment income (through dividends, distributions, or interest) being generated from CGF's portfolio of investments; and
- (iv) CGFIM also assume released funds from commitments under contracts allowing us to reinvest the available capital.

CGF's total Commitments over the Projection Period are expected to be allocated as follows: approximately 95% to private direct investments (including Commitments made under Contracts), and 5% to external fund managers.

CGFIM estimates that there may be timing differences between Commitments entered into by CGF, and the associated Deployments. For example, Commitments made with respect to large projects may be funded over periods exceeding 12 months. As such, in any given year, CGFIM anticipates that yearly Deployments may differ from yearly Commitments and that Deployments will increase over time

5.4. Costs and Assumptions

CGF costs consist of:

- Staffing and resource requirements of CGFIM and advisory and other costs, (together the "Costs to operate CGF"); and
- Transaction costs paid to third-party advisors in connection with new Commitments and external management fees paid to external fund managers and ("External Investment-Related Costs"),

which together represent the total costs incurred by CGF (the "Total Costs").

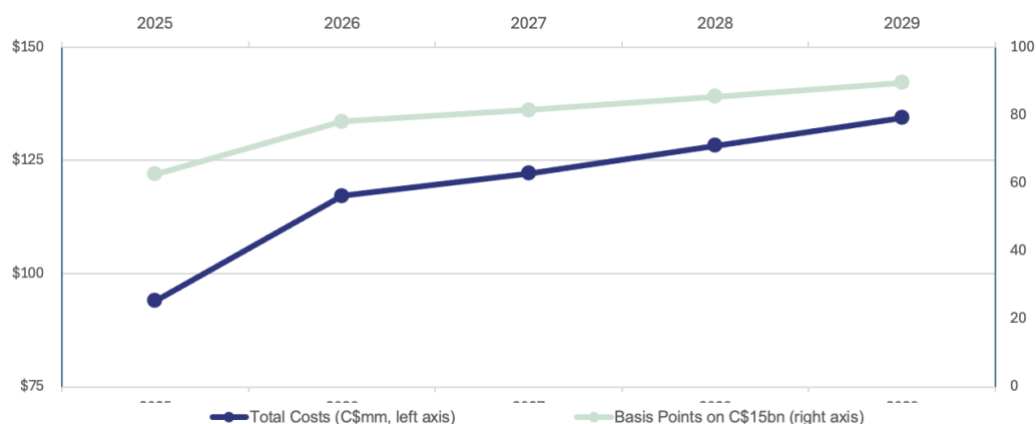
The Total Costs and Commitments are intended to be paid out of CGF's total funding of \$15 billion.

The Projection Period (2025 – 2029)

- (i) The projected Commitments and Deployments outlined in Section 0 impact the Costs to operate CGF as well as the External Investment-Related Costs.
- (ii) The Total Costs presented include CGF's accrued liabilities, arising at the time costs are incurred.



Figure 5 – Projected Commitments and deployments (2025-2029)



A key driver of Costs to Operate CGF is “compensation and overhead” necessary to support the delivery of the CGF Mandate. The driver reflects (i) the compensation of the PSP Investments’ professionals who support the activities of CGF and CGFIM, as well as (ii) overhead costs in connection with the use of various PSP Investments’ corporate functions (e.g. technology costs) and rent.

5.5. Pro Forma Financial Statements

CGF is not presenting Pro Forma Financial Statements for the following reasons: (i) as a Government Business Enterprise (GBE), CGF prepares its financial statements under IFRS and qualifies as an Investment Entity therein. It, therefore, measures its investments at fair value through the Statement of Profit & Loss., (ii) CGF’s mandate calls for it to operate in illiquid markets – without regular past or current trading activity and where it often needs to act as a market maker, (iii) given this context, forecasting fair value in proforma financial statements is unlikely to lead to financial information that meet the basic qualitative characteristics of useful financial information as outlined in the IFRS Conceptual Framework including having predictive value. CGFIM is of the view that this would render such information, effectively, misleading.



Appendices

Appendix A - Direction from Responsible Minister

The Statement of Priorities and Accountabilities is appended as [Exhibit 1](#).

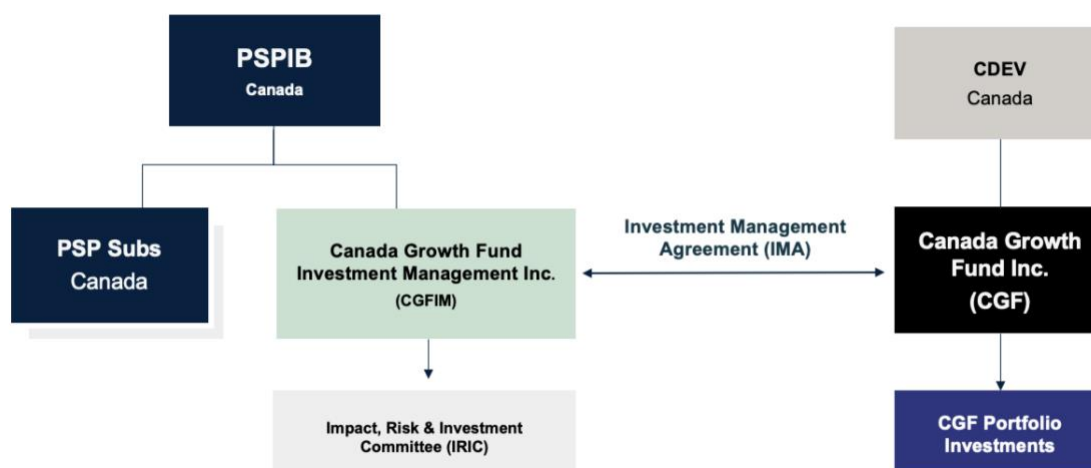


Appendix B - Corporate Governance Structure

PSP Investments, CGFIM, CGF and CDEV executed the IMA on March 11, 2024 pursuant to which CGFIM is providing a full suite of investment management services to CGF, independently of, and at arm's length from, the Government of Canada. Pursuant to the IMA, all decisions relating to CGF's assets and activities, including all investment decisions, are made by CGFIM in alignment with CGF's mandate and strategic goals, without direction or influence from the Government.

Moreover, the assets and liabilities of CGF are kept separate from, and are managed independently of, the pension assets of PSP Investments.

Figure 6 - Corporate chart



CGF Governance

CGF is governed by a Board of Directors appointed by CDEV, in consultation with the Government of Canada's Minister of Finance (the "CGF Board"). It is anticipated that the CGF Board will consist of four members, including two CDEV representatives, as well as an external board chair and audit committee chair. One director is currently appointed³⁶, and CDEV will aim to add three additional directors to the CGF Board in the near term. The responsibilities of the CGF Board include overseeing the compliance of CGFIM with the IMA, ensuring that CGF is compliant with the governance framework for Crown Corporations as outlined in the *Financial Administration Act*, as well as the approval of CGF's financial statements.

CGF Board

Elizabeth Wademan

³⁶ Steve Swaffield resigned as a CGF Board member as of October 1, 2024.



CGFIM Governance

CGFIM has a Board of Directors (the “CGFIM Board”). The CGFIM Board has established the IRIC, to which it has delegated all duties and responsibilities in respect of investment evaluations and approvals. All investments including, without limitation, new investment opportunities, follow-on investments, fund commitments and dispositions require IRIC’s approval.

CGFIM Senior Executives

The day-to-day activities of CGFIM are led by a team of senior investment professionals who have extensive experience across a range of sectors. To date, CGFIM has appointed the following individuals to senior leadership positions, and may add to this team going forward, on an as-needed basis.

- **Patrick Charbonneau**, President and Chief Executive Officer: Patrick Charbonneau is the President and Chief Executive Officer of CGFIM. In this capacity he is responsible for setting the \$15 billion Fund’s overall direction and ensuring that CGFIM’s resources and activities are aligned with CGF’s mandate and strategic goals.

Prior to joining CGFIM, Patrick was Senior Managing Director and Global Head of Infrastructure Investments at PSP Investments. Patrick has over 20 years of experience in the infrastructure sector and was instrumental in building PSP Investments’ infrastructure portfolio and team since the inception of the organization’s infrastructure asset class in 2006. In that role, Patrick oversaw a growing infrastructure portfolio of over \$30 billion and global transaction opportunities that included controlling direct investments, co-investment transactions and primary fund commitments. Patrick led a diverse team of over 50 investment professionals in PSP Investments’ Montréal and London offices. Prior to joining PSP Investments, Patrick worked in infrastructure advisory services at PwC. Patrick holds a Bachelor of Business from Bishop’s University and completed the High Potentials Leadership Program at Harvard University. He is a CFA charter holder since 2002.

- **Stephan Rupert**, Chief Investment Officer: Stephan Rupert is the Chief Investment Officer of CGFIM. In this capacity he is responsible for CGFIM’s portfolio construction strategy and investment execution activities.

Stephan has over 20 years of experience in infrastructure investment, asset management and operations. Prior to joining CGFIM, Stephan was Managing Director, Head of Americas, Infrastructure Investments, at PSP Investments. In this role he oversaw capital investment and asset management for the Americas and took a lead role in PSP Investments’ approach to the energy sector globally. Prior to joining PSP Investments in 2013, Stephan spent over a decade leading M&A activities in the transportation sector, and from 1997 to 2001 he worked as an engineer on several highway, railroad and water infrastructure construction projects in North America and Africa. Stephan holds a Bachelor of Civil Engineering and an MBA – both from McGill University. He is a Chartered Financial Analyst.



- **Selin Bastin**, Chief Legal Officer: Selin Bastin is the Chief Legal Officer of CGFIM. She is part of the leadership team of CGFIM and is responsible for legal and regulatory affairs, as well as governance matters. Selin also plays a key role in the structuring and execution of investment transactions.

With over 25 years' experience as a corporate lawyer, Selin has extensive expertise in mergers & acquisitions, securities law, and corporate governance. Prior to joining CGFIM, Selin was Managing Director and Divisional General Counsel at PSP Investments. Since joining PSP Investments in 2006, Selin has played an important role in PSP Investments' growth as a global pension fund investor, and in ensuring continued effectiveness in structuring and executing complex transactions. Prior to joining PSP Investments, Selin worked as a corporate lawyer at Stikeman Elliott, where she specialized in M&A. Selin holds a BCL and an LLB from McGill Law School and a Bachelor of Commerce from Concordia University.



Appendix C - Planned Results

Planned results for 2025 and Performance Criteria

Table 8 - Summary of planned results (2025)

Objectives	Measures of Success
Continue to build and amplify current market traction to deliver on CGF's mandate and capital plan	- Signing of transactions that fit with the CGF Mandate - Target capital commitment of \$2.9B
Continue to build investment capabilities and supporting frameworks and processes	- Continue building and developing the CGFIM team - Continue developing and formalize: - o Impact measurement framework - o Public reporting framework, including annual reporting
Deepen relationships with key stakeholders and proactively manage CGF's external presence and reputation	- Successful implementation of the <i>Communications Protocol</i> on the CGF Investments - Continue developing and formalize stakeholder and external affairs approach(es) covering: government entities, media outlets and other stakeholders including indigenous communities.

Table 9 - Performance criteria

Selection Criteria, Strategic Objectives and Investment Principles		Performance Criteria
Consistency with CGF Mandate	Quickly and significantly reduce emissions and contribute to achieving Canada's climate targets	1. CGF Portfolio Carbon Footprint and Financed Emissions (i.e., Portfolio-level Scope 3 (Category 15) emissions). Calculated in accordance with the Greenhouse Gas Protocol and the Partnership for Carbon Accounting Financials Standard or equivalent methodology. 2. Portfolio-level Annual Average Avoided Emissions. In-house methodology to be adopted in accordance with leading standards such as: Mission Innovation Avoided Emissions Framework.
	Scale up technologies and companies that will drive productivity, competitiveness and clean growth and jobs across new and traditional sectors of Canada's industrial base	3. Ratio of private investment (equity and debt) catalyzed due to CGF investments. Methodology under development and may include consideration of prospective and/or retrospective values. Metric will be assessed on an ongoing basis. 4. Where possible and appropriate, amount of new capital leveraged or unlocked that invests in alignment with the CGF Mandate. Methodology under development and may include consideration of prospective and/or retrospective values. Metric will be assessed on an ongoing basis. 5. Where possible and appropriate, estimated total jobs created or supported (e.g. temporary, permanent, direct and indirect) by CGF investments, over a period of time as may be determined by CGFIM. Methodology under development; reporting timeframe may vary depending on the investment context, timing and stage of development.



Capitalize on Canada's resource endowment and strengthen critical supply chains in order to secure Canada's future economic prosperity	6. CGF capital committed to major projects, clean technology and/or low carbon supply chain activities. Measurement of CGF capital includes equity, debt, contracts for difference and offtake contracts. 7. Where possible and appropriate, annual export revenue from major projects, clean technology and/or low-carbon supply chains. Methodology under development; CGFIM will endeavor to develop indicators that will demonstrate trade benefits and supply chain benefits for Canada.
Long-term benefits for Canada	8. Where possible and appropriate, number of technologies and/or patents created, supported, or maintained due to CGF investments.
Additionality	9. (identical to 3 above) Ratio of private investment (equity and debt) catalyzed due to CGF investments. Methodology under development and may include consideration of prospective and/or retrospective values. Metric will be assessed on an ongoing basis. 10. (identical to 4 above) Where possible and appropriate, amount of new capital leveraged or unlocked that invests in alignment with the CGF Mandate. Methodology under development and may include consideration of prospective and/or retrospective values. Metric will be assessed on an ongoing basis. 11. Where possible and appropriate, qualitative evidence.
Financial Soundness	12. Discussion and analysis of CGF annual financial statements, in alignment with Section 6b of the IMA.
Consistency with Environmental, Social, and Governance (ESG) Principles	13. Annual reporting in alignment with the Task-Force on Climate Related Financial Disclosures framework. 14. Where possible and appropriate, Fund-level reporting on select ESG KPIs. Precise ESG KPIs will depend on composition of CGF investment portfolio. ESG KPI framework will be structured in alignment with the Sustainability Accounting Standards Board guidance and with frameworks established under the ESG Data Convergence Initiative.



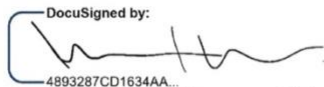
Appendix D - Chief Financial Officer Attestation

In my capacity as Chief Financial Officer of Canada Growth Fund Investment Management Inc. ("CGFIM"), CGFIM acting as the independent and exclusive investment manager of Canada Growth Fund Inc. ("CGF"), I have reviewed the corporate plan and budget and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described, and assumptions having a significant bearing on the associated financial requirements have been identified and are supported, with the following observations: Assumptions concerning CGF's business activity and the composition of its portfolio of investments are subject to significant variation due to market conditions. In turn, assumptions around total costs to operate CGF are dependent on the composition of the CGF portfolio and are, therefore, subject to variations.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed, with the following observations: Assumptions with respect to CGF's business activity and its portfolio of investments are relying on the best available information, however the nature of the markets in which CGF operates to meet its mandate, and potential portfolio concentration, entail significant uncertainties. Notably, the nature of certain derivative instruments in which CGF invests to fulfil its mandate, carry significant market risk.
3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered, with the following observations: Resource requirements are based on the assumed business activity of CGF and composition of the CGF portfolio which are subject to variation as indicated in paragraphs 1 and 2 above.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the corporate plan, with the following observations: Assumptions regarding CGF's funding are dependent on the performance of CGF's investments, the assumed business activity of CGF, related costs which are each subject to variation as indicated in paragraphs 1 and 3. These will impact CGF's annual funding requirements within its total approved funding of \$15 billion.
5. The corporate plan and budget are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the corporate plan).
6. Key financial controls are in place to support the ongoing investment activities conducted on behalf of CGF.



In my opinion, the financial information contained in this corporate plan and budget is sufficient overall to support decision making.

DocuSigned by:

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Jean-François Bureau, Chief Financial Officer of Canada Growth Fund Investment Management Inc., acting as manager for Canada Growth Fund Inc.

December 5, 2024



Appendix E - Borrowing Plan

CGF and its wholly-owned subsidiaries may provide guarantees and enter into loan commitments in support of investment commitments that CGF or its wholly-owned subsidiaries may enter into and as may be required by lenders, fund managers and investors with whom CGF and its wholly-owned subsidiaries may transact from time to time, in respect of (i) a note, bond or debenture, (ii) term preferred shares, (iii) a loan, (iv) a banker's acceptance, (v) a capital lease or (vi) a supplier credit arrangement, with an annual aggregate guarantee and loan commitments not exceeding the annual commitment amount outlined in Section 0 for a term of up to 25 years.



Appendix F - Government Priorities and Directions

Transparency and Open Government

To ensure an open and transparent approach to sourcing investment opportunities, CGF employs a dual-track approach:

- (i) **Active Outreach:** CGFIM proactively identifies and directly engages with industry stakeholders through three main approaches:
 - a. Direct outreach to companies and projects to structure and propose potential investments;
 - b. Partnering with 3rd party investors to leverage their sourcing capabilities and increase the breadth of opportunities available to CGF;
 - c. Building multi-investor coalitions to develop and deliver large, complex projects.
- (ii) **Public Process:**
 - a. CGFIM maintains a public inbox (infocgf@cgf-fcc.ca) to receive and review information directly from market participants:
 - i. The CGFIM team closely monitors the public inbox to ensure that the public maintains direct access to CGF;
 - ii. While the CGFIM team aims to review and respond to all inbound opportunities in a timely manner, it cannot guarantee that all proposals will receive a response.
 - b. CGFIM maintains a bilingual website (www.cgf-fcc.ca), including information on CGF's mandate and latest news. The content of the CGF website will be developed and will evolve over time, in line with CGF's activities.

Access to Information and Privacy

CGFIM and CGF are subject to the *Access to Information Act* and the relevant information is available on CGF's website ([link](#)).

CGFIM sets out the way it collects, uses, discloses, and otherwise manages personal information on its website at the following ([link](#).)

Information Technology and Cyber Security

PSP Investments is committed to safeguard the confidentiality, integrity and availability of the information assets under its control. PSP Investments has adopted an *Information Security Policy* that establishes general principles and requirements to ensure risks to information assets are managed in alignment with PSP Investments' vision, risk appetite and our legal, statutory, regulatory and contractual requirements.

PSP Investments' information assets (including personally identifiable information) are classified and protected based on the level of confidentiality, integrity and availability required with respect to the nature of the information asset. The information assets classification is the basis for the identification of the risks associated with the unauthorized disclosure, use, modification or loss of PSP Investments' information assets.



PSP Investments' Information Security strategy (FY22-FY26) is based on four priorities: (i) promoting a culture of ownership and responsibility for managing cyber risks; (ii) enabling PSP's digital transformation and secure cloud migration; (iii) supporting PSP in securely sharing and capitalizing on the value of information and data; and (iv) ensuring that cyber risks outside its direct control are managed. A range of risk-mitigating measures have already been implemented via this five-year plan, including a comprehensive cyber awareness program, an executive Information Security dashboard, a risk-based vulnerability management framework, and an investment cyber risk program.

Discrimination, Harassment and Workplace Violence Prevention

PSP Investments is committed to creating and maintaining a safe and healthy work environment that is free of discrimination, harassment and violence of any type, including of a sexual nature. Discrimination, harassment and workplace violence are unacceptable behaviors and will not be tolerated. PSP Investments will take reasonable measures to prevent these behaviors and to conduct a resolution process, including investigations when allegations are raised and will also implement corrective action(s) and/or disciplinary measure(s), depending on the circumstances, when a complaint is founded. PSP Investments is also committed to prevent discrimination, harassment and workplace violence by:

- Promoting the highest standards of conduct;
- Communicating and enforcing the principals contained in its *Discrimination, Harassment and Workplace Violence Prevention Policy*;
- Providing annual training on respect in the workplace and educating to ensure clarity as it relates to employee's rights and responsibilities;
- Implementing an effective and fair complaint resolution process as part of its *Discrimination, Harassment and Workplace Violence Prevention Procedure (Canada)*.

Environment, Social and Governance (ESG)

PSP Investments has a long-standing commitment to integrate material Environmental, Social and Governance (ESG) factors into its investment decision making process. CGFIM is leveraging PSP's processes and tools in its underwriting. Moreover, CGFIM is in the process of designing and piloting an Impact Measurement and Management (IMM) framework to guide and ensure the alignment of its investment process with the CGF Mandate, including on gender-based analysis plus and with respect to Indigenous communities.

Gender-Based Analysis Plus

Within this context, CGFIM is assessing how it can apply a GBA+ lens to CGFIM's operations and in executing CGF's investment mandate.

Indigenous Communities

The duty to consult is an important part of the federal government's activities, including for regulatory project approvals, licensing and authorization of permits, operational decisions, policy development, negotiations and more. CGFIM will consider CGF's duty to consult Indigenous peoples and more generally how it can collaborate with Indigenous communities and businesses in executing CGF's investment mandate.



Sustainable Development and Greening Government Operations

CGF's investment strategy is focused on unlocking important sustainability benefits for Canadians, in particular related to the decarbonization and economic outcomes associated with its investment mandate and strategy.

CGF's mandate is to build a portfolio of 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 is intended to help Canada meet national economic and climate policy goals.

Accelerate the **deployment of key technologies**, such as low-carbon hydrogen and carbon capture and sequestration ("CCS"), among others.

Reduce emissions and achieve Canada's Climate Targets.

Scale up companies that will create jobs, drive productivity and clean growth across new and traditional sectors of Canada's industrial base.

Encourage the **retention of intellectual property** in Canada.

Capitalize on Canada's abundance of natural resources and **strengthen critical supply chains** to secure Canada's future economic and environmental well-being.

CGFIM is aware of the Government of Canada's *Greening Government Strategy* and will evaluate opportunities to contribute to its objectives in the years ahead. [Forced Labour and Modern Slavery](#) Each of CGF and CGFIM has confirmed that (i) it does not produce, purchase or distribute goods, and (ii) it does not control any entities that produce, sell or distribute goods. Since CGF and CGFIM do not carry out these activities, CGF and CGFIM will not fall into the scope of the reporting obligations as a "government institution" or an as "entity".

Forced Labour and Modern Slavery Report

PSP Investments is committed to upholding high standards of corporate governance and ethical conduct. PSP Investments has been a signatory of the United Nations supported Principles for responsible Investment since August 2014. As part of PSP Investments' commitment, it is working to continuously improve its processes aimed at preventing and reducing the risks of forced labour, child labour, and other forms of modern slavery (including, but not limited to, human trafficking, slavery and servitude) in its activities and supply chains. PSP Investments has issued a report under the Fighting Against Forced Labour and Child Labor in Supply Chains Act for the fiscal year ending March 31, 2024, which can be found [here](#).

Ensuring Sound Procurement Practices

CGFIM believes that a strong procurement framework is necessary to support CGF and CGFIM's activities, further its objectives, and preserve CGFIM's and CGF's reputation. CGFIM is leveraging PSP Investments' established processes and expertise, including with respect to procurement functions.



As CGFIM establishes the CGFIM procurement policy, it is taking into account:

- The report issued by the Office of the Auditor General of Canada following its audit of the procurement of the professional services contracts.
- The reports and directives issued by the Treasury Board Secretariat, Public Services and Procurement Canada.

In addition to the above, the CGFIM procurement policy will also rely on best market practices in procurement to ensure CGF benefits from value for money from vendor relationships.



Appendix G - Compliance with Legislative and Policy Requirements

In addition to complying with the *Financial Administration Act* (to the extent applicable to it), CGF will provide CDEV with information for CDEV to comply with relevant reporting obligations. Please see the CDEV Corporate Plan for additional details.

CGF was issued a directive through Order in Council 2022-1272, and CGF remains in compliance with the said directive and the Statement of Priorities and Accountabilities issued by the Deputy Prime Minister and Minister of Finance on March 8, 2024.



Exhibit 1

Statement of Priorities and Accountabilities (March 8, 2024)

Deputy Prime Minister
and Minister of Finance



Vice-première ministre
et ministre des Finances

Ottawa, Canada K1A 0A2

2023FIN513410

March 8, 2024

Mr. Stephen Swaffield
Chair
Canada Development Investment Corporation
1240 Bay Street, Suite 302
Toronto, Ontario
M5R 2A7

Mr. Stephen Swaffield
Ms. Elizabeth Wademan
Canada Growth Fund Inc.
1240 Bay Street, Suite 302
Toronto, Ontario
M5R 2A7

Dear Mr. Swaffield and Ms. Wademan,

I am writing to you as the Minister responsible for the Canada Growth Fund (CGF), operated by Canada Growth Fund Inc. (CGF Inc.), a wholly-owned subsidiary of the Canada Development Investment Corporation (CDEV).

The CGF is a key part of the government's economic plan. From carbon pricing, to major investment tax credits, to grants and contributions programs, the government is investing in Canada's economic future. With its suite of financial tools and \$15 billion at its disposal, the CGF is uniquely positioned to help de-risk important projects and unlock investment decisions that decarbonize our economy, and, equally, create good careers for Canadians.

It is my pleasure to issue this Statement of Priorities and Accountabilities (SPA) to you pursuant to the directive issued to CGF Inc. by the Governor in Council on December 2, 2022 (P.C. 2022-1272). I am also sending this SPA to the Public Sector Pension Investment Board (PSP Investments) and its subsidiary Canada Growth Fund Investment Management Inc. (the Manager), as well as the Minister of Innovation, Science and Economic Development Canada, the Minister of Natural Resources Canada, the Minister of Environment and Climate Change Canada, and the President of the Treasury Board for awareness.

This letter outlines the Government of Canada's expectations and strategic priorities for CGF and CGF Inc.'s operations, while recognizing that the Fund is an arm's length public investment vehicle.

Investment Management Agreement and Statement of Investment Principles

On May 31, 2023, I sent you an interim SPA. This interim SPA expressed my expectation that you would begin negotiating an Investment Management Agreement (the IMA) to be entered into between CGF Inc., CDEV, PSP Investments, and the Manager. I also noted my understanding that you would work with PSP Investments to develop a Statement of Investment Principles (the SIP) to accompany the IMA. I indicated my expectation that you would consult with me on the IMA and the SIP prior to finalizing these documents with PSP Investments.

I understand you have now completed the negotiation of the IMA and the SIP. I have reviewed these documents, in consultation with the Privy Council Office (PCO) and the Treasury Board Secretariat, and agree with their content, including those provisions relating to amendments to the SIP. PCO and the Departments of Innovation, Science, and Economic Development Canada, Natural Resources Canada, and Environment and Climate Change Canada have been consulted on the SIP, to ensure CGF complements the Government of Canada's other policy tools and programs, while maintaining its operational and investment management independence.

You may now execute the IMA and put in place the SIP. Once they are in place, I expect you to send me a final copy of both documents, and to act in accordance with their terms and to take all necessary actions to deliver on CGF's strategic objectives.

Governance

As long as CGF Inc. remains a wholly owned subsidiary of CDEV subject to Part X of the *Financial Administration Act*, CGF Inc.'s board of directors (the CGF Inc. board) will be appointed by the board of its parent company, CDEV. I understand you have put together a proposal for the initial slate of directors for the CGF Inc. board, which would consist of four members, including three CDEV representatives (including the President and CEO of CDEV), as well as an independent board chair. I expect you to consult with me, as the Minister of Finance, on proposed appointments to the CGF Inc. board. Given the services to be provided to CGF Inc. by the Manager under the IMA, I understand that CGF Inc. expects to have few or no employees of its own (and that certain CDEV staff will be involved with CGF Inc. from time-to-time as necessary).

I expect the board of CDEV to set the remuneration of the independent directors and chairperson of the CGF Inc. board having regard to the standard remuneration usually provided by other corporations in the public and private sectors in accordance with the provisions of Order in Council PC-2022-1269.

The CGF Inc. board will be responsible, within its rights under the IMA and subject to the terms thereof, to oversee the Manager's compliance with the IMA and the SIP. It will also monitor how

CGF's portfolio of investments is performing under the performance criteria established pursuant to the IMA.

Moreover, the CGF Inc. board will be accountable to the Minister of Finance and the Government of Canada, Parliament, and Canadians with respect to its oversight of the Manager within the parameters of the IMA. I look forward to engaging with CGF Inc. and the Manager, alongside with my esteemed colleagues the Minister of Innovation, Science and Economic Development Canada, the Minister of Natural Resources Canada, and the Minister of Environment and Climate Change Canada through the annual meeting and reporting process described in the IMA.

Mandate

As expressed in the SIP, CGF's mandate is to build a portfolio of investments that catalyze substantial private sector investment in Canadian businesses and projects, putting Canadian businesses and workers at the forefront of the global clean economy. The purpose of this is to help transform and grow Canada's economy at speed and scale on the path to net-zero, and is intended to help Canada to meet important national economic and climate policy goals, while creating good careers for Canadians. In ensuring strategic competitiveness for Canada, the CGF's important decisions will make Canada an even more attractive market to invest in, and create careers and opportunities for Canadians for generations to come.

I expect that the Manager advances a portfolio aligned with Canada's economic plan. In particular, I expect to see over the next two years a significant advancement in transactions with a diversity of clean technology sectors, such as blue and green hydrogen, biofuels, and other technologies fundamental to achieving a net-zero electricity grid across the country, including clean and abated electricity generation. Additionally, I expect the portfolio to support the decarbonization of heavy emitters, such as the steel and cement industries.

I expect the Manager to make commercially reasonable best efforts to advance transactions in the priority sectors.

I expect the Manager to consider the *Areas of Focus* in the SIP (4. A. i-iii) in descending priority, to its best efforts and while maintaining commercial reasonableness.

Within two months of this letter's receipt, I expect the Manager to return to me with its plan to ramp up investment activities and achieve the priorities laid out in this letter and the SIP.

I expect the Manager to take into consideration that the government is interested in working in lockstep with the Growth Fund to enhance its capacity to offer Carbon Contracts for Difference (CCfDs) and offtake agreements to priority sectors, including exploring the possibility of a government backstop on certain liabilities, and additional options to accelerate the deployment of CCfDs across Canada.

I expect the Manager, in designing its CCfD and offtake agreement frameworks, to strike a balance between ensuring strong negotiating mandates for the Growth Fund and fulfilling its important role as the principal federal entity issuing CCfDs.

I expect the Manager, subject to applicable confidentiality obligations, to engage and communicate as required with those managing complementary clean growth policy tools and programs of the Government of Canada. I expect the Manager to do so while upholding its ability to make timely, independent investment decisions.

I expect the Manager to judiciously consider all financial instruments at its disposal as it negotiates investments and structures transactions, including CfDs and other forms of price assurance. The Manager's personnel has developed a unique expertise around these instruments that is valuable to the Government of Canada. I expect the Manager to continue to develop its expertise in respect of CfDs and carbon price assurance and to become a centre of excellence on CfDs, engaging with market participants and providing advice to the Government of Canada in respect of their use and design.

I commend PSP's and the Manager's efforts in putting in place a team of world-class, seasoned investment professionals to manage CGF's investments focused on achieving important economic and climate objectives. To fully realize its purpose and functions, the CGF should draw on a diverse range of talent and perspectives from across Canada as well as international best practices. This includes continued commitment to diversity of the workforce in your organization, and efforts to foster the inclusion of a broad range of voices and views in governance and decision-making. In doing so, the CGF should take into consideration Canada's gender, linguistic, cultural and regional diversity, including the unique perspectives of Indigenous Peoples.

I am confident the Manager will leverage its talent, creativity, and experience to develop CGF into a world-leading, arm's length public investment fund that delivers value and careers to Canadians, and brings positive growth to Canada's economy for generations to come. Canada is lucky to have you on board.

Once again, I wish to express my profound gratitude for your support in helping implement the Government of Canada's ambitious agenda to reduce carbon emissions, promote the diversification of Canada's economy, strengthen Canada's supply chain resilience and capacity, and continue creating good careers for Canadians.

Sincerely,

A handwritten signature in black ink, appearing to read 'C Freeland', with a stylized flourish at the end.

The Honourable Chrystia Freeland, P.C., M.P.
Deputy Prime Minister and Minister of Finance

- cc. Deborah K. Orida, President and Chief Executive Officer, PSP Investments
Patrick Charbonneau, Chief Executive Officer, Canada Growth Fund Investment
Management Inc.
The Honourable Francois-Philippe Champagne, Minister of Innovation, Science and
Economic Development Canada
The Honourable Jonathan Wilkinson, Minister of Natural Resources Canada
The Honourable Steven Guilbeault, Minister of Environment and Climate Change
Canada
The Honourable Anita Anand, President of the Treasury Board

Appendix D: CHHC 2025–2029 Corporate Plan



CHHC

CANADA HIBERNIA HOLDING CORPORATION

A wholly owned subsidiary of
Canada Development Investment Corporation

CORPORATE PLAN SUMMARY of the 2025 Corporate Plan

FOR THE YEARS 2025 – 2029

November 19, 2024

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1.0 Introduction

Canada Hibernia Holding Corporation (CHHC) is a wholly owned subsidiary of Canada Development Investment Corporation (CDEV) and was formed in 1993 for the purpose of holding and managing the Government of Canada (“Government”)’s ownership interests in the Hibernia Project, which is an oil platform and production project located 315 km offshore the Province of Newfoundland and Labrador (the “Province”).

The Hibernia Project is jointly owned and is operated by Hibernia Management and Development Company Ltd. (“HMDC”), with the management, administrative and technical staff provided under contract from ExxonMobil Corporation. While the day-to-day operations of the project are managed by ExxonMobil, all owners play an active role in decision making processes. CHHC holds an 8.5% ownership, or “working interest” (“WI”) in the Hibernia Main Field and a current 5.67% WI in the Hibernia Southern Extension Unit (“HSE Unit”). CHHC’s WI in the HSE Unit (along with all other HSE Unit Owners) is subject to future adjustment anticipated in 2031 according to the HSE Unit Agreement.

As a single asset company, CHHC’s initial funding was obtained through appropriations from the Government of Canada. Hibernia oil production commenced in November 1997, and CHHC became cash flow positive in 1998. By 2002, CHHC had repaid all appropriations, and began paying dividends to CDEV in 2003. CHHC’s operating and capital budgets are funded by internally generated cash flow from operations; it does not receive public funds to operate. CHHC is responsible for paying federal and provincial income taxes, royalties, and net profits interest (NPI) on the same basis as private sector companies.

CHHC derives its cash flow solely from the Hibernia Project. Cash flow primarily fluctuates depending on Hibernia production volumes, the price of crude oil, royalty and NPI payments, operating costs, income taxes, and major capital expenditures. Cash flow in excess of business needs is returned to the shareholder (CDEV) by way of dividends, declared at the discretion of CHHC’s Board of Directors. Dividend payments commenced in 2003 after CHHC had returned \$431 million¹ in appropriations to the Government for CHHC’s share of the project’s capital costs. By the end of 2024, CHHC forecasts to have paid cumulative dividends of \$2.64 billion, \$365 million in federal NPI and \$786 million in federal income tax.

2.0 Mandate

CHHC’s primary mandate is to manage the Government’s ownership interests in the Hibernia Project. In performing its primary mandate, CHHC is committed to ensuring that the health and safety of workers and protection of the environment are paramount in all Hibernia decisions, that the operations are in legal and regulatory compliance, that the Government’s ownership interests are protected and the value is maximized, and that decisions are made in a commercially prudent manner.

A secondary CHHC mandate is to keep the Hibernia asset in a ready state for evaluation and sale should Canada elect to divest of the asset.

¹ All financial data is in Canadian dollars unless otherwise noted.

As a commercially oriented corporation, CHHC does not have a public policy role.

3.0 Objectives for the 2025-2029 Plan

CHHC's major business objectives for 2025 are: to deliver operating and financial performance in accordance with the Corporate Plan forecasts; strengthen organizational resilience through people technology, succession planning and skills development; continue to develop climate-related reporting as well as other sustainability and ESG strategies and reporting; actively participate in all committees overseeing the Hibernia Project's strategic direction; support the operator in upcoming facility debottlenecking, platform drill rig upgrades, asset life extension activities, operating cost reduction opportunities and future resource development; through CHHC's enterprise risk management system, continue to monitor emerging and higher focus risks and implement appropriate mitigation strategies; and ensure appropriate funds are set aside for future abandonment funding, co-insurance and working capital needs.

4.0 Organization

Since its inception in 1993, CHHC has been staffed by a small team of experienced energy industry professionals. At year-end 2024, CHHC forecasts to have eight total employee positions (7.1 full-time equivalent or FTE) plus one part-time contractor. During the Plan period, CHHC anticipates seven to eight total employee positions (6.2 to 7.1 FTE) plus the same part-time contractor.

5.0 Risks

The key financial risk is volatility in oil prices, which impacts CHHC's crude oil sales revenue.

Key non-financial risks include Hibernia safety and environmental risks (such as safety incidents and oil spills), Hibernia operational and technical risks (such as fire or explosion, critical equipment failure, and drilling complexities); climate change risks; information technology and cyber security risks; and loss of key personnel.

6.0 Major Assumptions

CHHC's revenue stream is most sensitive to changes in crude oil prices, exchange rates (USD/CAD) and production volumes.

- Crude oil price and exchange rate assumptions are developed from third party forecasts including independent reserves evaluators, the futures trading market (also known as "forward strip"), and financial institutions. All of CHHC's crude oil sales are collected in U.S. dollars, whereas only a small portion of expenses are incurred in U.S. dollars.
- Production volumes (as well as operating expenses and capital expenditures) are developed from budget estimates provided by the project operators of the Hibernia Main Field and HSE Unit.

	2023 Actual	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Dated Brent Oil Price (US\$/bbl)	82.59	79.40	70.00	70.00	70.00	70.00	70.00
Hibernia Price Differential (US\$/bbl)	0.71	0.37	-	-	-	-	-
CHHC Realized Oil Price (US\$/bbl)	83.30	79.77	70.00	70.00	70.00	70.00	70.00
Exchange Rate (USD/CAD)	1.35	1.36	1.33	1.33	1.33	1.33	1.33
CHHC Realized Oil Price (C\$/bbl)	112.31	108.30	93.10	93.10	93.10	93.10	93.10
Average Daily Production – Gross (bopd)	67,978	68,800	74,800	77,000	96,700	102,100	99,900
Average Daily Production – CHHC Net Share (bopd)	5,315	5,398	5,870	5,950	7,655	8,222	7,948

7.0 Financial Section

Expected 2024 Results – Key Performance Measures

	2024 Forecast	2024 Plan	Variance	% Variance
Oil Volumes <i>(units as noted)</i>				
Production Volume – Gross Project (bopd)	68,800	76,800	(8,000)	-10%
CHHC Sales Volume (MBO/year)	1.92	2.16	(0.24)	-11%
Oil Prices <i>(units as noted)</i>				
CHHC Realized Oil Price (US\$/bbl)	\$79.77	\$78.00	\$1.77	2%
CHHC Realized Oil Price (Cdn\$/bbl)	\$108.30	\$103.74	\$4.56	4%
Financial, CHHC WI <i>(Cdn\$ millions)</i>				
Crude Oil Sales Revenue	\$209	\$225	(\$16)	-7%
Royalty and NPI Expense	\$60	\$67	(\$7)	-11%
Operating, Transportation and Marketing Expenses	\$29	\$29	-	-
Administrative Expenses	\$2.9	\$2.9	-	-
Capital Expenditures	\$29	\$32	(\$3)	-7%
Dividends	\$64	\$71	(\$7)	-10%
Net Income	\$73	\$80	(\$7)	-10%

Notes:

- bopd is barrels oil per day and MBO is millions of barrels of oil
- Forecast results for 2024 are based on eight months of actual results and four months of forecast results. Accordingly, actual full year results may differ from this forecast.

Production and sales volumes are forecast to be below Plan by 10% and 11%, respectively, due to drilling issues and resulting delays in bringing on new production.

CHHC's realized oil price in Canadian dollars is forecast to exceed Plan by 4% due to more favourable benchmark prices and exchange rates.

Crude oil sales revenue is forecast to be below Plan by 7%, due to lower sales volumes which more than offset higher oil prices. Royalty and NPI expenses are likewise forecast to be lower than Plan.

Capital expenditures are forecast to be lower than Plan due to lower expenditures on drilling and the 4D seismic program.

Dividends of \$64 million are forecast to be below the Plan amount of \$71 million due mainly to lower net crude oil revenue driven by lower sales volumes.

There was no significant variance to Plan in operating, transportation and marketing expenses and administrative expenses. Net income is forecast to be lower than Plan due to lower net crude oil revenue and higher depletion and depreciation expenses.

Expected Results – 2025-2029 Plan Period

<i>Refer to the proforma financial statements in Appendix 4 for full financial results</i>	2023 Actual	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Oil Volumes <i>(units as noted)</i>							
Average Daily Production - Gross Hibernia (bopd) % HSE Unit	67,978 24%	68,800 23%	74,800 23%	77,000 27%	96,700 21%	102,100 16%	99,900 19%
Average Daily Production - Net CHHC share (bopd)	5,315	5,398	5,870	5,950	7,655	8,222	7,948
Sales Volume (MBO/yr.)	1.80	1.92	2.14	2.17	2.79	3.00	2.90
Oil Prices <i>(units as noted)</i>							
Dated Brent (US\$/bbl)	82.59	79.40	70.00	70.00	70.00	70.00	70.00
Realized Price (US\$/bbl)	83.30	79.77	70.00	70.00	70.00	70.00	70.00
Realized Price (Cdn\$/bbl)	112.31	108.30	93.10	93.10	93.10	93.10	93.10
Exchange Rate (USD/CAD)	1.35	1.36	1.33	1.33	1.33	1.33	1.33
Financial, CHHC WI <i>(Cdn\$ millions)</i>							
Crude Oil Sales Revenue	202	209	200	202	260	279	270
Royalty and NPI Expenses	62	60	56	57	75	81	78
<i>Effective royalty + NPI rate</i>	31%	28%	28%	28%	29%	29%	29%
Operating, Transportation and Marketing Expenses	23	29	29	30	29	30	31
Administrative Expenses	3	3	3	3	3	3	3
Income Tax Expenses	28	26	26	27	37	40	37
Net Income	73	73	61	59	82	87	85
Capital Expenditures	23	29	27	24	32	36	30
Dividends	71	64	53	65	81	85	87

Notes:

- bopd is barrels oil per day and MBO is millions of barrels of oil
- Forecast results for 2024 are based on eight months of actual results and four months of forecast results. Accordingly, actual full year results may differ from this forecast.

Oil Volumes

Gross daily production volumes in 2024 are forecasted to increase by 1% to 68,800 bopd from 67,978 bopd in 2023, due to new production from the drilling program and lower downtime which offset natural production declines from existing wells. CHHC's net share of production similarly increased by 2%, to 5,398 bopd from 5,315 bopd in 2023. Sales volumes are forecast to increase by 7% to 1.92 million barrels of oil (MBO) in 2024 from 1.80 MBO in 2023, due to the increase in CHHC's production volumes combined with sales from oil in inventory. Due to lifting schedules and oil inventory balances at the platform and the NTL terminal, sales volumes typically do not match production volumes. As a simplifying assumption since lifting schedules cannot be accurately forecasted, it assumed all oil produced in years 2025-2029 is sold in the same year.

In 2025, gross daily production volumes are forecasted to increase by 9% from 2024, to 74,800 bopd, reflecting new wells brought onto production from the drilling program. CHHC's net share of production likewise increases by 9%, to 5,870 bopd. Sales volumes are forecast to increase by 12% to 2.14 MBO in 2025 from 1.92 MBO in 2024, reflecting the 9% increase in production combined with inventory balance changes associated with cargo sale timing differences.

During 2026-2029, gross daily production volumes generally increase, reflecting new wells brought onto production from a continuous drilling program during this period. Production levels in 2026 and 2029 include additional downtime associated with platform turnarounds in those years. During a turnaround, production is shutdown to perform major maintenance activities.

Oil Prices

CHHC typically sells its oil with reference to the Dated Brent benchmark price. CHHC is forecasting a 4% decrease in realized oil price in US dollars to \$79.77 USD per bbl in 2024 from \$83.30 USD per bbl in 2023. CHHC is also forecasting a 4% decrease in realized oil price in Canadian dollars, to \$108.30 per bbl in 2024 from \$112.31 per bbl in 2023, as there is no significant change in the average USD/CAD exchange rate (1.36 in 2024 vs. 1.35 in 2023).

In 2025, CHHC is forecasting a realized oil price of \$70.00 USD per bbl, which is 12% lower than the \$79.77 USD per bbl realized oil price forecast in 2024. CHHC's forecasted realized oil price in Canadian dollars of \$93.10 per bbl in 2025 is 14% lower than the \$108.30 per bbl forecast in 2024, reflecting the 12% decrease in USD realized price combined with a stronger Canadian dollar, projected to average (USD/CAD) 1.33 in 2025 compared to 1.36 in 2024.

In the 2026-2029 Plan period, CHHC is assuming a realized oil price of \$70.00 USD per bbl, a USD/CAD exchange rate of 1.33, and a realized oil price in Canadian dollars of \$93.10 per bbl. CHHC reviewed third party forecasts for oil prices and foreign exchange rates in developing its assumptions.

Crude Oil Sales Revenue, Royalties, and NPI

Crude oil sales revenue is forecast to increase by 4% to \$209 million in 2024 from \$202 million in 2023, due to a 7% increase in sales volumes partially offset by a 4% decrease in realized oil price in Canadian dollars.

In 2025, crude oil sales revenue is forecast to decrease by 5% from 2024 to \$200 million, due to a 14% decrease in realized oil prices partially offset by a 12% increase in sales volumes.

In the 2026-2029 Plan period, crude oil sales revenue fluctuates between \$202 million to \$279 million period according to changes in sales volumes, as the oil price forecast remains flat.

Royalty and NPI expenses are calculated and paid based on crude oil sales revenue net of certain cost deductions. The combined effective royalty and NPI rate declines to 28% in the 2024 forecast from 31% in 2023 due to higher cost deductions from revenue in the royalty and NPI calculations.

The combined royalty and NPI rate remain in the 28%-29% range throughout the 2025-2029 Plan period.

Operating, Transportation, and Marketing Expenses

Operating, transportation and marketing expenses are forecast to increase by \$6 million or 26% to \$29 million in 2024 from \$23 million in 2023 due to higher expenses associated with draws of oil from inventory, repairs and maintenance, R&D, and transportation and transshipment.

In 2025, and throughout the remaining 2026-2029 Plan period, annual operating, transportation and marketing expenses remain relatively consistent at between \$29 million and \$31 million per year. Platform turnarounds are scheduled for 2026 and 2029 which results in increased costs in those years. Certain costs such as insurance and carbon taxes also tend to increase over time.

Administrative Expenses

Administrative expenses are forecast to total \$3 million in 2024 and \$3 million per year in the 2025-2029 Plan period. There are no significant changes in staffing levels during the Plan period.

Income Tax Expenses

Income taxes are calculated by applying the expected statutory income tax rate for the year to taxable income. CHHC's statutory income tax rate is forecasted at 28.43% in 2024 compared to 28.48% in 2023. The tax rate reflects any known corporate tax changes enacted or substantively enacted by the Federal, Newfoundland and Labrador, and Alberta governments.

Income tax expense is forecast to decrease to \$26 million in 2024 from \$28 million in 2023 due to lower taxable income driven by higher expenses.

Income taxes are then forecast to increase or decrease over the 2025-2029 Plan period consistent with the increase or decrease in taxable income (which reflects accounting income adjusted for differences between tax deductions and accounting deductions), as the 28.43% statutory rate is assumed to apply over the 2025-2029 Plan period.

CHHC has an unrecognized deferred tax asset and therefore does not recognize deferred income tax expense.

Net Income

Net income is forecast to be \$73 million in 2024, unchanged from \$73 million in 2023. Higher revenues in 2024 are offset by higher expenses.

In 2025, net income is forecast to decline by \$12 million to \$61 million, due mainly to lower net crude oil revenue and lower interest income, as expenses are forecast to be relatively unchanged.

In the 2026-2029 Plan period, net income fluctuates between \$59 million and \$87 million per year with the most significant drivers in each year being crude oil sales revenue and expenses for royalties, NPI, operating, transportation and marketing, depletion and depreciation, and income taxes.

Capital Expenditures

<i>Cdn\$ millions</i>	2023 Actual	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Drilling capital	21	21	23	20	28	29	25
Facilities and project capital	2	8	4	4	4	7	5
Total capital expenditures	23	29	27	24	32	36	30

Capital expenditures are forecast to increase by 29% to \$29 million in 2024 from \$23 million in 2023 due mainly to higher project capital associated with the 4D seismic program.

In 2025, capital expenditures are forecast to decrease by 9% to \$27 million, due mainly to completion of the 4D seismic program in 2024 which is not repeated in 2025.

During the 2026-2029 Plan period, capital expenditures fluctuate between \$24 million and \$36 million. Approximately 80%-90% of the capital budget is allocated to drilling capital with the remainder allocated to facilities and project capital including seismic, equipment upgrades, and flowlines. The drilling capital reflects a continuous drilling program of 4 to 6 wells per year. There are no major projects planned during the 2026-2029 Plan period.

Dividends Paid to CDEV

Dividends are calculated based on cash in excess to CHHC's minimum operating cash reserve, which is forecasted at \$60 million in 2024 and throughout the 2025-2029 Plan period. Prior to making dividend payments, CHHC will consider its abandonment funding needs, other internal funding needs and the external business environment including the oil price environment.

Dividends are forecast to be \$64 million in 2024, which is lower than \$71 million paid in 2023. The 2023 dividend included \$10 million of cash from a partial drawdown of the abandonment fund. Such a drawdown was not repeated in 2024, explaining most of the variance.

In 2025, dividends are forecast to decrease to \$53 million, mainly due to lower operating cash flow as a result of lower oil prices.

Dividends are then forecast to increase throughout the 2026-2029 Plan period due mainly to the growth in sales volumes, as oil prices and most cash expenditures stay relatively flat.

8.0 Borrowing Intentions

CHHC participates in lease transactions as lessee. Per clause 10(b) of the *Crown Corporation General Regulations*, a lease is deemed to be a transaction to borrow money for purposes of Part X (Crown Corporations) of the *Financial Administration Act* if the borrowing (lease) exceeds the lesser of: (a) 5% of total assets of a Crown Corporation; and (b) \$10 million. For CHHC, the lesser amount is (b), \$10 million. At this time, CHHC does not expect any new lease in the 2025-2029 Plan period to exceed this threshold; accordingly, CHHC is not seeking approval to enter into any new threshold lease.

9.0 International Financial Reporting Standards and Financial Statements

CHHC prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), with effect from January 1, 2010.

Following are Schedules I, II and III.

Canada Hibernia Holding Corporation
Proforma Statements of Financial Position
December 31, 2023 To 2029
Cdn\$ millions

Schedule I

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Assets								
Current assets:								
Cash and cash equivalents	110.36	84.84	71.39	71.79	71.91	71.57	71.04	71.01
Trade and other receivables	24.04	20.80	14.52	18.58	6.01	6.01	6.01	6.01
Income taxes receivable	2.20	1.39	1.81	1.84	2.03	2.26	2.55	2.73
Prepaid expenses	0.33	0.30	0.33	0.33	0.33	0.33	0.33	0.33
Crude oil inventory	5.18	0.81	5.18	5.18	5.18	5.18	5.18	5.18
Total current assets	142.11	108.14	93.23	97.72	85.46	85.35	85.11	85.26
Property and equipment:								
Hibernia project facilities and wells at cost	601.63	637.91	625.89	655.82	682.95	717.95	757.62	790.97
Right-of-use lease assets	8.43	9.94	21.68	18.23	14.78	11.33	7.88	4.43
Less accumulated depletion and depreciation	(505.05)	(526.55)	(529.45)	(556.72)	(584.36)	(619.92)	(658.12)	(695.04)
Net property and equipment	105.01	121.30	118.12	117.33	113.37	109.36	107.38	100.36
Other assets:								
Other assets	0.83	-	0.83	0.83	0.73	0.63	0.53	0.43
Cash held in escrow	8.73	8.73	8.73	8.73	8.73	8.73	8.73	8.73
Abandonment and risk fund	127.42	157.53	171.33	177.03	182.82	188.79	194.95	201.32
Total other assets	136.98	166.26	180.89	186.59	192.28	198.15	204.21	210.48
	384.10	395.70	392.24	401.64	391.11	392.86	396.70	396.10
Liabilities and Shareholder's Equity								
Current liabilities:								
Trade and other payables	19.09	19.02	12.53	13.41	7.47	7.37	7.27	7.17
Total current liabilities	19.09	19.02	12.53	13.41	7.47	7.37	7.27	7.17
Other liabilities:								
Lease liabilities	9.07	10.67	22.39	18.88	15.37	11.86	8.34	4.82
Deferred income tax liability	-	-	-	-	-	-	-	-
Decommissioning liability	123.67	122.50	116.51	120.84	125.39	130.17	135.19	140.46
Total other liabilities	132.74	133.17	138.90	139.72	140.76	142.03	143.53	145.28
Shareholder's equity:								
Retained earnings	232.27	243.51	240.81	248.51	242.88	243.46	245.90	243.65
Total shareholder's equity	232.27	243.51	240.81	248.51	242.88	243.46	245.90	243.65
	384.10	395.70	392.24	401.64	391.11	392.86	396.70	396.10

Canada Hibernia Holding Corporation
Proforma Statements Of Income And Retained Earnings
Years Ended December 31, 2023 To 2029
Cdn\$ millions

Schedule II

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Revenue								
Crude oil sales	201.65	224.52	209.49	199.54	202.21	260.12	279.39	270.08
Royalty	(47.13)	(51.64)	(45.98)	(43.93)	(44.49)	(59.83)	(64.26)	(62.12)
Net profits interest	(14.48)	(15.69)	(13.62)	(11.94)	(12.13)	(15.61)	(16.76)	(16.20)
Net crude oil revenue	140.04	157.19	149.89	143.67	145.59	184.68	198.37	191.76
Interest income	12.49	11.48	12.20	8.77	8.19	8.37	8.56	8.77
Facility use and processing fee income	1.28	1.50	1.30	1.40	1.80	1.40	1.20	1.70
Total revenue	153.81	170.17	163.39	153.84	155.58	194.45	208.13	202.23
Expenses								
Field operating	18.07	22.86	23.28	23.03	23.86	22.88	24.18	25.26
Transportation and marketing	4.98	5.86	5.67	5.82	5.89	5.73	5.94	6.02
Administration	2.67	2.87	2.86	2.90	3.08	3.19	3.10	3.11
Depletion and depreciation	22.43	25.85	27.90	30.72	31.09	39.01	41.65	40.37
Accretion	3.72	3.61	4.12	4.33	4.55	4.78	5.02	5.27
Interest expense	0.39	0.43	0.40	0.40	0.40	0.40	0.40	0.40
Other	0.02	-	0.80	-	-	-	-	-
Total expenses	52.28	61.48	65.03	67.20	68.87	75.99	80.29	80.43
Net income before tax	101.53	108.69	98.36	86.64	86.71	118.46	127.84	121.80
Income taxes								
Deferred income tax	-	-	-	-	-	-	-	-
Current income tax	28.19	28.51	25.82	25.94	27.34	36.88	40.40	37.05
Total income taxes	28.19	28.51	25.82	25.94	27.34	36.88	40.40	37.05
Net income	73.34	80.18	72.54	60.70	59.37	81.58	87.44	84.75
Retained earnings:								
Beginning of year	229.93	234.33	232.27	240.81	248.51	242.88	243.46	245.90
Dividends	(71.00)	(71.00)	(64.00)	(53.00)	(65.00)	(81.00)	(85.00)	(87.00)
End of year	232.27	243.51	240.81	248.51	242.88	243.46	245.90	243.65

Canada Hibernia Holding Corporation
Proforma Statements Of Cash Flow
Years Ended December 31, 2023 To 2029
Cdn\$ millions

Schedule III

	2023	2024	2024	2025	2026	2027	2028	2029
	Actual	Plan	Forecast	Plan	Plan	Plan	Plan	Plan
Operating activities:								
Net income for the year	73.34	80.18	72.54	60.70	59.37	81.58	87.44	84.75
Depletion and depreciation	22.43	25.85	27.90	30.72	31.09	39.01	41.65	40.37
Accretion	3.72	3.61	4.12	4.33	4.55	4.78	5.02	5.27
Interest (net)	(12.10)	(11.05)	(11.80)	(8.37)	(7.79)	(7.97)	(8.16)	(8.37)
Income tax expense	28.19	28.51	25.82	25.94	27.34	36.88	40.40	37.05
Abandonment activities	(3.67)	(5.16)	(6.16)	(3.12)	(3.58)	(3.40)	(3.83)	(3.57)
Income taxes paid	(28.70)	(28.75)	(25.43)	(25.97)	(27.53)	(37.11)	(40.69)	(37.23)
Changes in non-cash working capital	1.07	9.53	2.96	(3.18)	6.73	-	-	-
Cash from operating activities	84.28	102.72	89.95	81.05	90.18	113.77	121.83	118.27
Investing activities:								
Hibernia capital expenditures	(22.76)	(31.64)	(29.38)	(26.81)	(23.55)	(31.60)	(35.84)	(29.78)
Interest received	12.49	11.48	12.20	8.77	8.19	8.37	8.56	8.77
Cash held in escrow	-	-	-	-	-	-	-	-
Abandonment and risk fund	48.97	16.89	(43.91)	(5.70)	(5.79)	(5.97)	(6.16)	(6.37)
Changes in non-cash working capital	(0.07)	-	-	-	-	-	-	-
Cash used in investing activities	38.63	(3.27)	(61.09)	(23.74)	(21.15)	(29.20)	(33.44)	(27.38)
Financing activities:								
Payment of lease liabilities	(3.63)	(3.64)	(3.83)	(3.91)	(3.91)	(3.91)	(3.92)	(3.92)
Dividends paid to CDEV	(71.00)	(71.00)	(64.00)	(53.00)	(65.00)	(81.00)	(85.00)	(87.00)
Cash used in financing activities	(74.63)	(74.64)	(67.83)	(56.91)	(68.91)	(84.91)	(88.92)	(90.92)
Change in cash	48.28	24.81	(38.97)	0.40	0.12	(0.34)	(0.53)	(0.03)
Cash, beginning of year	62.08	60.03	110.36	71.39	71.79	71.91	71.57	71.04
Cash, end of year	110.36	84.84	71.39	71.79	71.91	71.57	71.04	71.01

Appendix E: TMC 2025–2029 Corporate Plan



APPENDIX E

The Canada Development Investment Corporation (CDEV) 2025 - 2029 Corporate Plan was approved by the Treasury Board. The TMC Corporate Plan was included in this Plan. The following Summary of the 2025 - 2029 Corporate Plan of TMC was prepared in accordance with section 125 of the Financial Administration Act (FAA), in order to provide information on the business activities and decisions of Crown corporations. Summaries of TMC Plan have been submitted in order to accurately reflect the corporate plan that was approved by the Treasury Board. Information that may be commercially detrimental to CDEV's or TMC's operations have not been included within this Summary, pursuant to section 153(1) of the FAA.



TRANS MOUNTAIN CORPORATION

A wholly owned subsidiary of

Canada Development Investment Corporation

2025 to 2029 CORPORATE PLAN SUMMARY

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Corporate Mandate

Vision:

Be a leader in delivering safe and reliable Canadian energy to the world in partnership with Indigenous communities.

Mandate: Trans Mountain Corporation's mandate is to operate, optimize and grow the Trans Mountain and Puget Sound Pipelines in a commercially viable manner. We will operate our pipeline system and be a leader in sustainable development practices in partnership with Indigenous communities and our customers.

TMC does not have a direct public policy role, other than to operate in compliance with applicable laws, rules and regulations and to ensure the business is managed in a commercial manner in accordance with environmental standards and expectations.

In fulfilling its mandate, TMC is committed to:

- Operating our assets safely to protect the public, our employees and the environment.
- Operating our assets in compliance with all applicable legal requirements.
- Employing sustainable business practices.
- Conducting our business ethically, honestly, responsibly and with integrity.
- Cooperating with the communities we operate in and building and sustaining productive relationships based on mutual respect and trust.
- Providing a respectful and rewarding work environment for our employees and contractors.
- To advance economic reconciliation with Indigenous communities by working with Indigenous communities to ensure we achieve our commitments, manage impacts of our business on traditional territories and provide economic opportunities.

Strategic Plan

TMC management will be focused on a strategy of optimization and harvest for the next three to five years:

- Ensuring just and reasonable tolls are approved for the expanded pipeline system;
- Refinance floating rate debt at a lower rate and with a sustainable capital structure;
- Advancing commercially justified opportunities that encourage full utilization of the pipeline system;
- Working in collaboration with government to complete Indigenous Economic Participation (IEP) in Trans Mountain; and
- Ensuring that all actions allow for a successful transition of TMC to the private sector at an appropriate time.

Performance Goals and Objectives

TMC's performance goals for the next five years include:

- Maintain safe, compliant, and commercially viable operation of the Trans Mountain Pipeline System.
- Maintain an ethical and respectful Corporate reputation.
- Maintain an inclusive, diverse and accessible workplace.
- Re-capitalize the enterprise to target financial metrics that align with an investment grade credit rating and lower TMC's cost of funding.
- Obtain approval of Final Tolls for the expanded pipeline system in alignment with the approved RH-001-2012 Toll Methodology.
- Generate earnings before interest, taxes and depreciation of \$2.2 billion in the first full year of operation of the expanded pipeline system and growing to over \$2.8 billion by 2029.
- Advance potential optimization and/or expansion opportunities to increase the value of the Trans Mountain Pipeline System.
- Implement a plan to achieve net-zero scope one and scope two emissions by 2050 in alignment with the *Canadian Net-Zero Emissions Accountability Act*.
- Advance Economic Reconciliation with Indigenous communities and create more opportunities for long term benefits through employment, contracting, and the potential to partner with Indigenous communities on future projects.



Financial Update

TMC prepares its financial statements in accordance with United States Generally Accepted Accounting Principles (US GAAP) and incorporates the requirements of *Accounting Standards Codification Topic 980 – Regulated Operations* (ASC 980). As such, TMC recognizes certain revenues, expenses, regulatory assets and liabilities to reflect the economic effects of rate regulation. Recognition of these items may differ from that otherwise expected under US GAAP applicable to non-regulated businesses. TMC is taxable under a regulation of the *Income Tax Act*.

We note that in the CDEV Plan all financial results are converted to International Financial Reporting Standards (IFRS) which is the framework under which CDEV reports to the government. In the CDEV Plan, the TMC financial figures have been converted to IFRS.

2024 Forecast

2024 is a transitional year for Trans Mountain. In the first quarter of 2024, the TMPL system transported approximately 332,000 bpd, with approximately 236,000 bpd moving on the Puget system into Washington State. After the commencement of service in May 2024, the TMPL system throughput is expected to ramp up from 707,500 bpd to over 740,000 bpd by the end of 2024.

Tolls for transporting crude oil and refined products are based on the currently approved preliminary interim tolls, with a benchmark fixed toll of \$10.88/bbl. The final fixed toll, based on estimated as-built costs, is expected to be approximately \$0.50/bbl higher on a per barrel basis compared to the preliminary interim tolls approved by the Canada Energy Regulator (CER). Tolls are currently under review in a process before the CER. A decision on Trans Mountain's interim tolls is not expected before the second half of 2025.

TMC operating income before depreciation (EBITDA) increased from approximately \$15 million per month for the period up to the commencement date jumping to \$100 million for the month of May, \$173 million for the month of June and is forecast at \$180 million per month for the remaining months resulting in a forecasted annual EBITDA of \$1.3 billion. The forecast is \$0.2 billion lower than the 2024 budget due to lower delivered volumes in the month of May (\$0.1 billion) and lower tolls than anticipated (\$0.1 billion).

Capital spending for 2024 of approximately \$103 million includes costs for completion of a contiguous fiber optic network for the pipeline system, natural hazard remediation projects, technology related projects, non-routine business readiness projects and projects to maintain the pipeline system in a safe and reliable operating condition.

The final As-Built cost of the expansion project is forecast at \$34.5 billion including financial carrying costs of \$5.15 billion. The final As-Built cost of the expansion will not be known with certainty until project close out activities are complete including the settlement of any claims matters, however, the forecast of \$34.5 billion continues to be in the range of expectations presented in the prior Plan of \$34.2 billion to \$34.5 billion.

At the end of 2024, \$34.0 billion of the \$34.5 billion As-Built cost of the expansion project is forecast to be incurred with the remaining \$0.5 billion to be spent in the first half of 2025 on project close out activities.

The forecast spending for 2024 of \$1.6 billion, which excludes financial carrying costs (AFUDC) of \$0.8 billion, is \$0.3 billion lower than the prior Plan of \$1.9 billion. The 2024 spending was for the completion of construction and restoring lands and rights of way post-construction and other activities associated with the project's completion.

2025 Annual Plan

In 2025, the TMPL system is expected to transport an annual average of approximately 750,000 bpd, with 707,500 bpd of committed throughput and 42,500 bpd of uncommitted throughput. 240,000 bpd is expected to be transported on the Puget system into Washington State. Revenue from transportation service is expected to approximate \$2.9 billion which reflects an expected gradual ramp up of uncommitted transportation service from 23,000 bpd to 62,000 bpd over the course of 2025.

Tolls for transporting crude oil and refined products are based on the currently approved preliminary interim tolls, with a benchmark fixed toll of \$10.88/bbl. The final fixed toll, based on estimated as-built costs, is expected to be approximately \$0.50/bbl higher on a per barrel basis compared to the preliminary interim tolls approved by the Canada Energy Regulator (CER). Tolls are currently under review in a process before the CER. A decision on Trans Mountain's interim tolls is not expected before the second half of 2025.

Pipeline operating costs are expected to total approximately \$389 million which includes \$137 million of pass-through costs that are recovered in the variable toll as well as \$252 million of other operating costs. Highlights of the \$137 million of pass-through costs include \$95 million of power costs, \$37 million of community payments, and \$5 million of fibre optic leak detection costs. Highlights of the remaining \$252 million of operating costs include \$118 million of integrity and routine operating expenses, \$78 million for risk management activities including insurance, environmental protection, safety, security and emergency response, \$25 million for provincial payments related to an agreement with BC, \$22 million of land and rights of way costs, and \$9 million for CER cost recovery.

Depreciation and amortization expense of \$899 million reflect the full year depreciation of the expanded pipeline system assets at existing depreciation rates. In October 2024, Trans Mountain filed a depreciation study for the expanded pipeline system for approval by the CER.

Salaries, wages, and benefits, net of allocations to capital, are expected to total approximately \$181 million. This represents base salaries, overtime, shift premiums, short and long-term incentives, and medical and pension benefits for a planned employee complement of 825. Approximately \$12 million of salaries, wages and benefits cost will be allocated to capital projects in 2025.

Taxes other than income taxes of \$80 million reflects the inclusion of the expanded pipeline system assets.



Administrative costs, net of allocations to capital, of \$92 million includes transitional/non-routine items of approximately \$35 million including \$16 million of third-party costs (contractors and advisors) to support the toll hearing process, \$6 million for project development, \$6 million for third party costs associated with financing and preparation for change in ownership, and \$6 million in external legal support. Approximately \$6 million of administrative costs will be allocated to capital projects in 2025.

Capital spending in 2025 is expected to total approximately \$685 million, including \$160 million for natural hazard mitigation; technology infrastructure and applications; pipeline system efficiency and reliability; growth and connectivity; and safety, security, and emergency response related projects and the remaining \$525 million for post construction related matters associated with the pipeline expansion including restoring lands and rights of way post-construction, road access and contractual and administrative close out. The \$525 million does not include an estimate of costs recovered due to claims matters.

The capital program of \$160 million includes approximately \$47 million to address natural hazard mitigation and preserve pipeline system integrity; approximately \$16 million for pipeline abandonment activities (subsequently recovered from pipeline reclamation fund); approximately \$42 million to address compliance items and facility integrity being primarily tank requirements; approximately \$22 million to improve reliability of the system; \$19 million for technology (applications and hardware) and communication; \$5 million for security (physical and cyber), and \$9 million for safety, emergency response and environmental related projects.



2026 through 2029

Transportation revenue will increase as uncommitted capacity utilization ramps up to 96% by 2028.

	2026	2027	2028	2029
Annual Throughput (bpd)	782,000	819,000	851,500	851,500
Capacity Utilization	89%	92%	96%	96%

TMC estimates annual EBITDA of the expanded pipeline system will be more than \$2.4 billion in 2026 growing annually thereafter to \$2.8 billion by 2029.

Tolls in the forecast period reflect the as-filed preliminary interim tolls escalated for inflation. These tolls are approximately \$0.50 per barrel lower than expected final tolls to be filed by TMC. The preliminary interim tolls are currently under review by the CER, the final tolls will likely be the subject of a future CER proceeding.

TMC continues to look for opportunities to leverage, optimize and expand which may include enhancements to Puget system deliverability, leveraging our pipeline system rights-of-way and communication systems, and construction-related greenhouse gas offsetting efforts. However, the long term financial impact of these opportunities, including major projects capital expenditures and cash flow once in-service, is not reflected in this corporate plan.

Appendix 2 provides the Proforma Financial Statements for the 2025 – 2029 Corporate Plan.

Borrowing Plan

Historical Information

In 2018, TMC borrowed \$2.5 billion to finance the acquisition of Trans Mountain. The associated acquisition facility is fully drawn and remains outstanding.

Until Q1 2022, TMP Finance funded the expansion project with a government construction facility provided by EDC. As of April 2022, TMC had borrowed \$10.3 billion, net of repayment of \$1.6 billion, through a funding agreement with Canada TMP Finance Ltd. Funding was provided under this agreement as 55% debt funding and 45% equity funding. In 2022, amendments were made to the funding agreement whereby unpaid interest and commitment fees are to be added to the principal amount of the debt on a semi-annual basis. Debt outstanding to TMP Finance under the construction facility will remain outstanding and matures August 2027.

The TMP Finance facilities (acquisition and construction) incur interest at a rate of 5%.

On April 29, 2022, TMC entered into a senior unsecured revolving facility with a syndicate of lenders (the "Syndicated Facility"). The Syndicated Facility includes a guarantee provided by the Government of Canada.

On March 24, 2023, the Corporation amended and restated the Syndicated Credit Agreement to include a letter of credit facility ("LC Facility") for \$100 million and to amend the Syndicated Facility. The Syndicated Facility was amended to a senior unsecured Equator Principles 4 ("EP4") compliant revolving facility. EP4 is a risk management framework adopted by financial institutions for identifying, assessing, and managing environmental and social risks for large infrastructure projects.

On May 17, 2024, the combined available credit under the two facilities was increased to \$19 billion of which \$18.9 billion relates to the Syndicated Facility and \$0.1 billion to the LC Facility. On June 30, 2024, \$17.8 billion was drawn against this facility. The facilities under the Syndicated Credit Agreement mature August 31, 2026. There are no other required payments on the borrowings under the Credit Agreement until maturity.

The Government of Canada has provided TMC with a guarantee in relation to its Syndicated Facility. In exchange for this guarantee, TMC pays a fee of 0.25% on the amount drawn against the facility.

Financing

The capital expenditures for the expansion project were financed with a combination of debt from TMP Finance and borrowings on the Syndicated Facility, and equity contributed from TMP Finance. As of September 30, 2024, the total debt outstanding was \$26.2 billion and the equity balance was \$8.4 billion. As a result, common financial measures such as debt to capitalization, debt to EBITDA and other measures are less favourable relative to other pipeline companies.

After the commencement of commercial service of the expanded pipeline system, TMC has assumed surplus cash flow will be used to repay debt and/or pay distributions to the owner by

way of dividends or share purchases in accordance with the Distribution Policy adopted between TMC and TMP Finance. A re-financing will recapitalize TMC with a customary capital structure with government financing, lower the overall cost of capital and include:

- Replace the EP4 Bank Facility with \$18.5 billion of Government Loans. The proceeds from the Government Loans to be contributed by TMP Finance to TMC as a capital contribution (equity) of \$15 billion and a \$3.5 billion loan on similar terms to the existing TMP Finance loans.
- Implement a \$0.5 billion working capital facility to provide operational and cash management flexibility.
- Implement a \$0.1 billion letter of credit facility with a third party bank to allow for the issuance of letters of credit for ongoing business needs.

Initial steps for Indigenous participation in the ownership of TMC are being sought in the planning period, however, it is not possible at this time to calculate the impact of ownership on the financial information given it could be structured in many ways. This matter is expected to be reflected in the financial information of future corporate plans or amendments of the 2025 Corporate Plan.

Appendix 3 provides details on the financing alternatives as well as the 2025 to 2029 Borrowing Plan Tables

Risks

TMC is subject to risks which could result in additional costs, impacts to operations, and/or reputational damage including but not limited to:

- Changes in market conditions, commodity prices, inflation rates, interest rates, foreign exchange rates, the political environment, widespread epidemics or pandemics, and economic conditions in Canada and globally.
- Cyber security and/or confidentiality breach that results in impacts to operations or reputational damage.
- Major incident that impacts the safety of the public, employees and the protection of the environment resulting from operations or third-party damage.
- Natural hazards and environmental events that have impacts on operations.
- Unfavorable regulatory decisions involving rates for service on the expanded pipeline system.
- Ability to repay and/or re-finance debt on terms acceptable to Trans Mountain.
- Regulatory and legal decisions and outcomes, and potential changes in laws and regulations that result in impacts to operations, supply of, or demand for, crude oil and refined petroleum products.
- Failure of controls for contractor oversight that result in impacts to operations.
- Failure of controls that result in violations of law, fraud or increased cost.
- Performance and credit risk of our counterparties.
- Attracting and retaining a suitably skilled workforce.
- Demonstrations or protests that result in impacts to operations.

TMC manages these risks through a combination of policies and procedures, operational monitoring and maintenance activities, insurance and other contractual arrangements, and consultation with internal and external experts.

Market Analysis

Trans Mountain's perspectives on Global and regional crude oil markets are informed by studies prepared by recognized third-party experts, including Canadian centered sources such as the CER, international banks, and the Canadian Association of Petroleum Producers (CAPP). Recognized third-party experts are also engaged, which supplement Trans Mountain's own internal perspectives, to evaluate Trans Mountain's competitive position in its markets.

Over the long-term, TMC expects that growth in crude oil supply coupled with reductions in Canadian domestic petroleum demand will increase the need for export of Canadian crude oil to global markets. Historically the US has been the primary customer for oil exports from Canada. As the US transitions its own economy, demands from the US are likely to decline and this will result in greater demand for export to non-US markets through either the Trans Mountain Pipeline System or competing pipelines with access to the US Gulf Coast ports. Asian markets are expected to be a key destination in the future for Canadian crude oil. Export via our Westridge facility is expected to be logistically attractive and lower cost than the other options for Canadian producers seeking to access the markets of the Pacific Rim via export facilities in the US Gulf Coast.

Trans Mountain may be impacted by climate change policies and decreases in oil demand resulting from refinery closures. Trans Mountain has an inherent advantage as the only Canadian pipeline that provides Canadian crude oil producers with access to the growing and higher-priced Asia Pacific market. In addition, the expansion project resulted in a significant increase in the capacity of the Westridge Marine Terminal which allows Canadian energy to reach emerging markets in the Pacific Rim where demand is forecasted to rise providing greater options for Canadian oil producers to receive world prices for their product. Using a crude oil price forecast that is reflective of current and expected pricing relationships and emerging environmental policies that are responsive to climate change, after a ramp up period the Trans Mountain Pipeline System is projected to be highly utilized for the foreseeable future.

Crude oil supply, demand, and competitive market studies are updated on a periodic basis. This work will support strategic initiatives underway for TMC and its eventual return to the private sector. Market work continues to support expectations of a highly utilized pipeline system for the entire planning horizon and beyond. Transportation costs to markets are competitive relative to other pipeline and tanker routes to Pacific rim markets.

Business Overview

The Trans Mountain Pipeline System is comprised of the Trans Mountain Pipeline being the portion of the pipeline system located in Canada, and the Puget Sound Pipeline being the portion of the pipeline system located in the United States.

Customers

The Trans Mountain Pipeline System offers both contract and uncommitted transportation services to our shippers. Trans Mountain shippers, who are a mix of integrated oil companies and oil producers, refiners and marketers, nominate refined petroleum products and a variety of heavy and light crude petroleum products all originating from Edmonton to delivery points in Washington State and British Columbia. The Puget Sound Pipeline serves four connected Washington State refineries; two at Anacortes and two at Ferndale.

Trans Mountain Pipeline

TMP ULC is the general partner of TMP LP and holder of the Certificates of Public Convenience and Necessity issued for the operation of the Trans Mountain Pipeline. TMP LP owns the assets that comprise the Trans Mountain Pipeline. The Trans Mountain Pipeline ("TMPL") is approximately 1,150 kilometers long, beginning in Edmonton, Alberta and terminating in Burnaby, British Columbia. The pipeline consists of line 1 which primarily transports light crude oil and refined products and line 2 which primarily transports heavy crude oil. Thirty-five active electrically powered pump stations and four terminals located in Edmonton, Kamloops, Sumas and Burnaby, along with the Westridge Marine Terminal, facilitate movements on the system. The system includes tanks with a total capacity of over 12 million barrels, mainly at Edmonton and Burnaby. The remaining capacity is at Kamloops, Sumas, and the Westridge Marine Terminal. The 39 tanks at Edmonton are made up of 26 tanks to serve TMPL's pipeline transportation service, and 13 of which are leased to a third party. Under certain conditions, Trans Mountain has the ability to recall these tanks for use in its regulated pipeline transportation service.

TMPL is a common carrier pipeline that provides committed and uncommitted transportation service subject to terms and conditions of published tariffs. Trans Mountain must accept all products offered to it for transportation. When the demand for transportation services exceeds the available pipeline capacity, Trans Mountain prorates (or apportions) the capacity to accommodate shippers. Transportation service on the pipeline is governed by a tariff, and rules and regulations for service, as approved by the CER.

After the commencement of commercial service there was a fundamental shift in the revenue model and toll design for transportation services on the expanded pipeline system whereby the first-year toll is established based on the requirements set out in the Transportation Service Agreements (TSA) with contracted shippers. The TSAs set out each shippers' commitment based on the transportation service requirements agreed to which include the monthly volume commitment, the delivery destination and the crude type (light or heavy).

The toll is comprised of two components, the fixed component and the variable component. The fixed component of the toll is the amount that a contracted shipper must pay based on their respective monthly volume commitment. The variable component of the toll is comprised of costs, such as power, that are collected from shippers based on use of the pipeline. The power costs are recovered in the variable component of the toll whereas nearly all other operating costs are captured in the fixed component of the toll.

Approximately 80% of the 890,000 barrel per day capacity has been contracted with shippers with 93% for a 20-year period. Most shippers have investment grade or near investment grade credit ratings. Shippers receive discounts when they commit to the 20-year contract period (10% toll discount) and/or larger volumes (7.5% toll discount).

The fixed toll component will be adjusted at agreed to milestones based on changes in certain uncapped costs (i.e., passed on to the shipper) at a rate of \$0.07 per barrel /\$100 million of uncapped costs. The uncapped cost categories include:

- 1) Land and right of way acquisition costs for spread 7 (Lower Mainland BC).
- 2) Acquisition of pipe material.
- 3) Pipeline construction of Spread 5B (mountainous terrain).
- 4) Pipeline construction of Spread 7 (lower mainland) including the tunnel through Burnaby Mountain.
- 5) Indigenous accommodation costs payable up to and including the in-service date.
- 6) Community investment agreements.

The remaining project costs fall in the capped cost category and these costs are recovered through the base toll agreed to in 2017. The fixed component of the tolls that are set for the first year of transportation service on the expanded system are escalated annually by 2.5% over the terms of the contracts without any link to broad economic inflation measures.

As part of the commercial negotiations it was agreed that 50% of the spot revenue generated by volumes transported in excess of 85% of pipeline capacity would be shared with shippers. The shippers sharing amount will be returned to shippers as a credit to the variable component of the toll. In addition, Trans Mountain also negotiated an agreement with the Province of British Columbia that Trans Mountain will share a minimum of \$0.5 billion to a maximum of \$1.0 billion, depending on spot volume, over 20 years with the Province. The sharing mechanism is part of the terms of the shipper contracts and the contract with BC both of which were executed well before the acquisition of Trans Mountain by the Government of Canada.

The variable component of the toll includes flow through cost items which will be reconciled annually. The costs to be passed through in the variable toll include:

- Power costs.
- Pipeline abandonment costs.
- Shipper share of uncommitted spot revenue, if applicable.
- Indigenous accommodations cost payable after the commencement of service.
- Greenhouse gas emission – construction related offsets.
- Other costs as allowed in the contract.

On June 1, 2023, Trans Mountain filed an application for Interim Commencement Date Tolls with the CER. In August 2023, the CER announced a bifurcation of the regulatory process for consideration of the applied for tolls into a Phase 1 and Phase 2 to (1) ensure that Trans Mountain has (in advance of Commencement Date) a CER approved toll that it can charge to shippers for transportation service and (ii) provide for further examination of the applied for tolls. On November 30, 2023, Trans Mountain received a decision from the CER on Phase 1 that approved the Interim Commencement Date Tolls (preliminary interim tolls). The Phase 2 process is more extensive than phase 1 including the submission of additional written evidence, 2 rounds of information requests and will conclude with oral examination in the late spring/early summer 2025. The final tolls for the expanded pipeline system will conclude after the interim toll decision.

As a rate-regulated entity applying the rate-regulated accounting provisions of US GAAP, TMP LP may capitalize certain items that a non-rate regulated entity cannot. Of note, AFUDC is an amount recognized by rate-regulated entities to reflect a return on the equity and debt components of capital invested in construction work in progress. AFUDC is calculated using regulator approved rates of return for debt and equity and capitalized to relevant construction projects (added to rate base), with an offsetting amount recognized in earnings. Costs related to these amounts are recovered through future tolls once the relevant assets are fully constructed and put into service. AFUDC is applied to all TMP LP capital projects meeting certain cost and duration criteria.

Tank Leases

In 2024, TMP LP will lease 13 tanks at Edmonton to a third party. The lease terms are designed to provide TMP LP with a return on invested capital and a recovery on operating costs. In anticipation of increased tank requirements to support the expanded pipeline operation TMP LP recalled two tanks from the lease arrangement.

Puget Sound Pipeline

In operation since 1954, the Puget Sound Pipeline (Puget) transports crude oil from the Canada-US border near the Sumas Terminal to Washington State refineries in Anacortes and Ferndale.

Puget is approximately 111 kilometers long, with one pump station and two tanks to facilitate movements on the pipeline system. The pipeline has total throughput capacity of approximately 240,000 bpd when transporting primarily light oil.

Puget is also a common carrier pipeline and is regulated by the Federal Energy Regulatory Commission (FERC) for financial matters, and by the United States Department of Transportation (USDOT) for the safety and integrity of its assets.

Trans Mountain Canada Inc.

Incorporated in 2002, TMCI employs the personnel that operate and maintain TMPL and provide certain support services and oversight to Puget. TMCI is headquartered in Calgary, Alberta. Trans Mountain Canada Inc. is the entity that employs Trans Mountain personnel and delivers services to the operating entities and capital projects through a shared service model.

Environment, Social and Governance

We published our annual Environment, Social and Governance (ESG) report in June 2024 sharing our ESG performance for 2023 and describing the practices below in more detail.

Environment

We have a robust and proactive asset integrity program that includes inline inspections, periodic aerial patrol, integrity digs and a control centre that monitors pipeline operations 24/7. We are installing new technology that places a fibre optic cable along the pipe and can help pinpoint the location of a suspected leak. In case of an incident, we use the internationally recognized Incident Command System to manage our emergency response. We have emergency response plans and an inventory of emergency response equipment, covering the pipeline, pump stations and the Westridge Marine Terminal.

For the execution of the expansion project, we used a variety of leading-edge environmental practices and technologies. We have evaluated and sought to minimize the impacts on land, water and air of construction activities, including considerations of Indigenous traditional knowledge and heritage resources in order to protect areas of cultural significance. Construction of the expansion project generated emissions principally from vehicle and equipment movements. As part of our regulatory approvals, we have committed to offset these construction-related emissions. The estimated financial obligation associated with the construction-related offsets is approximately \$55 million. This obligation will be recovered from shippers through a variable toll over time.

In 2022, TMC published a Scope 1 and Scope 2 emissions reduction plan. We have evaluated climate-related physical and transition risks and opportunities (i.e., risks related to the transition to a low carbon economy) and will continue to refine our work as new information becomes available.

Social

In alignment with the mandate to operate in a manner consistent with Canada's commitment to advance economic reconciliation with Indigenous peoples, we endeavor to identify areas where we can maximize opportunities and participation for Indigenous communities within our area of operation. We also strive to leave a positive legacy that endures beyond the expansion project. We seek to meaningfully engage with Indigenous communities, tailoring our engagement to respect each community's diverse needs, governance principles and protocols. We have built and maintained relationships with landowners along the existing pipeline route. We value these continued interactions and know that every day the safe operation of our pipeline is dependent on these relationships. Our key objective is to treat each landowner fairly and equitably. In addition, we invest in the communities where we operate to foster economic and social wellbeing with our aim being to leave positive legacy impacts in surrounding communities.

We strive for an inclusive, diverse and accessible workplace that is supportive of all employees and contractors. We believe that diverse viewpoints and cultural knowledge enrich our organization's collective cultural understanding, build trust, reduce turnover, improve innovation, and create positive environment where our people can thrive. As a federally regulated company,

we comply with the *Employment Equity Act* and engage in proactive employment practices to increase the representation of designated groups.

We care and focus on the safety and wellbeing of our people, for others in the community, and for the environment. This is why we have stringent safety regulations and practices, high expectations of our contractors, and are always working to improve our safety practices.

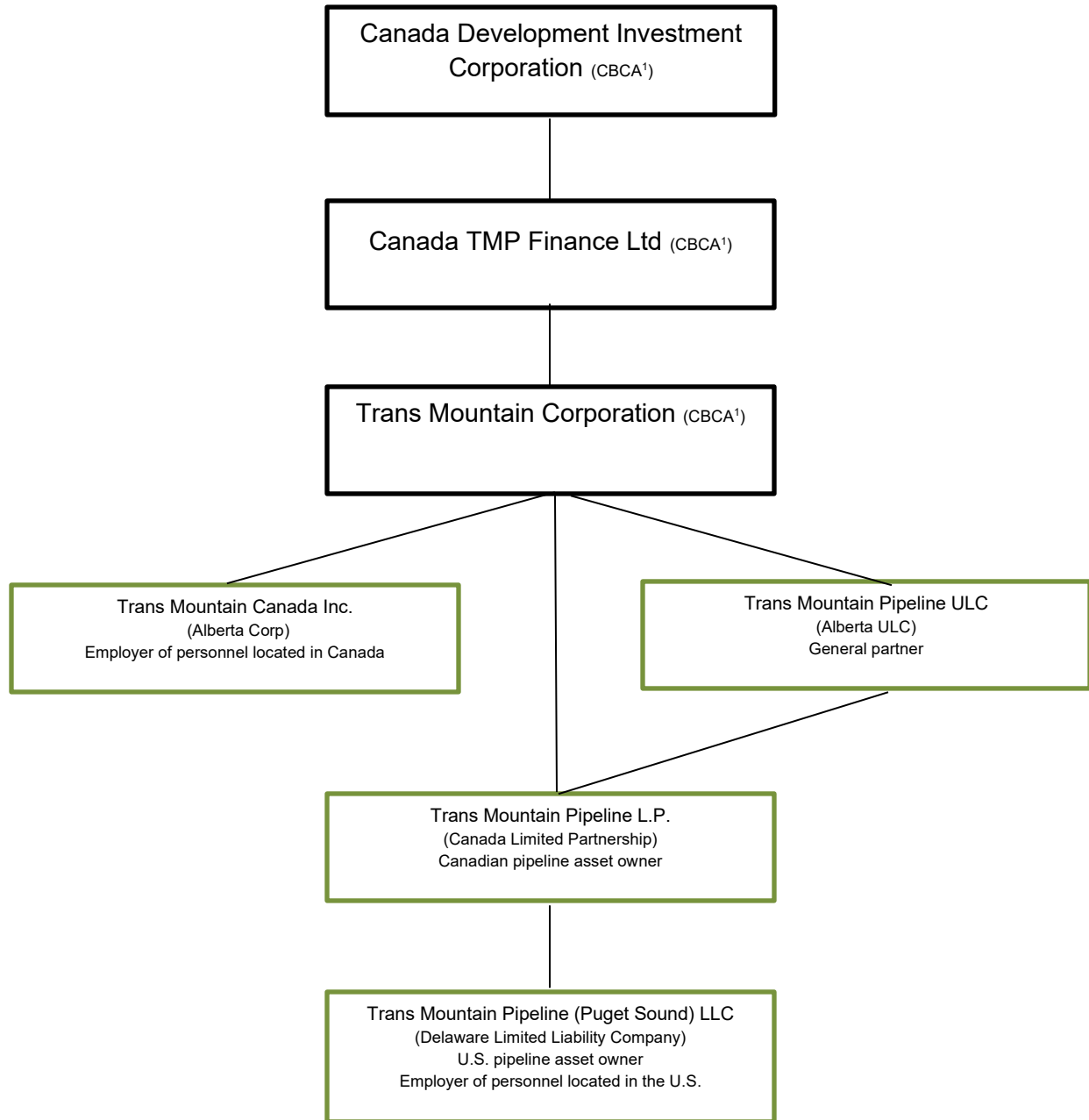
Governance

TMC is managed by a Calgary-based team of experienced executives, led by the President and CEO, who reports to the Board of Directors. The Board has broad authority for corporate governance, strategy, and nominates several committees to oversee specific specialized areas. These include the Human Resources, Compensation, Nominating and Governance Committee, which monitors and approves executive compensation; the Audit and Finance Committee, which appoints the joint external auditors and has oversight over financial reporting and accounting matters; the Environmental, Health and Safety, and Indigenous Relations Committee; which maintains oversight over environmental protection, health and safety and Indigenous matters, and the Capital Project Oversight Committee; which oversees major projects execution.

Appendix 1: Corporate Profile and Governance

Trans Mountain Corporation (“TMC”) was created as a subsidiary of Canada TMP Finance Ltd (“TMP Finance”). TMP Finance is a subsidiary of Canada Development Investment Corporation (“CDEV”). On August 31, 2018, in accordance with the Share and Unit Purchase Agreement between the Government of Canada and Kinder Morgan, TMC purchased four entities: Trans Mountain Pipeline Limited Partnership (“TMP LP”) and its wholly owned subsidiary Trans Mountain Pipeline (Puget Sound) LLC (“Puget”), Trans Mountain Pipeline ULC (“TMP ULC”), and Trans Mountain Canada Inc. (“TMCI”). Together these four entities are “Trans Mountain”. These entities own and manage the Trans Mountain Pipeline System. In April 2022, the Governor General in Council issued a proclamation that changed Trans Mountain Corporation’s status to a non-agent Crown corporation, allowing Trans Mountain to borrow from parties other than the Government of Canada.

The diagram below illustrates the TMC corporate structure.



1. Canada Business Corporations Act

As of November 1, 2024 the composition of the TMC Board of Directors and Committees is as follows:

Board of Directors

Dawn Farrell (Chair)
Brian Ferguson (Lead Director)
Mark Maki (CEO)
Harold Calla
Carol Anne Hilton
Patricia Koval
H. Stanley Marshall
Chris Forbes
Sandra Stash
Elizabeth Wademan

Audit and Finance Committee

Brian Ferguson (Chair)
Harold Calla
Patricia Koval
Chris Forbes

Environmental, Health, Safety and Indigenous Relations Committee (EHIR)

Sandra Stash (Chair)
Brian Ferguson

Human Resources, Compensation, Nominating and Governance (HRCNG)

Patricia Koval (Chair)
Brian Ferguson
Carol Anne Hilton
Elizabeth Wademan

The Chairman of the Board, D. Farrell, serves *ex-officio* as a member on each of the committees.

During 2024 Stephen Swaffield, Marie-José Nadeau and William Downe resigned from the Board of Directors of Trans Mountain Corporation.

The composition of the TMC Executive team is as follows:

Mark Maki	Chief Executive Officer
Michael Davies	President and Chief Operating Officer
Rob Van Wallegghem	Chief Legal & Indigenous Affairs Officer
Maureen Neufeldt	Chief People & Technology Officer
Corey Goulet	Chief Regulatory Officer
Todd Stack	Chief Financial Officer - Interim
Paul Huddleston	Senior Vice President Engineering and Operations
Heather Mark	Senior Vice President Finance and Treasury
Kevin Thrasher	Vice President Legal
Deanne Carson	Vice President Communications and External Relations
Greg Hill	Vice President Major Projects
Arti Bhatia	Vice President Engineering
Ken Gordon	Vice President Operations
Jason Balasch	Vice President Business Development & Commercial Services

Appendix 2: Financial Statements

Trans Mountain Corporation

Proforma Consolidated Statements of Financial Position

December 31, 2024 to 2029

Cdn\$ thousands

	2023 Actual	2024 Forecast May1	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Assets							
Current Assets							
Cash and cash equivalents	109,508	333,024	181,912	239,437	200,598	164,317	213,061
Accounts receivable	149,122	238,837	245,419	254,688	268,114	282,293	291,121
Other current assets	26,516	26,516	26,516	26,516	26,516	26,516	26,516
Total Current Assets	285,146	598,377	453,847	520,642	495,228	473,126	530,698
Property, plant and equipment	34,427,826	36,336,013	36,128,332	35,365,921	34,548,130	33,698,353	32,848,745
Right-of-use asset	54,347	54,347	54,347	54,347	54,347	54,347	54,347
Regulatory assets	194,171	196,629	154,051	111,473	68,895	26,318	12,125
Restricted investments	105,428	131,841	158,870	186,528	214,830	243,793	273,430
Restricted cash	6,731	6,731	6,731	6,731	6,731	6,731	6,731
Deferred amounts and other assets	100,998	100,998	100,998	100,998	100,998	100,998	100,998
Total Assets	35,174,647	37,424,936	37,057,176	36,346,640	35,489,159	34,603,666	33,827,074
Liabilities and Equity							
Current Liabilities							
Accounts payable	963,360	585,423	376,056	279,533	171,811	69,244	70,858
Regulatory liabilities	73,198	-	-	-	-	-	-
Short term debt	16,090,000	-	-	-	-	-	-
Interest payable	40,282	-	-	-	-	-	-
Other current liabilities	28,255	133,255	135,880	138,571	141,329	144,155	147,053
Total Current Liabilities	17,195,095	718,678	511,936	418,104	313,139	213,399	217,911
Long term debt	8,250,314	12,000,000	12,444,512	12,911,820	13,236,559	13,236,559	13,236,559
Interest payable	62,671	-	-	-	-	-	-
Deferred income taxes	1,127,098	1,115,518	1,284,854	1,493,490	1,733,007	2,004,614	2,297,832
Regulatory liabilities	111,962	138,375	165,404	193,062	221,364	250,327	279,964
Pension and post-employment benefits	57,959	57,959	57,959	57,959	57,959	57,959	57,959
Lease liability	49,321	49,321	49,321	49,321	49,321	49,321	49,321
Other deferred credits	10,688	10,688	10,688	10,688	10,688	10,688	10,688
Total Liabilities	26,865,108	14,090,539	14,524,673	15,134,443	15,622,038	15,822,867	16,150,234
Equity	8,309,539	23,334,397	22,532,503	21,212,197	19,867,121	18,780,799	17,676,840
Total Liabilities and Equity	35,174,647	37,424,936	37,057,176	36,346,640	35,489,159	34,603,666	33,827,074



Trans Mountain Corporation
2025 to 2029 Corporate Plan

Trans Mountain Corporation
Proforma Consolidated Statements of Income and Comprehensive Income
For the years ended December 31, 2024 to 2029
Cdn\$ thousands

	2023 Actual	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
		May1					
Revenues							
Transportation revenue	447,980	1,847,932	2,886,620	2,997,245	3,158,744	3,328,967	3,435,278
Lease revenue	71,331	60,173	55,893	56,448	56,003	55,879	55,452
Other revenue	2,492	2,592	2,517	2,567	2,619	2,671	2,724
	521,803	1,910,697	2,945,030	3,056,260	3,217,366	3,387,517	3,493,455
Expenses							
Pipeline operating costs	172,380	301,708	388,681	352,185	366,350	386,795	394,117
Depreciation and amortization	109,274	580,644	893,011	906,883	909,459	911,300	912,436
Salaries and benefits	108,168	165,592	181,886	184,438	190,754	196,506	202,568
Taxes, other than income taxes	38,174	59,387	79,643	82,032	84,493	87,028	89,639
Administration	13,878	41,980	91,797	46,797	36,797	37,545	38,316
Goodwill impairment	888,098	-	-	-	-	-	-
	1,329,972	1,149,311	1,635,018	1,572,335	1,587,853	1,619,174	1,637,076
Operating income	(808,169)	761,386	1,310,012	1,483,926	1,629,513	1,768,344	1,856,379
Equity AFUDC	1,165,361	460,624	-	-	-	-	-
Interest expense, net of capitalized	(343,538)	(1,209,667)	(612,313)	(635,108)	(654,909)	(663,030)	(663,032)
Other, net	1,435	934	1,026	1,026	1,026	1,026	1,026
Foreign exchange (loss) gain	(260)	-	-	-	-	-	-
Tax recovery (expense)	(223,242)	11,581	(169,336)	(208,637)	(239,517)	(271,606)	(293,219)
Net income (loss)	(208,413)	24,858	529,389	641,207	736,113	834,733	901,155
Operating Income	(808,169)	761,386	1,310,012	1,483,926	1,629,513	1,768,344	1,856,379
Add: Depreciation and amortization	997,372	580,644	893,011	906,883	909,459	911,300	912,436
Adjusted EBITDA	189,203	1,342,030	2,203,023	2,390,809	2,538,972	2,679,643	2,768,816



Trans Mountain Corporation 2025 to 2029 Corporate Plan

Trans Mountain Corporation
Proforma Consolidated Statements of Cash Flow
For the years ended December 31, 2024 to 2029
Cdn\$ thousands

	2023 Actual	2024 Forecast May1	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Operating activities							
Net income (loss) for the year	(208,413)	24,858	529,389	641,207	736,113	834,733	901,155
Items not affecting cash							
Depreciation and amortization	109,274	580,644	893,011	906,883	909,459	911,300	912,436
Equity allowance for funds used during construction	(1,165,361)	(460,624)	-	-	-	-	-
Deferred income taxes	217,831	(11,581)	169,336	208,637	239,517	271,606	293,219
Goodwill impairment	888,098	-	-	-	-	-	-
Changes in non-cash working capital items	62,999	(514,847)	(143,718)	(32,865)	(47,509)	(42,379)	39,513
	(95,573)	(381,550)	1,448,018	1,723,861	1,837,579	1,975,260	2,146,323
Investing activities							
Capital expenditures	(8,879,813)	(2,028,207)	(685,331)	(144,472)	(91,668)	(61,524)	(62,828)
Internal use software expenditures	(16,158)	-	-	-	-	-	-
Purchase Restricted Investments	(8,955)	(26,413)	(27,028)	(27,658)	(28,303)	(28,962)	(29,637)
	(8,904,926)	(2,054,620)	(712,359)	(172,130)	(119,970)	(90,486)	(92,465)
Financing activities							
Issuance (repayment) of loans	8,890,000	(12,340,314)	444,512	467,308	324,739	-	-
Capital contributions	-	15,000,000	-	-	-	-	-
Debt issuance costs	(12,758)	-	-	-	-	-	-
Dividends	-	-	(1,331,283)	(1,961,513)	(2,081,188)	(1,921,055)	(2,005,113)
	8,877,242	2,659,686	(886,771)	(1,494,205)	(1,756,449)	(1,921,055)	(2,005,113)
Effects of FX translation on cash balances	(1,507)	-	-	-	-	-	-
Net increase (decrease) in Cash and Restricted cash	(124,764)	223,516	(151,113)	57,526	(38,840)	(36,281)	48,744
Cash and Restricted cash, beginning of period	241,003	116,239	339,755	188,643	246,168	207,329	171,048
Cash and Restricted cash, end of period	116,239	339,755	188,643	246,168	207,329	171,048	219,792
Cash, beginning of period	162,489	109,508	333,024	181,912	239,437	200,598	164,317
Restricted cash, beginning of period	78,514	6,731	6,731	6,731	6,731	6,731	6,731
Cash and Restricted cash, beginning of period	241,003	116,239	339,755	188,643	246,168	207,329	171,048
Cash, end of period	109,508	333,024	181,912	239,437	200,598	164,317	213,061
Restricted cash, end of period	6,731	6,731	6,731	6,731	6,731	6,731	6,731
Cash and Restricted cash, end of period	116,239	339,755	188,643	246,168	207,329	171,048	219,792

Appendix 3: Borrowing Plan

Trans Mountain Corporation
Proforma Supporting Schedules
Financial Funding Plan
December 31, 2024 to 2029

	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
TMP Finance Equity Contribution	15,000,000	-	-	-	-	-
TMP Finance Debt Funding						
Construction Facility						
Opening balance	5,743,964	6,161,636	6,606,148	7,073,456	7,398,195	7,398,195
Draw	-	-	-	-	-	-
Repayment	-	-	-	-	-	-
Paid in kind interest	417,672	444,512	467,308	324,739	-	-
Closing balance	6,161,636	6,606,148	7,073,456	7,398,195	7,398,195	7,398,195
Acquisition Facility						
Opening balance	2,506,350	2,506,350	2,506,350	2,506,350	2,506,350	2,506,350
Draw (repayment)	-	-	-	-	-	-
Closing balance	2,506,350	2,506,350	2,506,350	2,506,350	2,506,350	2,506,350
Government Guaranteed Bank Facility						
Opening balance	16,090,000	-	-	-	-	-
Draw (repayment)	(16,090,000)	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Government Guaranteed Bank Facility Limit	18,900,000	-	-	-	-	-
TMP Finance Loan						
Opening balance	-	3,332,014	3,332,014	3,332,014	3,332,014	3,332,014
Draw (repayment)	3,332,014	-	-	-	-	-
Closing balance	3,332,014	3,332,014	3,332,014	3,332,014	3,332,014	3,332,014
Working Capital Facility						
Opening balance	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Working Capital Facility	500,000	500,000	500,000	500,000	500,000	500,000
Total Debt Funding	8,667,986	12,444,512	12,911,820	13,236,559	13,236,559	13,236,559
Interest Expense - Construction (CDEV)	292,354	319,195	341,990	361,791	369,910	369,910
Interest Expense - Acquisition (CDEV)	125,318	125,318	125,318	125,318	125,318	125,318
Interest Expense - Bank Facility	1,067,180	-	-	-	-	-
Interest Expense - Government Financing	83,300	166,601	166,601	166,601	166,601	166,601
Total Equity Conversion/Contribution - Government	15,000,000	-	-	-	-	-
Debt Funding - Government	3,332,014	-	-	-	-	-
Debt Funding (Repayment) - Government	417,672	444,512	467,308	324,739	-	-
Debt Funding (Repayment) - Bank Facility	(16,090,000)	-	-	-	-	-
Total	(12,340,314)	444,512	467,308	324,739	-	-
Interest - Government	500,972	611,113	633,908	653,709	661,828	661,828
Interest - Bank Facility	1,067,180	-	-	-	-	-
Total	1,568,151	611,113	633,908	653,709	661,828	661,828
Cash Available After Debt Service		1,331,283	2,061,513	2,081,188	1,921,055	2,005,113

An undrawn \$550 million facility exists to satisfy financial requirements of the CER. A commitment fee of 0.30% is paid on the facility for undrawn amounts. It is not expected that this facility will have any draws in the normal course of business.

A \$500 million non-guaranteed revolving credit facility is recommended to provide operational and cash management flexibility. Any draws on this facility are expected to be short term in nature.



A \$100 million letter of credit facility from a third party bank is recommended to allow for the issuance of letters of credit for ongoing business needs.

TMC's exposure to foreign currencies is minimal, and foreign exchange gains and losses are not budgeted due to the minimal exposure and the difficulty of predicting short term foreign currency rate fluctuations.

Leases

In prior years, TMC committed to leases that will continue through 2025 and, in some cases, TMC may exercise extensions/amendments of these leases. The estimated amount of these extensions/amendments for 2025 is approximately \$4 million.

TMC is seeking authority to enter new leases in 2025 with annual payments up to approximately \$5.2 million for new vehicles and equipment required to support the growing workforce.

Year:	2025	2026 (at Dec 31)	2027 (at Dec 31)	2028 (at Dec 31)	2029 (at Dec 31)	2030 (at Dec 31)	Outer
	Plan	Projected	Projected	Projected	Projected	Projected	Years
Right-of-use asset class: Land (Workspace, warehouse, laydown space, pumping stations)							
Space to receive, store, and work on materials and equipment along the pipeline							
Liability - New contracts (\$ million)	1,000,000	800,000	600,000	400,000	200,000	-	-
Liability - Extensions/Amendments (\$ million)	4,026,000	-	-	-	-	-	-
Total liability (\$ million)	5,026,000	800,000	600,000	400,000	200,000	-	-
Expected number of years remaining	5.00	0.86	0.64	0.43	0.21	-	-
Right-of-use asset class: Buildings (Office space etc.)							
Primarily Office space - Various Locations							
Liability - New contracts (\$ million)	1,896,000	1,705,000	1,326,000	947,000	568,000	189,000	189,000
Liability - Extensions/Amendments (\$ million)	-	-	-	-	-	-	-
Total liability (\$ million)	1,896,000	1,705,000	1,326,000	947,000	568,000	189,000	-
Expected number of years remaining	6.00	4.50	3.50	2.50	1.50	0.50	-
Right-of-use asset class: Equipment (Fleet Lease, camps, office equipment etc.)							
Various equipment including Vehicles leased in Canada and the USA, Office equipment such as printers and equipment related to pipeline construction							
Liability - New contracts (\$ million)	2,320,000	1,440,000	1,120,000	800,000	480,000	160,000	-
Liability - Extensions/Amendments (\$ million)	-	-	-	-	-	-	-
Total liability (\$ million)	2,320,000	2,040,000	1,480,000	920,000	480,000	160,000	-
Expected number of years remaining	5.00	3.88	2.88	1.88	1.03	0.34	-

Commercial Agreements

Community Agreements

TMC has committed to commercial agreements and may enter new commercial agreements in respect of accommodation and/or community investments. These agreements financially commit TMC to provide funds to municipal and Indigenous communities which may have payment terms greater than one year.



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