



# Canada Growth Fund Corporate Plan Summary\*

2026 – 2030

\*The information set out herein is current as of October 23, 2025

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# 1. Executive Summary

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The Canada Growth Fund (**CGF**)<sup>1</sup> is a \$15 billion independent investment fund operating at arm's length from the Government of Canada. To keep Canada competitive on the global stage and to ensure it continues to be a leading destination for investment, CGF was established to drive innovation across new and traditional sectors of Canada's industrial base and to unlock new investment into the Canadian economy over time. Its investment mandate (the **CGF Mandate** or **Mandate**) is focused on accelerating efficient emission reduction projects, helping Canadian clean technology (**cleantech**) companies scale up successfully, while capitalizing on Canada's abundant natural resources and strengthening low-carbon supply chains. CGF expects to deliver on its Strategic Objectives while recovering its capital on a portfolio basis and recycling its capital base over the long term.

CGF is managed by the Canada Growth Fund Investment Management Inc. (**CGFIM**), a wholly-owned subsidiary of PSP Investments, which acts as the exclusive, arm's length, and independent investment manager of CGF.<sup>2</sup>

The CGFIM team has full discretionary authority over all aspects of investment management and transactions. Individual investment decisions are made by CGFIM's investment committee based on investment acumen and fit with the CGF Mandate. All investment decisions are made 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.

CGF has announced 16 transactions as of October 2025, across its areas of focus including decarbonization projects, clean technology, and low-carbon supply chains.

This 2026-2030 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, and projected financials for its next five years of operations.

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<sup>1</sup> Canada Growth Fund Inc. was incorporated as a subsidiary of Canada Development Investment Corporation (CDEV) in December 2022.

<sup>2</sup> Pursuant to the terms of the Investment Management Agreement (IMA) which was entered into among PSP Investments, CGFIM, CGF, and Canada Development Investment Corporation (CDEV) on March 11, 2024.



## 2. Overview of the Canada Growth Fund

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### 2.1. Purpose and Rationale

CGF was established to support the growth of Canada's economy and to unlock private sector investment in Canadian businesses and projects to help grow Canada's economy at speed and scale on the path to emissions reductions in the interest of remaining competitive globally over the longer term. In light of the significant economic and investment opportunities associated with the low-carbon economy, many countries around the world have launched innovative financing initiatives to reduce emissions while promoting economic growth. 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.

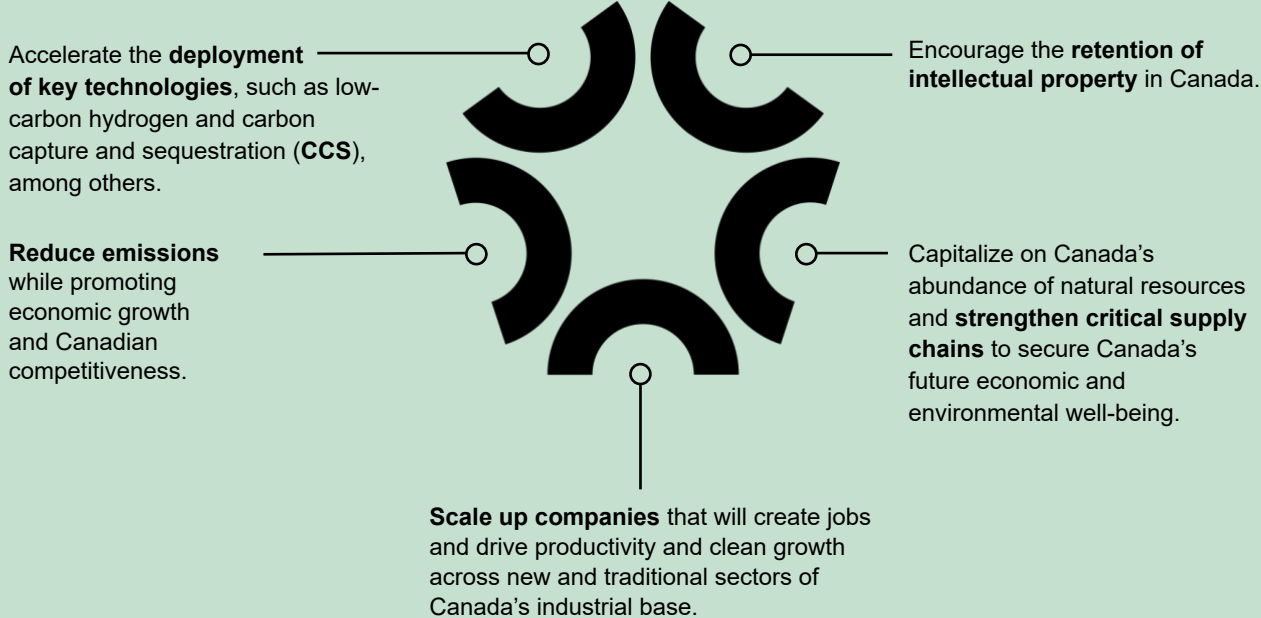
CGF takes a unique value-add role in the investor ecosystem by deploying innovative financial structures—including through equity, debt, and hybrid instruments—to unlock new investment in an efficient and effective Canadian energy transition. It takes on carefully considered risks that help attract private

capital and ultimately accelerate investment in Canadian projects and technologies. It aims to improve the risk profile of investment opportunities and attract additional private capital to projects, technologies, businesses, and supply chains aligned with the CGF Mandate and purpose.

In addition to equity debt and hybrid investment instruments, these structures include Contracts for Difference (**CfD**) and Offtakes (together referred to hereafter 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, and uncertainties associated with an evolving policy and regulatory landscape. By doing so, CGF aims to improve the risk profile of Canadian investment opportunities and attract additional private capital to Canadian projects, technologies, businesses, and supply chains.

## 2.2. CGF Mandate

CGF's Mandate is to build a financially prudent portfolio of investments that unlock private sector investment in Canadian businesses and projects to help grow Canada's economy at speed and scale on the path to emissions reductions in the interest of remaining competitive globally over the longer term. CGF is intended to help Canada meet the following national economic and environmental goals (hereafter, the **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 efficiently reduce emissions across the Canadian economy, including but not limited to CCS, electrification, and low-carbon 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.

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



### Low-carbon supply chains

**Low-carbon supply chains:** projects, companies, and technologies across low-carbon supply chains, including critical minerals, that will allow Canada to leverage its abundance of natural resources, help secure Canada's supply chains, and improve Canada's domestic and global competitiveness.

CGF will invest through i) direct investments in projects and companies; ii) funds, whereby it commits to, and, where applicable, co-invests alongside, mining-focused specialist investment managers; and iii) co-investment alongside corporates, developing strategic partnerships with builders, operators, processing/refining partners, and manufacturers.

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Where applicable, to deliver on the Mandate, CGF may 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](#).*



### 2.3.1. Balancing Returns, Risk Mitigation, and Concessionality

The CGFIM team is comprised of investment professionals with extensive experience across a range of sectors and strategies, as well as expertise in structuring and executing complex investments. Considering the nature of the CGF Mandate, CGF has unique considerations to balance compared to market returns-focused investors. In seeking to create a portfolio of investments that fulfills the CGF Mandate, including the Investment Criteria and Strategic Objectives, CGFIM considers and aims to balance three key elements with respect to any particular investment: (i) financial returns, (ii) risks mitigation, and (iii) concessionality.

**Financial Returns:** CGF does not provide grants or subsidies and will avoid investing 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 preserve its invested capital on a portfolio basis in the long run. Any distributions of capital in respect of CGF investments are intended to cover its operating expenses and be reinvested in additional investments.

**Risk Mitigation:** CGF uses investment instruments that absorb certain risks to reduce uncertainty and encourage private sector investment in efficient low-carbon projects, technologies, businesses, and supply chains. Each CGF investment is expected to address one or more of the following key risk factors that create uncertainty with respect to 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.

**Concessionality:** It is expected that CGF's investments will generally have some level of concessionality (i.e., below market expected risk-adjusted returns) to fully serve the purpose of unlocking private capital. 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.



### 2.3.2. Catalyzing Private Sector Investment

Financial additionality refers to “unlocking” private sector investment into the Canadian economy that likely would not have occurred without CGF’s involvement. CGFIM aims for each CGF investment to lead to outcomes that would not likely have materialized without CGF intervention, initially and over time. The participation of other private sector investors may not always be concurrent with CGF’s investments. Given its mandate to absorb risks that the private sector is not willing to take on, CGF also measures “deferred additionality”. At times, external private capital unlocked by CGF investment may not appear on the same timeline as CGF’s own investment. For example, CGF capital may de-risk a company or project, allowing it to reach a critical milestone that positions it for successful fundraises in the future.

CGFIM also seeks to avoid CGF “crowding out” private sector investors, where disproportionate CGF investment could reduce, replace, or eliminate private sector participation. CGFIM aims to direct CGF investments toward areas requiring mitigation of specific risks to attract private financing, which the CGF Mandate is uniquely designed to mitigate.





## 3. Operating Environment

### 3.1. Internal Environment

#### 3.1.1. Progress to date

Since its inception, CGFIM has closed 16 transactions across 5 provinces, committing more than \$4.7 billion. As of March 2025, CGF investments have supported over 1,100 jobs and 315 patents at portfolio companies, as well as crowded in nearly one billion dollars of private funding towards Canadian projects and companies. Additionally, these investments are anticipated to avoid up to 15.9 million tCO<sub>2</sub>e emissions by 2030.<sup>3</sup>

#### Key Milestones Achieved

<b>2022</b>	<p><b>April:</b> The Government of Canada announces its intention to create CGF in its 2022 Budget.</p>
<b>2023</b>	<p><b>March:</b> The 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.</p> <p><b>June:</b> A dedicated team of investment professionals seconded by PSP Investments, including senior leaders, starts reviewing potential investment opportunities on behalf of CGF under an interim arrangement.</p> <p>The Public Sector Pension Investment Board Act is amended to allow a subsidiary of PSP Investments to act as the investment manager of CGF.</p> <p><b>October:</b> CGF announces its inaugural investment in Eavor Technologies Inc. via a direct commitment of \$90 million of Series B preferred equity.</p> <p><b>December:</b> CGF announces a \$200 million 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.</p>
<b>2024</b>	<p><b>March:</b> Execution of the IMA between PSP Investments, CGFIM, CGF, and CDEV, formalizing the investment management services provided to CGF by CGFIM.</p> <p>CGF announces a first cleantech fund commitment of \$50 million in the Idealist Climate Impact Fund.</p> <p><b>June:</b> CGF, Gibson Energy, and Varme Energy announce a strategic partnership to advance a Canadian waste-to-energy project.</p> <p>CGF announces Canada's first carbon policy contracts for difference in Markham, Ontario.</p>

<sup>3</sup> Canada Growth Fund 2024 Annual Report, March 2025.

**July:**

CGF commits \$500 million in CCS project funding to Strathcona Resources as part of a broader strategic partnership.

**August:**

CGF announces a two-tranche commitment of US\$100 million to advance Svante's carbon capture technologies.

CGF announces a \$50 million commitment to MKB Partner Fund III, along with other institutional investors, focused on accelerating the energy transition.

**December:**

CGF announces its first investment in a critical mineral project with an approximately \$35 million private placement in the form of common shares in Nouveau Monde Graphite, a Quebec-based integrated graphite mining and processing company.

**2025****February:**

CGF announces a \$50 million commitment to Longbow Energy Transition Fund II LP, a technology and services fund that helps lower carbon emissions through efficient and cost-effective solutions.

CGF participates alongside strategic investors in a \$150 million funding round for Hydrostor, a global long-duration energy storage developer. CGF also provides a US\$50 million convertible loan to support the development of Hydrostor's Canadian projects.

**March:**

CGF leads a US\$55 million financing round in dcbel to accelerate the commercialization of bidirectional EV charger technology.

**May:**

CGF agrees to commit approximately \$156 million alongside strategic co-investors in a \$350 million non-brokered private placement by Foran Mining Corporation, a Western Canadian-based critical minerals mining company.

**June:**

CGF announces an additional financing commitment up to approximately \$138 million to accelerate the development and commercial deployment of Eavor's geothermal technology.

**October:**

CGF announced its first co-investment with a partnering GP, a strategy designed to crowd-in high-quality concurrent additional capital by enabling our partner to lead a large transaction in alignment with CGF's mandate, with a \$30M commitment in Cascadia Windows and Doors.

CGF announced a \$2B equity commitment agreement to finance the construction of the G7's first Small Modular Reactors (SMR) project to be constructed at the Darlington New Nuclear Project, alongside Canada's preeminent nuclear champion, OPG.

### 3.1.2. Looking Ahead

CGFIM's priority is to continue unlocking innovative and value-added investment opportunities. CGFIM remains focused on the Canadian investment ecosystem to attract private investment toward key projects, technologies, and companies that will enhance Canadian competitiveness and advance both economic and environmental outcomes.



### 3.1.3. Staffing and Resources

CGF does not have employees as all services are provided by CGFIM, a subsidiary of PSP Investments. CGFIM proactively manages its resources to ensure the successful delivery of the CGF Mandate. To do so, CGFIM closely monitors the volume of investment activity and ensures that resources are hired as required to meet its current and future business needs.

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 Statement of Priorities and Accountabilities (**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, or 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](#). Disclosures are made publicly with respect to transactions where there could be a real, potential, or perceived conflict of interest.



## 3.2. External Environment

### Emissions Reductions Initiatives Around the world

Despite record-breaking global temperatures and increasingly frequent extreme weather events, overall global policy progress remains insufficient to meet global climate targets. Although major emitting countries continue to implement measures to reduce their emissions, these efforts remain insufficient to meet Nationally Determined Contributions.<sup>4</sup> The geopolitical landscape has grown more volatile, with competition and political shifts diverting some attention away from climate priorities. Economic uncertainty and inflation further complicate international coordination.<sup>5</sup>

#### Spotlight on blended finance: an 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)

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

This program provides the European Union with crucial long-term funding by leveraging private and public funds. It 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 making it possible to mobilize at least €372 billion in additional investment.

##### United Kingdom National Wealth Fund (NWF)

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. The 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.

<sup>4</sup> [Climate policy in 2023 | Nature Reviews Earth & Environment](#)

<sup>5</sup> [Trends in climate and geopolitics for 2025 - E3G](#)



In light of the renewed focus on global defence and security, critical minerals have emerged as a near-term focus for many governments. Several examples are included below:

<h2 style="text-align: center;">Spotlight on Critical Minerals: The Backbone of Canada's Future Economy</h2>		
<p>Critical minerals are increasingly vital for governments due to their role in technology, national security, economic growth, environmental sustainability, and supply chain resilience. Ensuring a stable supply of these minerals supports the development of key technologies, reduces reliance on foreign imports, and can strengthen economic and security interests. In recent years, governments have established investment funds to support research, development, and exploration of critical mineral deposits. Notable global examples, in addition to the Canada Growth Fund, include:</p>		
<p><b>Critical Metals Fund - InfraVia Investment Fund (France)</b></p> <p>In May 2023, the French government and InfraVia announced the launch of a €2B investment fund aimed at investing in critical metals to support the energy transition and secure supplies for French and European industry. The Critical Metals Fund is a public-private partnership model where public capital is used to de-risk and catalyze private investment. An initial closing of €1 billion was planned for the end of 2023. Through the France 2030 initiative, the French government invested €500M. This public contribution helps attract institutional investors by reducing perceived risk and aligning the fund's objectives with national industrial policy. The fund targets upstream and midstream investments in the critical minerals value chain essential for battery production, renewable energy technologies, and electric vehicles.</p>	<p><b>German Raw Materials Fund - KfW Development Bank (Germany)</b></p> <p>In October 2024, the German Federal Government created a €1B German Raw Materials Fund to secure a sustainable supply of critical minerals essential for the economic and digital transformation and climate goals. Managed by KfW, the fund invests in mining, processing, and recycling projects, both in Germany and abroad, with financing between €50M and €150M. The fund uses a mix of equity, quasi-equity, and debt instruments, allowing KfW to tailor its support to the specific needs and risk profiles of each project.</p> <p>The fund aims to reduce dependency on other countries and strengthen the domestic economy through long-term procurement agreements.</p>	<p><b>Defense Production Act - United States Department of Defense (United States of America)</b></p> <p>The Defense Production Act (DPA) allows the U.S. Department of Defense (DoD) to invest in critical mineral projects both domestically and internationally to secure supply chains. The U.S. has invested more than US\$50 million in four Canadian critical minerals projects under the DPA. These investments aim to strengthen the North American supply chain security and reduce reliance on foreign sources. On July 2025, MP Materials, a U.S. producer of rare earth materials, entered into a public-private partnership under the DPA to build a fully domestic rare earth magnet supply chain. The agreement includes a multibillion-dollar package supporting the construction of a second magnet manufacturing facility and the expansion of existing processing capabilities. As part of the deal, the DoD committed \$400 million in preferred equity, positioning itself as MP Material's largest shareholder.</p>
<p>In June 2025, G7 leaders launched the Critical Minerals Action Plan to strengthen resilient, responsible, and diversified supply chains through standards-based markets, increased investment, global partnerships, and innovation, recognizing the strategic importance of critical minerals for economic and national security.<sup>6</sup></p>		

In January 2025, all federal agencies were instructed to immediately pause the disbursement of funds allocated through the Inflation Reduction Act (IRA) of 2022. A new bill introduced by the Trump administration aims to replace certain IRA measures and redirect support toward emerging technologies such as CCS. This change is expected to boost investment in CCS technologies, particularly in the oil and gas sector, by making EOR-based projects more financially attractive. While the bill maintains support for CCS, it reflects a broader shift toward favouring fossil fuel-linked applications over purely climate-driven initiatives.<sup>7</sup>

<sup>6</sup> [G7 Critical Minerals Action Plan](#)  
<sup>7</sup> Carbon Capture Coalition, 2025



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 de-risking of policies and projects, such as carbon pricing assurance mechanisms and credit offtake agreements, have been highlighted as vital tools to increase viability and lower the cost of capital of decarbonization projects, reducing the overall cost of the energy transition.<sup>8</sup>

## Sustainable Finance and Carbon Markets

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 de-risk 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:

- The EU Emissions Trading Scheme is the world's largest carbon market and has implemented several measures to stabilize this market, including the Market Stability Reserve (MSR), and, as announced on April 2025, is exploring additional mechanisms to further support price stability and investment in low-carbon technologies.<sup>9</sup>
- In March 2024, the German government unveiled a CCfD program modelled on private-sector hedging contracts with the objective of accelerating industrial decarbonization and supporting the transition to climate-neutral production methods, particularly in energy-intensive sectors like steel, chemicals, and cement.<sup>10</sup> Companies are guaranteed a fixed price for energy sources, as well as for carbon emission allowances.<sup>11</sup> 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. The program, which allows companies to benefit from CCfDs for a period of 15 years, helps them offset expenditures associated with transitioning to lower carbon production technologies. In October 2024, the government awarded the first 15 contracts worth €2.8 billion. The government claims this will prevent up to 17 million tonnes of CO<sub>2</sub> emissions over the next 15 years.<sup>12</sup>

CGF continues to leverage its capacity as Canada's principal issuer of carbon offtakes and CfDs. See Section 4.1.4 for additional information on these activities.

In addition to government-led carbon offtake initiatives, private market solutions have also begun to emerge, such as Frontier Climate, which leverages commercial offtake agreements to stimulate the development of carbon removal technologies.<sup>13</sup> These examples provide excellent case studies to CGFIM, which is seeking to understand and adapt these tools, where appropriate, to the Canadian context.

### 3.2.1. 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.

<sup>8</sup> [Financing the Green Energy Transition: A US\\$50 trillion catch](#)

<sup>9</sup> [Commission launches public consultation on the EU Emissions Trading System and the Market Stability Reserve - European Commission](#)

<sup>10</sup> [BMWV - First round of carbon contracts for difference launched](#)

<sup>11</sup> [BMWV Newsletter Energiewende - Starting signal for carbon contracts for difference](#)

<sup>12</sup> [BMWV - Habeck presents first carbon contracts for difference: 15 transformation projects can now launch](#)

<sup>13</sup> [Frontier](#)



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.

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 risk factors that create uncertainty in respect of an investment's long-term financial profile. As outlined in the Investment Criteria (defined under [Section 4.1.3](#)), some of the 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.

## 3.2.2. CGF Positioning Relative to Existing Government Initiatives

### 3.2.2.1. Federal initiatives

CGF is complementary to multiple federal initiatives, including, for example, the Canada Indigenous Loan Guarantee program launched in December 2024. As 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 with respect to portfolio construction, investment opportunity origination and execution, and stakeholder engagement.

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

#### **Federal Tax Credits**

**Investment Tax Credits (ITCs):** To achieve the goals set out in Canada's climate plans and targets, the federal government has ITCs to accelerate greenhouse gas (**GHG**) emissions reductions. This fiscal instrument provides refundable tax incentives for capital investments in key areas like clean electricity, clean hydrogen production, carbon capture, utilization, and storage (**CCUS**), and clean technology manufacturing, including critical minerals processing. These ITCs are designed to de-risk private capital, stimulate domestic supply chains, and ensure Canada remains competitive in the global clean economy transition.

#### **Federal Sector Strategies**

**Critical Minerals Strategy:** This strategy focuses on the sustainable exploration, extraction, processing, and downstream manufacturing and recycling of 34 critical minerals that are essential for Canada's competitiveness. Among these, six are considered priorities due to their strategic importance for Canada's economic growth and energy transition: lithium, graphite, nickel, cobalt, copper, and rare earth elements. It emphasizes the importance of innovation and exploration and aims to accelerate project development and building of infrastructure, while advancing 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.



## **Federal Funding Programs**

**Critical Minerals Infrastructure Fund (CMIF):** This federal program provides up to \$1.5 billion in federal funding through 2030 to support clean energy and transportation infrastructure projects that enable the sustainable development of critical minerals in Canada. It offers two main funding streams: grants for Indigenous engagement and capacity building and contribution funding for pre-construction and shovel-ready infrastructure projects.

**Clean Fuels Fund:** Running through March 2030, this \$1.5 billion program supports the development and expansion of clean fuel production in Canada, including biofuels, hydrogen, and other low-carbon technologies. It provides funding for capital projects, feasibility and engineering studies, and the development of biomass supply chains, with a focus on reducing emissions in hard-to-abate sectors and aligning codes and standards for clean fuel use.

**Strategic Innovation Fund (SIF):** SIF is a Canadian federal program that provides large-scale funding to accelerate business investments in innovation, with a dedicated stream for net zero, clean technologies, and industrial decarbonization projects. It supports projects that reduce greenhouse gas emissions, improve energy efficiency, and scale up breakthrough clean technologies in sectors like renewable energy, critical minerals, and sustainable manufacturing.

**The Industrial Research Assistance Program (IRAP):** By providing funding and expert advice, IRAP supports Canadian clean tech SMEs. Through the program, companies can access non-repayable contributions to advance R&D projects that reduce environmental impact and support Canada's transition to a low-carbon economy. In June 2024, the Government of Canada transitioned Sustainable Development Technology Canada (SDTC) programming to the National Research Council of Canada (NRC). SDTC's programming has transitioned to NRC's IRAP, which has established a successor program to SDTC called NRC IRAP Clean Technology.

### *3.2.2.2.1 Complementarity of the 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.

**Investment Stage:** CGF generally targets projects and companies at the scale-up stage of development. This distinguishes CGF's investments 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
- (iii) Mature companies and/or companies deploying mature technologies, which can typically attract private sector investment on their own and at market terms.

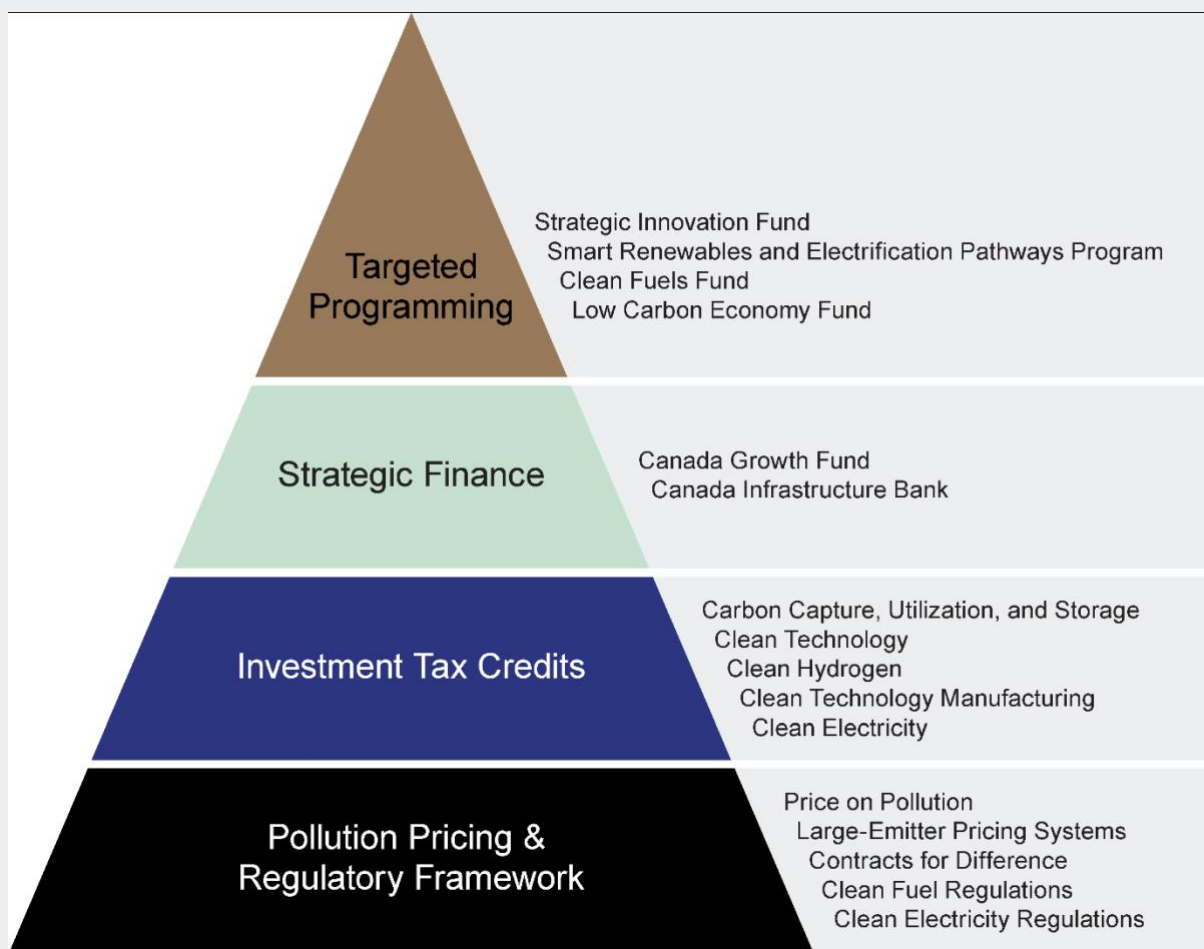
**Financing Tools:** CGF has access to a broad range of investment and financial tools allowing it to offer innovative forms of investment, including instruments where CGF may take on above-market risks to catalyze private sector investment. This distinguishes CGF from:

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

Canada's climate strategy combines targeted programs, strategic financing, tax incentives, and regulations to support clean growth. Key tools include funds like CGF and tax credits for clean technologies. CGF, while working in close coordination with other federal instruments, complements existing programs by providing a unique strategic finance role, deploying a diverse set of financial tools that no other initiative currently provides. Carbon pricing and regulatory frameworks reinforce the transition to a low-carbon economy, as summarized in Canada's 2023 Fall Economic Statement (see Figure 1):



Figure 1 – Government of Canada’s Financial and Policy Strategy and Main Tools (FES 2023)<sup>14</sup>



**Delivery Expertise:** CGF Mandate is delivered by a team of independent and diverse investment professionals from PSP Investments 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.

**Project Types:** CGF generally 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).

<sup>14</sup> [Building an Economy That Works for All Canadians | 2023 FES](#)

Table 1 – Key initiatives by province and territory as at October 1, 2025 (Note to Finance and CDEV – Needs to be reviewed and updated pending provincial policy announcements)

Province or Territory	Key Initiatives
<b>Alberta</b>	<ul style="list-style-type: none"> <li>- <b>Industrial Carbon Pricing:</b> In September 2025 Alberta confirmed it will indefinitely freeze the TIER fund price at \$95 per tonne. A new direct investment pathway will be introduced in 2026, allowing facilities to meet up to 90% of their compliance obligations through direct investments in emissions-reducing technologies. Additionally, smaller facilities will be allowed to opt out of the TIER system starting in 2025.</li> <li>- <b>Critical Minerals:</b> Launched in November 2023, Alberta’s Critical Minerals Strategy aims to deliver more minerals-focused public geoscience information, build an inventory of mineral resources, and enhance the fiscal and regulatory environment. The plan also promotes responsible development, supports Indigenous participation, fosters innovation and industrial development, and invests in workforce training.</li> <li>- <b>Electricity Generation:</b> Alberta’s deregulated electricity market began in 1996, when the Electric Utilities Act came into effect. In December 2024, the Alberta government launched a road map to attract investment by leveraging the province’s competitive electricity market and cold climate for sustainable cooling to build out large-scale AI data centres under three strategic pillars: power capacity, sustainable cooling, and economic growth. The Alberta government has announced a public consultation process led by the Alberta Electric System Operator (<b>AESO</b>) to explore potential changes to the province’s electricity mix.</li> <li>- <b>Clean Technology:</b> Alberta is advancing a range of clean energy technologies (including CCS, ammonia, and geothermal) through initiatives supported by Emissions Reduction Alberta (<b>ERA</b>) to lower the environmental impact of energy production. ERA’s strategy focuses on funding and scaling innovative technologies that reduce emissions, improve environmental performance, and strengthen the competitiveness of Alberta’s energy sector.</li> </ul>
<b>British Columbia</b>	<ul style="list-style-type: none"> <li>- <b>Industrial Carbon Pricing:</b> In April 2024, British Columbia launched a new Output Based Pricing System (<b>OBPS</b>) for large industrial emitters, replacing the CleanBC Industrial Incentive Program (<b>CIIP</b>) and aligning with the federal carbon pricing benchmark.</li> <li>- <b>Critical Minerals:</b> British Columbia’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. The British Columbia government announced a landmark partnership with five First Nations to unlock nearly \$50 billion in economic potential through land-use planning, conservation, and accelerated critical mineral development in northwestern British Columbia.</li> <li>- <b>Clean Technology:</b> Since 2019, the CleanBC Industry Fund (<b>CIF</b>) has invested more than \$244 million into supporting industry projects that directly reduce industrial emissions, accelerate new emissions reduction technologies, and study potential decarbonization opportunities. British Columbia passed Bill 37 in 2022, establishing the British Columbia 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. British Columbia has also created a Hydrogen Office to attract energy investors.</li> </ul>
<b>Manitoba</b>	<ul style="list-style-type: none"> <li>- <b>Industrial Carbon Pricing:</b> The federal pollution pricing system for industrial emissions is implemented in Manitoba.</li> <li>- <b>Critical Minerals:</b> In November 2024, Manitoba launched its critical minerals strategy. Manitoba’s strategy aims to accelerate critical mineral development by launching a single-desk Critical Minerals Office to streamline permitting and support project timelines. It emphasizes strong Indigenous partnerships, economic reconciliation, and responsible mining practices. Manitoba highlights its rich deposits of lithium, nickel, and cesium, positioning itself as a trusted supplier for clean energy and national security needs. The strategy also includes plans for infrastructure investment and a revenue-sharing model with Indigenous nations.</li> <li>- <b>Electricity Generation:</b> Manitoba issued a directive to Manitoba Hydro to redirect some of its electricity exports to help infrastructure projects in Manitoba and Canada.</li> <li>- <b>Clean Technology:</b> Manitoba’s Climate and Green Plan positions clean technology as a key pillar of its low-carbon economic strategy. The plan supports innovation through green</li> </ul>

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infrastructure, financing tools, and workforce development to grow clean tech jobs and attract investment. It emphasizes technologies such as energy-efficient building systems, clean transportation, and sustainable agriculture solutions.

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**New Brunswick**

- **Industrial Carbon Pricing:** New Brunswick continues to implement its OBPS to regulate greenhouse gas emissions from large industrial emitters.
- **Critical Minerals:** While New Brunswick currently lacks a specific strategy for critical minerals, it is committed to exploring their potential within a wider economic framework.
- **Electricity Generation:** New Brunswick is working to strengthen its position in clean energy solutions and diversify its energy portfolio. In December 2023, New Brunswick unveiled its 2035 energy transition roadmap, highlighting four key strategic initiatives: affordability, energy security, regulatory reform, and economic growth. SMRs are high on New Brunswick'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, New Brunswick introduced its Hydrogen Roadmap on January 30, 2024. The roadmap anticipates a substantial decrease in GHG emissions from the industrial sector through hydrogen use.

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**Newfoundland and Labrador**

- **Industrial Carbon Pricing:** Newfoundland and Labrador continues to operate its own OBPS for large industrial emitters, designed to align with federal standards while supporting competitiveness.
- **Critical Minerals:** Newfoundland and Labrador's Critical Minerals Plan was released in November 2023 to de-risk and attract private investment for exploration to identify potential viable projects.
- **Electricity Generation:** The Gull Island hydroelectric project is moving forward under a Memorandum of Understanding (MOU) signed in December 2024 between Hydro-Québec (HQ) and Newfoundland and Labrador Hydro (NL Hydro). This agreement lays the groundwork for a major renewable energy development on the Lower Churchill River, with Gull Island expected to generate up to 2,000 MW of clean electricity.
- **Clean Technology:** Newfoundland and Labrador's clean tech strategy is anchored in its Renewable Energy Plan and broader efforts to support environmental industries. The province is investing in clean technologies that reduce emissions, improve efficiency, and support sustainable resource use, with a focus on hydrogen, electrification, and innovation. The Government of Newfoundland and Labrador is introducing clean technology initiatives that support the province's businesses in the local, national, and international green economies, including The Green Transition Fund Program, a program launched in March 2025 that provides financial support to businesses, organizations, post-secondary institutions, and industry associations to assist with the province's transition to a green economy.

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**Northwest Territories**

- **Industrial Carbon Pricing:** Northwest Territories has implemented a territorial industrial carbon pricing that meets federal benchmark stringency requirements.
- **Critical Minerals:** Northwest Territories has six critical minerals projects currently in early mining or advanced exploration stages. These include rare earths, lithium, and other strategic minerals essential for clean energy and digital technologies.
- **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.
- **Clean Technology:** The Northwest Territories' clean technology strategy is embedded within its broader energy and climate change planning, focusing on reducing diesel reliance and modernizing energy systems. It prioritizes investments in renewable energy, energy storage, and grid innovation to support remote communities and industrial development.

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**Nova Scotia**

- **Industrial Carbon Pricing:** Nova Scotia maintains a provincial OBPS for large emitters.
  - **Critical Minerals:** In May 2025, Nova Scotia updated its Critical Minerals Strategy by adding four new minerals—high-purity silica, silver, tellurium, and uranium—to its official critical list. The province also introduced a new category of strategic minerals, which includes aggregate, gold, gypsum, and potash, to support economic development and clean energy goals.
  - **Electricity Generation:** Nova Scotia has proposed five offshore wind energy areas. This marks a step toward Nova Scotia's goal of issuing licenses for up to 5 gigawatts of offshore wind energy by 2030.
  - **Clean Technology:** Nova Scotia has had a Climate Change Plan for Clean Growth since 2023. As part of this plan, the Nova Scotia government announced investment in seven
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clean fuel innovation projects to support the province's transition to a low-carbon economy. The projects include the development of green hydrogen hubs, mobile hydrogen production, and regional clean fuel strategies.

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#### Nunavut

- **Industrial Carbon Pricing:** The federal pollution pricing system is implemented in Nunavut.
  - **Critical Minerals:** The Nunavut Exploration Support Program (NESP), updated in 2025, provides targeted financial assistance to promote sustainable mineral exploration in Nunavut. It includes two funding streams: the DIG Program, which supports exploration activities like drilling and sampling, and the Critical Exploration Support Program (CESP), which funds community engagement during early project stages. The policy emphasizes transparency, Inuit societal values, and alignment with Nunavut's broader mineral development strategy.
  - **Electricity Generation:** In 2025, Nunavut advanced two major clean energy projects. The Kivalliq Hydro-Fibre Link could, for example, deliver hydroelectricity and broadband from Manitoba to five Kivalliq communities, reducing diesel use. The Iqaluit Hydroelectric Project is being developed to power the capital with renewable energy. Both projects could support Nunavut's clean energy and infrastructure goals.
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#### Ontario

- **Industrial Carbon Pricing:** Ontario maintains a provincial OBPS called the Emissions Performance Standards (EPS) for industrial emitters.
  - **Critical Minerals:** Ontario introduced the Protect Ontario by Unleashing Our Economy Act, which allows the creation of Special Economic Zones (**SEZs**) to fast-track critical mineral and resource projects. The legislation aims to cut red tape and reduce approval times and officially became law upon receiving Royal Assent on June 5, 2025.
  - **Electricity Generation:** In 2025, Ontario approved the construction of Darlington New Nuclear Project (DNNP), which includes the world's first SMR engineering and service centre. This centre will support Ontario's broader SMR strategy, creating over 300 jobs and training 2,000 workers annually, while positioning the province as a global hub for clean nuclear technology. The Darlington SMRs, the first of its kind in the G7, are expected to generate 1,200 MW of emissions-free electricity, enough to power 1.2 million homes. In September 2025, the DNNP was officially added to Canada's list of nationally significant projects.
  - **Clean Technology:** Invest Ontario's cleantech practice was established to bolster Ontario's major advances in cleantech innovation in key areas of interest for the province, including in energy storage, water technologies, renewable energy, nuclear power generation, hydrogen, greener buildings, industrial biotechnology, smart grids, waste recovery, and environmental engineering services. Moreover, Ontario announced new actions to expand its cleantech and hydrogen energy strategy. Key measures include a proposed Hydrogen Interruptible Rate Pilot to offer discounted electricity rates to hydrogen producers and plans to regulate hydrogen pipelines to support infrastructure growth. The province also doubled its Hydrogen Innovation Fund to \$30 million, supporting projects that integrate hydrogen into the electricity grid and industrial sectors.
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#### Prince Edward Island

- **Industrial Carbon Pricing:** The federal pollution pricing system is implemented in Prince Edward Island.
  - **Electricity Generation:** In 2025, the Prince Edward Island government, in collaboration with the federal government, updated the Regional Energy and Resource Table Framework for Collaboration. This renewed strategy focuses on advancing clean electricity and energy storage, clean fuels, and clean technology innovation to support PEI's goal of becoming Canada's first net-zero province by 2040.
  - **Clean Technology:** Prince Edward Island has launched the Emerging Concepts and Technologies (ECT-PEI) Clean Technology Challenge. This initiative offers grants of up to \$100,000 per project to support researchers and entrepreneurs developing innovations.
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#### Quebec

- **Industrial 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. Quebec is seeking to achieve emissions reductions of 37.5% below 1990 levels by 2030, and to reach carbon neutrality by 2050. These targets are enforced through Quebec's cap-and-trade system.
  - **Critical Minerals:** Quebec possesses numerous critical and strategic minerals across its territory. In the 2023–2025 phase of its Critical and Strategic Minerals Action Plan, the Quebec government expanded its official list of critical minerals from 22 to 28, adding materials such as manganese, aluminum, germanium, and high-grade iron. In 2025, Quebec also launched a pilot project on the traceability of critical and strategic minerals, using blockchain-based technology to ensure responsible sourcing and alignment with international environmental and social standards.
  - **Electricity Generation:** Hydro-Québec has announced a plan to double its electricity production by 2050 to meet rising demand from electrification and industrial growth. The utility will invest up to \$185 billion over 12 years to expand capacity, including tripling wind power, renovating existing dams, and studying new hydroelectric facility projects.
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- **Clean Technology:** Investissement Québec has launched a program to stimulate business investment and accelerate the shift toward sustainable innovation and productivity. This includes targeted support for companies integrating clean technologies into their operations.
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## Saskatchewan

- **Industrial Carbon Pricing:** The Saskatchewan government has announced it would pause the industrial carbon tax under its OBPS program, effective April 1, 2025, through a new regulation that suspended compliance obligations for large industrial emitters.
  - **Critical Minerals:** Saskatchewan has announced an expansion of its Targeted Mineral Exploration Incentive (TMEI) to include more early-stage exploration activities, such as geophysical surveys and core logging. This move aims to help smaller companies attract private investment and accelerate the discovery of critical minerals. The expansion supports Saskatchewan's goal to double its critical minerals production and capture 15% of Canada's exploration spending by 2030.
  - **Electricity Generation:** The province continues to work with Ontario, Alberta, and New Brunswick under the Interprovincial SMR Memorandum of Understanding (MOU), aiming to deploy its first SMR by the mid-2030s.
  - **Other:** Saskatchewan has expanded its Petroleum Innovation Incentive (SPII) by increasing the funding cap to \$100 million and extending the program to 2029. The updated program now supports a broader range of early-stage oil and gas innovations, including new well drilling configurations and emissions-reducing technologies. It offers 25% tax credits on eligible project costs to encourage private investment and technological advancement in the energy sector.
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## Yukon

- **Industrial Carbon Pricing:** The federal pollution pricing system is implemented in Yukon.
  - **Critical Minerals:** Yukon is seeking to play a growing role in Canada's critical mineral supply chain, supported by advanced exploration techniques and strong geological potential. The Yukon government is currently conducting consultations on new minerals legislation aimed at modernizing the territory's mining laws. The objective is to develop a legal framework that supports responsible resource development, strengthens environmental protections, and respects Indigenous rights and interests.
  - **Electricity Generation:** Yukon continues to implement its 10-year renewable electricity plan, supporting projects in solar, wind, geothermal, and biomass energy. The territory met its target of 7 MW of installed renewable capacity by 2022 and is now focusing on community-based renewable energy projects.
  - **Clean Technology:** Yukon's Our Clean Future strategy addresses climate change, the transition to renewable energy, and building a green economy. It includes over 40 actions aimed at reducing greenhouse gas emissions, improving energy efficiency, and supporting clean technology and innovation across sectors. The strategy also emphasizes collaboration with Indigenous governments and communities, ensuring that climate solutions are inclusive, locally driven, and resilient.
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### 3.2.3. 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 focused on (i) accelerating efficient emission reduction projects, (ii) helping Canadian cleantech companies scale up successfully, and (iii) capitalizing on Canada's abundant natural resources and strengthening low-carbon supply chains.

**1. Projects:** CGF invests in projects that use technologies and processes that have been proven in pilots but not yet widely adopted to efficiently reduce emissions across the Canadian economy, including but not limited to CCS, electrification and low-carbon electricity, hydrogen and ammonia, and biofuels. CGF will take minority or control equity positions and/or invest with a mix of debt, equity, hybrid instruments, and Contracts.

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, and a constantly evolving regulatory landscape may impact the delivery of the CGF Mandate.

#### (i) CCS

CCS is the process of capturing CO<sub>2</sub> from carbon-intensive industrial processes and compressing it for transportation and storage in underground geological formations. CCS represents a transformative solution to decarbonize hard-to-abate sectors such as energy production, heavy manufacturing, and other industrial processes.

In 2023, Heavy Industry and Oil & Gas respectively accounted for 11% and 30% of Canadian's total emissions,<sup>15</sup> consistent with recent years. These sectors often have point-source emissions that are well suited for carbon capture and 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.

**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, or cryogenics. CO<sub>2</sub> can be captured either before or after a combustion process, with pre-combustion capture projects generally being the most economical today. Another alternative is to capture CO<sub>2</sub> using Direct Air Capture (**DAC**) technology, which extracts CO<sub>2</sub> from ambient air as opposed to the flue gas stream of an industrial process. Following capture, CO<sub>2</sub> generally must be transported to its sequestration location.

**Transportation** involves compressing CO<sub>2</sub> to reduce its volume for efficient transportation. CO<sub>2</sub> can be shipped via heavy vehicles, freight trains, or shipping vessels. Most CO<sub>2</sub> is transported via pipeline, which is more capital intensive but has greater benefits when implemented at scale.

**Sequestration** involves using injection wells to pump supercritical CO<sub>2</sub>, a dense, fluid-like state achieved under high pressure, into suitable subsurface reservoirs such as depleted oil and gas fields or deep saline aquifers. The main activities of carbon sequestration operations include injection, monitoring, and decommissioning. Upon sequestration 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 required for several years after site decommissioning to ensure that CO<sub>2</sub> remains safely contained underground.

<sup>15</sup> Greenhouse gas sources and sinks in Canada: executive summary 2025, Environment and Climate Change Canada, 2025.



**Potential Role for CGF:** CGF aims to invest across the CCS supply chains by providing 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.

CGF's carbon capture strategy is three-fold: (i) support the 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**) projects with the potential to increase CCS use cases, and (iii) accelerate technology by supporting the growth of Canada's CCS intellectual property and the commercialization of new technologies.

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 sands.<sup>16</sup>

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. 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.

CGFIM is also evaluating capital deployment opportunities in bioenergy with carbon capture and storage (**BECCS**) projects. BECCS is a technology that captures and permanently stores CO<sub>2</sub> emitted from the combustion or processing of biogenic sources such as agricultural residues, forestry byproducts, or organic waste. Because the CO<sub>2</sub> originates from biomass that absorbed carbon during growth, capturing and storing it results in net-negative emissions, making BECCS a vital tool for achieving global net-zero targets. BECCS projects have gained strong interest from major technology companies, which are committed to net-zero corporate strategies and are looking at purchasing BECCS credits on a long-term offtake basis.

### *(ii) Hydrogen and Ammonia*

**Hydrogen:** Hydrogen is a clean fuel alternative, emitting zero GHGs when combusted to produce energy (the combustion of hydrogen with oxygen creates water). Hydrogen is a fuel source or feedstock for many existing industrial applications, including refineries, chemicals, methanol, ammonia, and fertilizer production. In addition to those industrial uses, hydrogen may have potential to become a viable alternative in emerging markets such as steel manufacturing, industrial heat, heavy transport, power generation, and aviation and marine fuels.

Today, approximately 85% of global hydrogen production relies on fossil fuels, particularly natural gas, with nearly two-thirds of production produced primarily via a steam methane reforming process and approximately 20% produced from coal.<sup>17</sup> The hydrogen produced via steam methane reforming is known as Grey Hydrogen due to the high CO<sub>2</sub> emissions associated with its production. Hydrogen can also be produced via alternative low carbon methods, such as steam methane reforming combined with carbon capture and sequestration (**Blue Hydrogen**) or electrolysis power by renewable energy (**Green Hydrogen**). These cleaner methods of production aim to reduce the carbon intensity (**CI**) of the final product. In 2023, total global hydrogen production reached approximately 97 million tonnes with less than 1% classified as low-emissions hydrogen<sup>18</sup> due to its high levelized cost compared to carbon intensive alternatives.

<sup>16</sup> Entropy, Varme, Strathcona Resources, and Svante – see section 4.1.1 for details.

<sup>17</sup> International Energy Agency (IEA) Global Hydrogen Review 2024.

<sup>18</sup> International Energy Agency (IEA) Global Hydrogen Review 2024, October 2024.



The most common methods of producing hydrogen are:

- (i) Grey Hydrogen: producing hydrogen via steam methane reforming;
- (ii) Blue Hydrogen: producing hydrogen via steam methane reforming, while also utilizing CCS to capture and reduce (but not fully eliminate) CO<sub>2</sub> emissions; and
- (iii) Green Hydrogen: using clean electricity to break down water molecules (via electrolysis), creating hydrogen and oxygen as the only byproduct.

CGF is also monitoring two additional hydrogen pathways that are an earlier stage of commercialization:

- (i) Turquoise Hydrogen: producing hydrogen via methane pyrolysis. This method generates low-carbon hydrogen along with solid carbon as a by-product; and
- (ii) White Hydrogen: refers to naturally occurring hydrogen found in geological formations, and is also known as natural hydrogen. This pathway is gaining interest due to its potential as a low-emission, naturally sourced hydrogen option.

**Ammonia:** Ammonia (NH<sub>3</sub>), traditionally produced for use in fertilizers, has been touted as a key enabler of the hydrogen economy and a zero-carbon fuel alternative. Low-carbon ammonia is essential to decarbonizing fertilizer production as it replaces the fossil fuel-intensive process of conventional ammonia synthesis, which is one of the largest industrial sources of greenhouse gas emissions in agriculture. As a hydrogen carrier, ammonia offers a more energy-dense and cost-effective option for storing and transporting hydrogen, especially over long distances and across global supply chains. It can be “cracked” back into hydrogen at the point of use or combusted directly in power generation and maritime applications, releasing only nitrogen and water when burned in a clean system.

**Potential Role for CGF:** The development of commercially viable low carbon hydrogen and ammonia 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 and ammonia industry will result in new job creation across the clean hydrogen, ammonia, and renewable energy sectors. Major hydrogen and ammonia projects in Canada are largely meant for international markets as a result of: i) strong global demand, ii) Canada’s abundance of renewable energy resources providing a competitive advantage, iii) access to export-oriented infrastructure, and iv) a favourable geopolitical and regulatory environment.

To support the growth of Canada’s clean hydrogen and ammonia industry, CGF is actively engaging with a diverse range of commercially viable project stakeholders and innovative clean technology companies to better understand their challenges. Blue hydrogen/ammonia has a promising value proposition as it leverages low-cost Canadian natural gas for production and, thus, CGF expects Canada’s production to be cost-competitive globally. CGF will consider partnering with high-quality developers to accelerate the deployment of viable projects across Canada, as well as making equity investments in companies to help commercialize those emerging clean technologies. Through these efforts, CGF aims to enhance Canada’s attractiveness to both project developers and capital providers over the long term.

### *(iii) Biofuels*

Bioenergy is energy that is derived from organic materials known as biomass which can be used to produce biofuels, heat, electricity, and other 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, can be a fully fungible drop-in alternative to fossil fuel. Biofuels come in several forms including biogas (e.g., renewable natural gas) and liquid biofuels (e.g., 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 that creates large amounts of methane.
- (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.
- (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 28 to 30 times more potent over a 100-year time horizon than CO<sub>2</sub> at trapping heat in the atmosphere.<sup>19</sup> 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 in various industrial processes. Capturing and burning methane has a much lower greenhouse effect than allowing the methane to enter the atmosphere directly.<sup>20</sup>

**Liquid Biofuels** include biodiesel, renewable diesel, (**RD**) and sustainable aviation fuel (**SAF**). Liquid biofuels can be produced by a variety of different processes. This includes processing biomass via transesterification of lipids, or hydroprocessing lipids, as well as other production routes such as Fischer-Tropsch synthesis. 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 in other heavy-duty applications such as construction, mining, and agricultural equipment.

**Potential Role for CGF:** Biofuels (RNG, RD, and SAF) are a growing source of renewable energy and are a critical part of decarbonizing traditional fossil fuels used in transportation and heating. However, a number of project characteristics that are inherent to the industry result in financing hurdles for many of these projects. These include high upfront capital costs, potential delays, and a lack of long-term feedstock and offtake agreements. Additionally, fluctuating feedstock mixes and downstream users’ reluctance to pay a premium or commit to long-term contracts make these projects risky for private investors. CGF is actively engaging with a diverse range of project developers and corporates with the aim of catalyzing growth in the Canadian RNG sector and is pursuing strategic partnerships with leading RNG producers to support the build-out of multiple projects across the country. For liquid biofuels, CGF will focus on providing capital to the lowest-cost projects that have meaningfully advanced key development milestones such as securing feedstock supply, offtake agreements, permitting, and site control. This targeted approach is intended to de-risk investments and attract additional capital from private sector investors.

#### *(iv) Electrification & Energy Efficiency<sup>21,22,23</sup>*

Electrification can be broadly defined as the replacement of fossil fuel-powered processes with electric alternatives. According to the International Energy Agency (**IEA**), global demand for electricity in final energy consumption is set to increase by approximately 4.0% per annum between 2022 and 2030 and will need to further accelerate 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.

<sup>19</sup> United States Environmental Protection Agency, “Importance of Methane” Revisions of Global Warming Potential Values for the Greenhouse Gas Reporting Program, July 2024.

<sup>20</sup> Nature, “Control methane to slow global warming — fast”, August 25, 2021.

<sup>21</sup> International Energy Agency, “World Energy Outlook 2024”, October 2024.

<sup>22</sup> International Energy Agency, “Perspectives for the Energy Transition: The Role of Energy Efficiency”, April 2018.

<sup>23</sup> Canada Energy Regulator, “Canada’s Energy Future 2023”, June 2023.



Energy Efficiency in energy transition refers to the strategic reduction of energy consumption through improved technologies, processes, and behaviours while maintaining or enhancing service levels. The IEA has long recognized Energy Efficiency as “the first fuel” of a sustainable global energy system, meaning it is the most immediate and cost-effective way to reduce greenhouse gas emissions, improve energy security, and support economic growth. In 2021, Canada’s buildings sector was the third-largest source of GHG emissions in Canada, responsible for 13% of direct GHG emissions<sup>24</sup>. To date, CGF has announced one transaction in the energy efficiency of building, Cascadia Window & Doors<sup>25</sup>.

While there is overlap between both concepts, improved Energy Efficiency and rising rates of Electrification are key factors in reducing the share of fossil fuels in final consumption. While the impact of each differs by sector and implementation method, CGF will focus on the following themes, deemed actionable in Canada.

**Abated and clean power** includes renewable power, nuclear power, and power generated from fossil fuels such as natural gas or from bioenergy combined with CCS to reduce CO<sub>2</sub> emissions. While institutional investors and financiers are readily available sources of finance for conventional renewable power such as wind and solar power, there is a dearth of capital available for unconventional or riskier types of renewable power in Canada such as offshore wind, geothermal, floating solar, and other emerging renewable power technologies.

**Grid modernization and integration of renewable energy** refers to the strategic transformation of the electric power grid to enhance its resilience, flexibility, efficiency, and security. Significant investment is required to build new electricity transmission corridors and refurbish and modernize distribution networks to support Electrification as the Canada Energy Regulator estimates that under net zero scenarios, electricity usage will more than double from 2021 to 2050.<sup>26</sup>

**Electrification of industrial processes** refers to replacing fossil fuel-based energy sources (e.g., coal, natural gas) with electric technologies to power manufacturing and processing activities essential for decarbonizing hard-to-abate sectors such as steel, cement, chemicals, and food processing. Key components include electric arc furnaces (steel production), inert anodes (aluminium production), electric boilers and heat pumps (process heat), and electrochemical processes (hydrogen production via electrolysis).

**Energy storage and demand management** refers to the delayed usage of captured energy, enabling greater flexibility, reliability, and efficiency in energy systems. The flexibility further enables the integration of intermittent renewable energy by lowering peak demand and improving grid stability. Energy storage types include:

- (i) Mechanical storage, or energy stored in physical forms like gravitational potential or kinetic energy: pumped hydro, compressed air energy storage;
- (ii) Electrochemical storage, or energy stored through chemical reactions, commonly used for grid and EV applications: lithium-ion batteries, flow batteries;
- (iii) Thermal storage, or heat stored for later use in power generation or heating: molten salt, phase change materials, refractory brick.

Such assets can be deployed at utility scale but also as distributed energy resources that allow large energy consumers to reduce demand during peak hours, lowering costs and emissions.

**Decarbonization of industrial and district heat** can be largely achieved by the electrification of industrial processes, but the shift from fossil fuels to low-carbon technologies for generating process heat in manufacturing and heavy industry also includes the utilization of biomass/biogas as well as building waste heat recovery capacity. Industrial heat accounts for a large share of global energy use and emissions, especially in sectors like steel, cement, and chemicals.<sup>27</sup> Transitioning centralized heating networks from fossil fuels (e.g., coal, gas) to low-carbon sources not only involves increased reliance upon renewable power, but also relies upon sourcing heat directly from geothermal and biomass resources, and can be accelerated by improving system efficiency, incorporating thermal storage, and deploying smart grid technologies.

<sup>24</sup> Natural Resources Canada, Building energy benchmarking and transparency, August 2025

<sup>25</sup> Cascadia Windows & Doors - see section 4.1.1 for details

<sup>26</sup> *Idem*

<sup>27</sup> Energy + Environmental Economics, “Decarbonizing Industrial Heat: Measuring Economic Potential and Policy Mechanisms”, October 2024.



**Potential Role for CGF:** Across these themes, CGF is actively pursuing partnership opportunities with utility companies, project developers, and corporations. CGF aims to provide innovative investment solutions for Electrification and Energy Efficiency projects that will help minimize the cost of capital and seek to underwrite risks linked to technologies and processes that are uncommon in Canada.

Since CGF's inception, engagement with domestic and international project developers has been positive and has led to a significant number of investment opportunities. A particular focus will be for CGF to develop investment solutions that appeal to corporations seeking to electrify industrial processes and manage demand.

Canadian utility companies, ranging from privately owned to vertically integrated government-owned regulated utilities, are key stakeholders across all themes. While CGF views measures such as those proposed in the 2024 Fall Economic Statement, which explores lowering the 90 per cent threshold that currently limits municipal-owned utility corporations from attracting more than 10 per cent pension fund ownership, as a positive step forward to unlocking long-term investment capital, CGF will continue pursuing, in the interim, innovative ways to support the business plans of Canadian utility companies that are undertaking programs for grid modernization and the integration of renewable power.

To fully realize the emission reduction potential of energy, Canada will need to ensure that the increasing demand for electricity is met with abated and clean power generation. In the medium term, CGF expects to focus on the development and building of small modular nuclear reactors, offshore wind, and bioenergy with carbon capture and storage.

To date, CGF has announced one transaction in this sector.<sup>28</sup> 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 difference in Canada, providing the certainty required for the project to reach its final investment decision and unlocking the deployment of new sustainable technologies.

**2. Clean technology (Cleantech):** CGF invests in cleantech companies, including SMEs, which are scaling less mature but proven technologies that are in the demonstration or commercialization stages of development and are built around a defendable intellectual property. CGF focuses on investments during a company's critical growth and scale-up phase through i) direct investments focusing on minority equity positions, and ii) select commitments to third party fund managers and/or co-investment opportunities where the strategy and objectives align with those of CGF.

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

The Canadian Cleantech sector has expanded significantly in recent years, with total transaction values growing at a compound annual growth rate of approximately 20% over the last decade<sup>29</sup> and continuing to grow in 2024. The Canadian Cleantech market generated revenues of approximately \$21.25 billion in 2024 and is projected to reach \$44.95 billion by 2030, reflecting a CAGR of 13.6% from 2025 to 2030.<sup>30</sup> Despite this growth, the sector remains in its early stages of development and is primarily composed of small and medium-sized enterprises.

The Cleantech sector is expected to play an important role in the decarbonization of the global economy, as well as supporting Canada in achieving its long-term climate goals. According to the International Energy Agency,<sup>31</sup> approximately 50% of the total emission reductions required to achieve net zero globally by 2050 are expected to be

<sup>28</sup> Varme Energy and Eavor Technologies – see section 4.1.1 for details.

<sup>29</sup> Pitchbook database, March 2024.

<sup>30</sup> Canada Clean Technology Market Size & Outlook, 2024-2030, Horizon Grand View Research.

<sup>31</sup> International Energy Agency, "Energy Technology Perspectives", January 2023.



attributable to technologies that are in early stages of development or not yet commercially available. Accelerating the development, commercialization, and deployment of these growth-stage technologies is therefore critical to supporting 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 Cleantech sector is also expected to provide significant economic benefits. According to Statistics Canada, the Cleantech and environment sectors contributed to 1.0% of Canada's GDP in 2023, a decline from 3.0% in 2022 primarily due to reduced hydroelectric generation caused by dry weather conditions in provinces like Quebec, Manitoba, and British Columbia. The sector also provided over 354,000 jobs, accounting for 1.7% of all Canadian jobs.<sup>32</sup> With global energy investment projected to surpass US\$3 trillion in 2024, and with US\$2 trillion allocated towards clean energy technologies and related infrastructure,<sup>33</sup> there are significant opportunities for Canada's clean tech 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 still face certain risks, namely commercialization and scale-up risk, that prevent them from attracting investments from later-stage investors managing larger capital pools. By doing so, CGF will aim to bridge the funding gap in the Canadian Cleantech 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 tech investor ecosystem. CGF has supported private market investment managers in their fundraising efforts by making strategic commitments to three like-minded managers. By doing so, CGF will aim to attract additional private capital to Canada's Cleantech investor ecosystem, expanding the pool of capital available to finance Canadian Cleantech companies.

To date, CGF has announced eight direct transactions in the Cleantech sector:<sup>34</sup> One relating to a company developing next-generation geothermal energy projects, two deploying unique carbon capture technologies, one related to a Canadian leader in energy storage, one related to bidirectional EV charging technology, one related to energy efficiency of buildings and three fund commitments.<sup>35</sup>

**3. Low-carbon supply chains:** CGF invests in projects, companies, and technologies across low-carbon supply chains, including critical minerals, that will allow Canada to leverage its abundance of natural resources, help secure Canada's supply chains, and improve Canada's domestic and global competitiveness. CGF will invest through i) direct investments in projects and companies; and ii) co-investment alongside corporates, funds, developing strategic partnerships with builders, operators, processing/refining partners, and manufacturers.

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 provides 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 technologies.<sup>36</sup> 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.

<sup>32</sup> Statistics Canada "Environmental and Clean Technology Products Economic Account", May 2025.

<sup>33</sup> Export Development Canada, "EDC CleanTech Report: Rapid growth in AI-enabled cleantech unlocking opportunities for Canada", October 2024.

<sup>34</sup> Eavor, Svante, Hydrostor, dcbel, Cascadia and fund investments - see section 4.1.1 for details.

<sup>35</sup> Idealist Capital, MKB, and Longbow Capital - see section 4.1.1 for details.

<sup>36</sup> Government of Canada, "Releases Updated Critical Minerals List", June 2024.



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

- (i) There is a threat to the mineral's supply chain, and
- (ii) There is a reasonable chance of the mineral being produced in 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 nearly triple by 2030 and increase to over 3.5 times current levels by 2050, reaching nearly 40 million tonnes.<sup>37</sup> As countries around the world focus on electrification and the energy transition, renewables capture an increasingly large share of 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.

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 Agency,<sup>38</sup> China controlled a large proportion of the existing global processing capacity for several critical minerals in 2024, including cobalt, lithium, graphite, and rare earth elements. This level of concentration highlights the strategic importance for Canada to invest in and develop its domestic capabilities across all levels of the critical minerals supply chain.

Overall market and geopolitical volatility continues to impact critical mineral prices, while higher inflation has increased capital and operating costs across the mining space. This has created a situation where critical mineral developers have generally underperformed underlying spot prices, with only the most liquid names trading at higher valuation multiples. Retail investors and hedge funds are providing much of the liquidity to the sector given long-only funds are less active. Lagging institutional interest in the critical mineral sector has made access to capital challenging, with developers turning to alternatives to finance projects. Through its investment activities, CGF has a unique opportunity to unlock critical minerals projects against the backdrop of the current capital markets environment.

### 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.

<sup>37</sup> International Energy Agency, "Critical Minerals Market Outlook 2025", May 2025.

<sup>38</sup> International Energy Agency, "World Energy Outlook 2024", October 2024.



**Potential Role for CGF:** CGF's investments in critical minerals will serve to advance Canada's G7 critical minerals strategy. 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, with a focus on upstream, midstream, and recycling opportunities including funding mining activities and related infrastructure and critical minerals processing. When investing in upstream mining assets, CGF primarily focuses on assets that have a line of sight to FID. CGF will also consider expansion projects at existing mines or processing facilities. In doing so, CGF will strive to attract private sector capital by investing alongside partners 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.

Ultimately, CGF's investments towards strengthening Canada's critical supply chain drive economic growth, fuel job creation, and strengthen the supply chain for Canada, its allies, and its trading partners.



## 4. Activities, Risks, Expected Results, and Performance

### 4.1. Activities of CGF

#### 4.1.1. Primary Activities

Table 2 - Transactions announced to date

**Investments:** CGFIM executes all the 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.

<p><b>Darlington New Nuclear Project</b></p> <p>\$2B equity commitment agreement alongside Building Ontario Fund (BOF) to finance the construction of the G7's first SMR project to be constructed at the Darlington New Nuclear Project, which will be majority owned and operated by Canadian nuclear champion, OPG.</p> <p>October 2025, <a href="#">Press release</a></p>	<p><b>Cascadia Windows &amp; Doors</b></p> <p>\$30 million commitment alongside two private co-investors to further expand its manufacturing capacity and market footprint, scaling operations and accelerating the deployment of its advanced technologies that support buildings sector decarbonization across North America.</p> <p>October 2025, <a href="#">Press release</a></p>
<p><b>Eavor Technologies</b></p> <p>Up to approximately \$138 million to further accelerate the development and commercial deployment of Eavor's geothermal technology. Since CGF's initial investment of \$90 million, Eavor has made progress on the construction of its first commercial-scale facility in Geretsried and achieved major milestones.</p> <p>June 2025, <a href="#">Press release</a></p>	<p><b>Foran Mining</b></p> <p>\$156 million commitment to Foran Mining Corporation. Foran's flagship asset is the 100%-owned McIlvenna Bay Project, a polymetallic deposit along the Flin Flon Greenstone Belt and Canada's only copper and zinc deposit currently under construction.</p> <p>May 2025, <a href="#">Press release</a></p>
<p><b>dcbel Inc.</b></p> <p>Investment of US\$40 million in dcbel Inc., a Montreal-based smart home energy platform company which has developed unique bidirectional electric vehicle (EV) charging hardware integrated with a home energy management system.</p> <p>March 2025, <a href="#">Press release</a></p>	<p><b>Hydrostor</b></p> <p>US\$200 million investment from Canada Growth Fund Inc. (CGF), Goldman Sachs Alternatives, and Canada Pension Plan Investment Board (CPP Investments). The transaction will support Hydrostor's continued investment in Advanced Compressed Air Energy Storage (A-CAES) projects in Canada and around the world.</p> <p>February 2025, <a href="#">Press release</a></p>



<p><b>Longbow Capital</b></p> <p>Commitment of up to \$50 million to Longbow Energy Transition Fund II LP. Longbow Energy Transition Fund II invests in businesses that are expected to benefit from the momentum behind the energy transition, with a focus on technologies and services that help lower carbon emissions through efficient and cost-effective solutions.</p> <p>February 2025, <a href="#">Press release</a></p>	<p><b>NMG</b></p> <p>Approximately \$35.6 million private placement with Nouveau Monde Graphite Inc. (NMG), a Quebec-based integrated graphite mining and processing company. With operations in Saint-Michel-des-Saints and Bécancour, NMG is developing an integrated value chain to transform natural graphite into active anode material, a critical component of lithium-ion batteries.</p> <p>December 2024, <a href="#">Press release</a></p>
<p><b>MKB</b></p> <p>\$50 million 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.</p> <p>August 2024, <a href="#">Press release</a></p>	<p><b>Svante</b></p> <p>US\$100 million financing commitment to Svante, a global carbon capture and removal solutions provider. The initial \$50 million tranche is 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.</p> <p>August 2024, <a href="#">Press release</a></p>
<p><b>Strathcona Resources</b></p> <p>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.</p> <p>July 2024, <a href="#">Press release</a></p>	<p><b>Markham District Energy</b></p> <p>Two-way CfD to enable the investment needed to replace natural gas boilers with an efficient heat recovery system from wastewater in order to provide residents with reliable and cost-competitive low carbon energy services.</p> <p>June 2024, <a href="#">Press release</a></p>
<p><b>Varme Energy</b></p> <p>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. In December 2024, Gibson disclosed that it no longer intended to pursue the project. Subsequent to Gibson's decision, Varne launched a process to solicit new investment interest in the project and to obtain a replacement partner. CGF remains committed to the project and continues to see it as well aligned with its Mandate, including in relation to carbon contracts.</p> <p>June 2024, <a href="#">Press release</a></p>	<p><b>Idealist Climate Impact Fund</b></p> <p>Commitment of \$50 million to a Canada-focused fund aimed at commercializing, scaling, and accelerating the decarbonization of power supplies and industrials, the electrification of transportation, and the circular economy.</p> <p>March 2024, <a href="#">Press release</a></p>
<p><b>Entropy</b></p> <p>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 tonnes per annum, to invest in Canadian CCS projects that could significantly reduce emissions in Canada and worldwide.</p> <p>December 2023, <a href="#">Press release</a></p>	<p><b>Eavor Technologies</b></p> <p>\$90 million preferred equity commitment to close the funding gap and scale geothermal technology solutions while retaining intellectual property and creating Canadian jobs.</p> <p>October 2023, <a href="#">Press release</a></p>



## 4.1.2. Opportunity Sourcing

To ensure a fair approach to the sourcing of investment opportunities, CGFIM employs a dual-track strategy consisting of (i) an active outreach strategy and (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](mailto:infocgf@cgf-fcc.ca)). With the launch of its revamped website, CGFIM developed a publicly available submission portal allowing Canadian businesses to submit investment opportunities and information on projects or companies aligned with CGF's Mandate. The improved website provides visitors with all the information they may need to familiarize themselves with the role and purpose of CGF, all in one place, ensuring an open and transparent investment review process.

## 4.1.3. Investment Selection

When evaluating investment opportunities on behalf of CGF, CGFIM uses a set of Investment Criteria that supports a rigorous, fair, and consistent evaluation while assessing the alignment of opportunities with relevant aspects of the CGF Mandate. Notably, any one individual investment may not fully satisfy all the Investment Criteria and Strategic Objectives of the CGF Mandate.

Table 3 – Investment Criteria

Investment Criteria	
1	<b>Consistency with goals:</b> The investment will advance the CGF Mandate and Strategic Objectives.
2	<p><b>Long-term benefits for Canada:</b> 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:</p> <ul style="list-style-type: none"> <li>a) <b>Canadian presence:</b> activities related to the project or company are performed in Canada and/or may generate widely shared economic benefits in Canada.</li> <li>b) <b>Intellectual property:</b> the activity will enable the development, utilization, or commercialization of Canadian IP, or maintain Canadian ownership.</li> <li>c) <b>Value chain creation:</b> the investment will develop or strengthen Canadian competitiveness by participating in a new or existing value chain.</li> </ul>
3	<b>Additionality:</b> The investment will attract private sector investment, immediately or in the future, that would likely not have been secured without the participation of CGF.
4	<b>Financial soundness:</b> The investment will fit within a portfolio that will target the preservation of capital.
5	<b>Consistency with public disclosure sustainability-related principles:</b> The investment will fit within a portfolio that will assist CGF in meeting internationally recognized standards of sustainability-related measurement, disclosure, and performance.



To help assess the alignment of a given potential investment with 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 (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, and 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	<b>Equity, debt, and hybrid instruments:</b> CGF may invest in equity (e.g., common shares, preferred shares, trust interests, or partnership interests), debt, or hybrid instruments.
2	<p><b>Contracts:</b> 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:</p> <ul style="list-style-type: none"> <li>a) <b>Offtake contracts:</b> 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.</li> <li>b) <b>Contract for Difference<sup>39</sup> – Market Price:</b> CfD that absorbs carbon credit market risk. If the market price is below the contract strike price, CGF pays the difference to the credit holder, and vice-versa.</li> <li>c) <b>Contract for difference – Policy price:</b> CfD that absorbs carbon policy risk. If the policy price falls below the contract strike price, CGF pays the difference to the credit holder, and vice-versa.</li> </ul>

### 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. While offtake contracts and CfDs may be used as a financial tool to absorb certain risks in relation to carbon markets in the context of specific investments and projects, they are not a replacement for well designed policy and well functioning market mechanisms.

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.

<sup>39</sup> 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 the 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 2 - 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	✓	✓	–	Medium (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 Canada<sup>40</sup>, allocating, on a priority basis, up to \$7 billion in funding for their issuance. In this context, CGF has developed an initial Carbon Contracts Strategy 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 the 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 and capital efficiency;
- (v) **Accelerate Technologies:** Accelerate the deployment of key technologies;
- (vi) **Deliver value for money:** Maximize the impact of CGF capital through project selection, investment structure, and partnerships with the 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;

<sup>40</sup> As announced in the 2023 Fall Economic Statement.



- (iii) **Accessibility:** Develop standardized instruments for certain jurisdictions/sectors to promote rapid and efficient deployment and ensure widespread accessibility.

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

Figure 3 - Carbon contracts deployment strategy

		① Scale	② Scope	② Accessibility
Offtake	Project Type	Larger Emitters	“First-of-a-kind” Projects	Smaller Emitters
CGF Approach	Capital Commitment	Larger	Varies	Smaller
	Investment Structure	<b>Customized</b> (typically includes contracts and requires equity investment and/or upside participation)		<b>Standardized</b> (focus on replicability to accelerate wide adoption)
	Governance Rights	<b>Customized</b> (governance commensurate with equity participation, including information rights)		<b>Limited</b> (typically limited to information rights and commitments to operate)
	Due Diligence	<b>Higher</b> (in line with equity investor due diligence standards)		<b>Medium</b> (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, sustainability practices and policies, and 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, and 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*

<b>1</b>	<b>Operational Oversight:</b> execution of projects and implementation of initiatives to achieve economic and impact benefits.
<b>2</b>	<b>Financial Oversight:</b> responsible management of financial risks and realization of expected returns.
<b>3</b>	<b>Strategic Oversight:</b> 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 in accordance with its negotiated information and governance rights. These vary from one investment to another but may include, for example, acting as a board member at a company, participating in annual sustainability and ESG meetings, or 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 sustainability 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. 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**

To operationalize the CGF Mandate, CGFIM has developed frameworks and tools to translate each of the Strategic Objectives into pillars and key performance indicators complementing CGF's statutory financial reporting. The CGF investment evaluation includes both a more conventional financial evaluation aligned with best investment practices and an impact-focused assessment in alignment with the CGF Mandate. As discussed in the previous section, all investments must demonstrate financial soundness and CGFIM's investment process ensures that the investment will fit within a portfolio that will target the preservation of capital. The subsequent section will focus on outlining details related to the impact evaluation.

CGFIM defines "impact" as the collection of indicators which CGF aims to deliver on a portfolio level over time. The resulting pillars and performance criteria make up CGF's Impact IM+M framework (Table 6), which is integrated across the investment lifecycle, providing the basis for investment diligence and selection, asset management, and portfolio monitoring. CGF investments are expected to address one or more aspects of the IM+M framework, but it is noteworthy that any one individual investment may not align with all aspects.



Table 6: CGF Impact Measurement and Management (IM+M) Framework

Pillar	Link to CGF Mandate	Performance criteria <sup>41</sup>
<b>Decarbonize Canada</b>	Reduce emissions while promoting economic growth and Canadian competitiveness	<ul style="list-style-type: none"> <li>Financed emissions (including Scope 1 and 2 emissions, Scope 3 where possible)</li> <li>Anticipated avoided emissions</li> </ul>
<b>Drive Canadian Clean Growth</b>	Scale technologies and companies that will drive productivity, competitiveness, growth, and jobs across new and traditional sectors of Canada's industrial base	<ul style="list-style-type: none"> <li>Estimated permanent jobs created or supported by CGF investments</li> <li>Number of technologies and/or patents created, supported, or maintained due to CGF investments</li> <li>Annual export revenue from major projects, clean technology, and/or low-carbon supply chains</li> </ul>
	Capitalize on Canada's resource endowment and strengthen critical supply chains	
	Provide long-term benefits for Canada	
<b>Additionality</b>	Prioritize investments that unlock additional financial resources (crowding in capital) or advance economic and environmental outcomes that would not otherwise have been achieved	<ul style="list-style-type: none"> <li>Ratio of private investment (equity and debt) catalyzed due to CGF investments</li> <li>Amount of new capital leveraged or unlocked that invests in alignment with the CGF Mandate (including qualitative evidence)</li> </ul>

The Fund's IM+M framework supports evaluating all investments against each pillar and aligns the overall investment strategy, decisions, and management toward common objectives. Each investment may not support every standard dimension of impact but should significantly contribute to at least one of the key objectives, such that CGFIM can deliver on the CGF Mandate on a portfolio basis. These objectives are then integrated across the investment process, as outlined further in the next section. Total performance against objectives is evaluated, on aggregate, at the portfolio level.

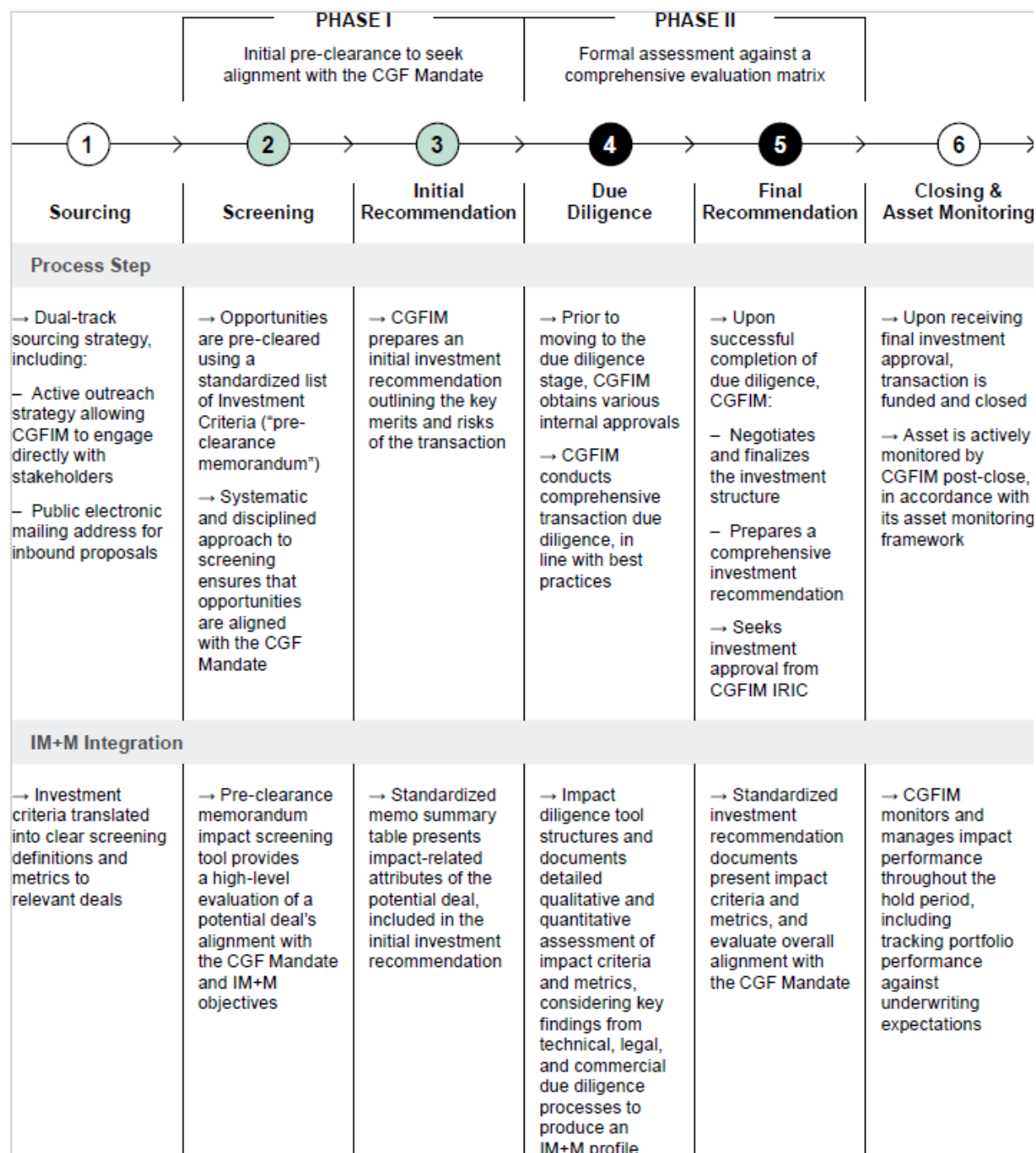
### Integrating Impact into Investment Lifecycle

CGF's IM+M framework outlines a process to integrate impact management at every step of the investment lifecycle by defining specific steps to assess impact during investment screening, diligence and selection, asset management, and portfolio monitoring.

<sup>41</sup> To be reported by CGFIM on an annual basis, to the extent possible and appropriate, at the portfolio-level.



Figure 4 - CGF investment process





The Fund seeks to sustain the impacts created through its investments, including after divesture. CGFIM seeks to evaluate and monitor the performance of each investment against the Fund's Strategic Objectives at the following stages of the investment process:

- **Sourcing, Screening and Due Diligence:** During Phase I (**screening**) and Phase II (**diligence**), the IM+M framework guides users to evaluate an investment opportunity against a consistent and comprehensive set of impact metrics that align with the Fund's impact objectives. Screening focuses on demonstrating alignment with the CGF Mandate. Diligence focuses on evaluating each impact metric to measure the potential performance of the deal in alignment with the CGF Mandate. CGFIM has developed tools to support the evaluation of deals during the screening and diligence of the investment process. These tools allow CGFIM to construct a comprehensive assessment of each potential CGF investment, which is used, among other things, to inform the final investment recommendation and decision.
- **Closing and Asset Monitoring:** CGFIM monitors and manages impact performance throughout the holding period, including through:
  - **Contractual Terms and Governance:** CGFIM seeks to embed impact-focused metrics and requirements into the investment contract to ensure impacts aligned with the CGF Mandate are created and maintained throughout the investment hold. Examples include leveraging CGF's role within governance structures (e.g., boards, committees) to influence decision making and strategies that will improve investment performance, supporting investees in building capacity, systems, and tools to collect and manage impact data, and quantifying impact and sustainability performance.
  - **Data Collection:** During the post-investment process, CGFIM monitors the performance of CGF investments to measure and report on the impacts created throughout the hold period. CGFIM collects impact data from investees annually. CGFIM seeks to standardize this data collection, providing additional information related to definitions and units, sources, guidance, and frameworks to support consistent reporting of each metric. The data provided from each investment is reviewed and quality-checked to clarify and limit any information gaps.
  - **Asset Management & Engagement:** The impact data collected allows CGFIM to monitor impact progress over the investment hold and against the initial underwriting expectations, informing its governance and portfolio company engagement activities.
  - **Reporting and Monitoring:** As required in its governance documents, such as the IMA, CGF reports on aggregated portfolio-level impact data annually, monitoring performance against the CGF Mandate and Strategic Objectives. Financial and impact-related data are aggregated into a central data management system that is used to monitor the Fund's overall impact performance and CGF Mandate achievement. Insights from this analysis can then be fed back into the investment strategy to support impact management at the portfolio level.
  - **Exit:** CGFIM also considers CGF's exit scenarios and related impact outcomes (e.g., projected avoided emissions, asset viability, potential to scale) to understand how impacts aligned with the CGF Mandate would be sustained. As of the date of this report, the Fund has not yet exited any of its investments.



## 4.2. Overview of Risks and Mitigation Strategies

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

Table 7 – Risks and Mitigation Strategies

Risk	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 include 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 \$7 billion".  Independently <sup>42</sup> assessing an investment's expectation of return of capital at the time of approval and on an ongoing basis thereafter, as well as ongoing monitoring via internal covenants, a watch list, etc.  Producing sensitivity analyses 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 is sufficient liquidity to cover unfunded commitments at any given time.
Credit and counterparty	Risk of non-performance of an obligor on which CGF relies to fulfill contractual or financial obligations.	Independently <sup>43</sup> conducting a credit risk assessment at the time of 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 providing insight-driven information. Metrics include area of focus, private sector, type of investments, region, single name, and manager and 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 the strategic objectives of their 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.

Non-investment risks (defined as the direct or indirect risk of loss not derived from investment risks and include legal, compliance, technology, operational, and people-related risks) are embedded within PSP Investments' procedures, given that PSP Investments supports CGFIM in providing investment management services to CGF in accordance with the IMA.

Beyond conventional financial portfolio risks, in pursuing opportunities in accordance with the CGF Mandate while seeking to unlock private investment, CGF may absorb certain investment risks beyond a conventional risk/return ratio. On this basis, CGF's portfolio may develop increased exposure to certain risks inherent to investing in emerging low-carbon technologies, as well as sector and geographic concentration.

<sup>42, 43</sup> Performed by PSP Investments Risk Management Group.



### 4.3. Expected Results and Performance

Building on the successes of the first full year of operations, CGF is poised for significant impact in the years ahead. CGF is well-positioned to deliver on its Mandate and continue to make a meaningful contribution to Canada.

To support alignment with the objectives and investment principles of the CGF Mandate, initial Performance Criteria have been established (see Table 8). In winter 2025, CGFIM undertook an inaugural portfolio data collection exercise, which formed the basis of CGF's first impact-related disclosure in the [2024 Annual Report](#). The results of this exercise are included below:

Table 8 – Performance Criteria

Selection Criteria, Strategic Objectives and Investment Principles	Performance Criteria	Results as at December 31, 2024 <sup>44</sup>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Consistency with CGF Mandate</b></p> <p>Quickly and significantly reduce emissions and contribute to achieving Canada's climate targets</p> <p>Scale up technologies and companies that will drive productivity, competitiveness, clean growth, and jobs across new and traditional sectors of Canada's industrial base</p>	<ol style="list-style-type: none"> <li>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.</li> <li>Portfolio-level Annual Average Avoided Emissions. In-house methodology to be adopted in accordance with leading standards such as the <a href="#">Mission Innovation Avoided Emissions Framework</a>.</li> </ol>	<ol style="list-style-type: none"> <li>Financed emissions – PCAF informed (tCO<sub>2</sub>e): 1,088                             <ul style="list-style-type: none"> <li>Adjusted PCAF AUM in-scope (\$ million invested): 259</li> <li>Coverage of in-scope AUM: 90% PCAF data quality score, weighted by investment size: 1.88</li> <li>2024 Carbon footprint (Tonnes CO<sub>2</sub>e/\$ million invested): 4.2</li> </ul> </li> <li>Cumulative anticipated direct avoided emissions by CGF portfolio companies, 2024 to 2030<sup>45</sup>:                             <ul style="list-style-type: none"> <li>Worldwide: Up to 15.9 million tCO<sub>2</sub>e</li> <li>In Canada: Up to 4.1 million tCO<sub>2</sub>e</li> </ul> </li> </ol>
	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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 the Manager. Methodology under development; reporting timeframe may vary depending on the investment context, timing, and stage of development.</li> </ol>	<ol style="list-style-type: none"> <li>Ratio of private investment (equity and debt) catalyzed due to CGF investments, per dollar of CGF capital committed (less derivatives) since Fund inception: Up to 0.84:1</li> <li>Amount of new private capital leveraged or unlocked that invests in alignment with the CGF Mandate since Fund inception: Up to \$892 million</li> <li>Direct, permanent Canadian jobs at CGF portfolio companies (full time equivalents): 1,192</li> </ol>

<sup>44</sup> Refer to CGF 2024 Annual Report for a statement on our Performance Indicators and the applied methodology.

<sup>45</sup> CGF's portfolio—comprising development-stage assets and early-stage companies—is expected to follow an exponential ramp-up in avoided emissions through to 2030. In light of this, reporting a cumulative avoided emissions figure to 2030 was the most prudent and transparent approach at this stage. If and when a representative annual average figure is observable, CGFIM intends to publicly report this figure.



	<p>Capitalize on Canada's resource endowment and strengthen critical supply chains in order to secure Canada's future economic prosperity</p>	<p>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.</p> <p>7. Where possible and appropriate, annual export revenue from major projects, clean technology, and/or low-carbon supply chains. Methodology under development; the manager will endeavor to develop indicators that will demonstrate trade benefits and supply chain benefits for Canada.</p>	<p>6. Total capital committed by CGF: \$2.1 billion</p> <p>7. Omitted this year</p>
	<p>Long-term benefits for Canada</p>	<p>8. Where possible and appropriate, number of technologies and/or patents created, supported, or maintained due to CGF investments.</p>	<p>8. Total patents held by CGF portfolio companies: 315</p>
<p><b>Additionality</b></p>		<p>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.</p> <p>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.</p> <p>11. Where possible and appropriate, qualitative evidence.</p>	<p>9. Ratio of private investment (equity and debt) catalyzed due to CGF investments, per dollar of CGF capital committed (less derivatives) since Fund inception: Up to 0.84:1</p> <p>10. Amount of new private capital leveraged or unlocked that invests in alignment with the CGF Mandate since Fund inception: Up to \$892 million</p> <p>11. Omitted this year</p>
<p><b>Financial Soundness</b></p>		<p>12. Discussion and analysis of CGF annual financial statements, in alignment with Section 6b of the IMA.</p>	<p>12. Included in the <a href="#">CGF 2024 Annual Report</a></p>
<p><b>Consistency with Environmental, Social, and Governance (ESG) Principles</b></p>		<p>13. Annual reporting in alignment with the Task Force on Climate-Related Financial Disclosures framework.</p> <p>14. Where possible and appropriate, Fund-level reporting on select ESG KPIs. Precise ESG KPIs will depend on the composition of the CGF investment portfolio. The 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.</p>	<p>13. Included in the <a href="#">CGF 2024 Annual Report</a></p> <p>14. Omitted this year</p>

Now that a baseline of portfolio performance has been established, more in-depth portfolio analysis is underway, allowing CGFIM to improve strategic planning and the establishment of corporate objectives through time.

In addition to establishing quantitative portfolio monitoring, CGF has established financial and operational objectives for the coming fiscal year, as presented in Appendix C.

*Statement on Performance Indicators*

In preparing the results of the performance criteria, CGFIM has made a number of key judgements, estimations and assumptions. The processes, methodologies and issues involved are complex. The data, models and methodologies used are often relatively new, may rapidly evolve and may not be of the same standard as those available in the



context of financial and other information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles.

It is often not possible to rely on historical data as a strong indicator of future trajectories. Outputs of models, processed data, and methodologies are likely to be affected by underlying data quality, which can be hard to confirm, and we expect industry guidance, standards, market practice and regulations in this field to continue to evolve. CGFIM is also faced by challenges in relation to its ability to receive data on a timely basis and the lack of consistency and comparability between data that is available. This means the forward-looking statements and information discussed carry an additional degree of inherent risk and uncertainty. In light of uncertainty as to the nature of any future policy and/or market responses to the energy transition and other issues relevant to the CGF Mandate, including between regions, as well as the effectiveness of any such responses, and as market practice and data quality and availability develop, CGFIM may update the models and/ or methodologies it uses, or alter its approach to analyses. On this basis, CGFIM may amend, update and recalculate its disclosures and assessments. Revisions to impact-related data may render it irreconcilable or incomparable on a year-on-year basis. The information in this report includes non-financial metrics, estimates or other information or data that are subject to significant uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions, and underlying data that are obtained from third parties. The impact-related information contained within this report has not been independently verified or assured. Non-financial portfolio level metrics include data pertaining to companies to which CGF has already disbursed capital, or otherwise has legal commitments (conditional or otherwise) to do so, as at December 31, 2024, and reflects best available information as of the date of the [2024 Annual Report](#). These figures will be updated annually as part of the Annual Report process.

Please see the [2024 Annual Report](#), Appendix A, for more information about CGF's methodologies.



## 5. Financial Overview<sup>46</sup>

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### 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 2026–2030 period (the **Projection Period**), as well as preliminary estimates for the year ending December 31, 2025 (the **2025 Estimates**).<sup>47</sup>

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, and 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, and 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.

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<sup>46</sup> For completeness, we note that CGF's Annual Reports and Interim Reports are publicly available on CGF's website: <http://www.cgf-fcc.ca/en/>.

<sup>47</sup> Financial projections and the 2025 Estimates were developed in or around August/September 2025.



## 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 that is targeted to be drawn each year, in addition to the amounts that were called (including amounts expected to be called) from 2023 to 2025 (total of \$7.4 billion), for a cumulative total of \$15 billion.

Table 9 - Funding schedule

Government Funding (in \$ billions)	2026	2027	2028	2029	2030
Net proceeds from the issuance of Preferred Shares	\$3.0	\$3.0	\$1.6	-	-

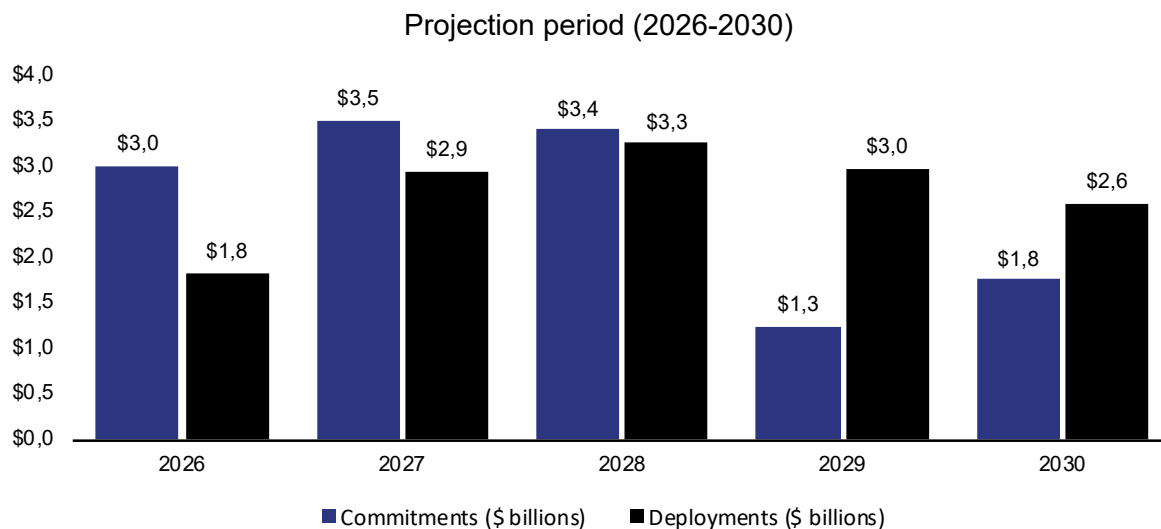
## 5.3. Commitments and Deployments

### 2025 Estimates

After committing to \$2.1 billion in 2023 and 2024, CGFIM estimates that CGF will make approximately \$3 billion in total Commitments and \$0.6 billion in total Deployments for the year ending December 31, 2025.

### Projection period (2026 – 2030)

Figure 5 – Investment activities





### 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 assumes released funds from commitments under contracts allowing us to reinvest the available capital.

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 fees paid to external fund managers and (**External Investment-Related Costs**),

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

It should be noted that CGF has no capital budget allocated over the planning period.

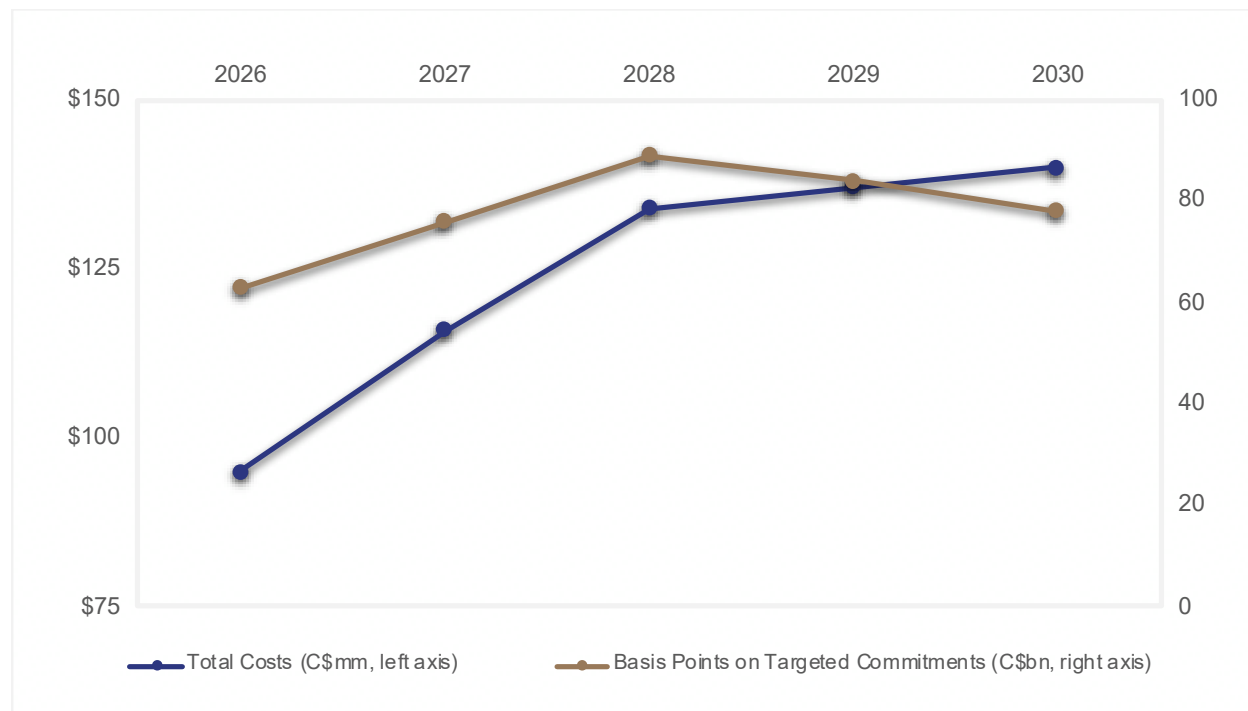
The Total Costs and Commitments are intended to be paid out of CGF's total funding of \$15 billion.



### Projection Period (2026–2030)

- (i) The projected Commitments and Deployments outlined in Section 5.3 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 6 – Total Costs (2026-2030)



#### Key drivers of Costs to Operate CGF:

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. It therefore measures its investments at fair value through the Statement of Profit and 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 pro forma 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

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## Appendix A - Direction from Responsible Minister

The Statement of Priorities and Accountabilities is appended as Exhibit 1.

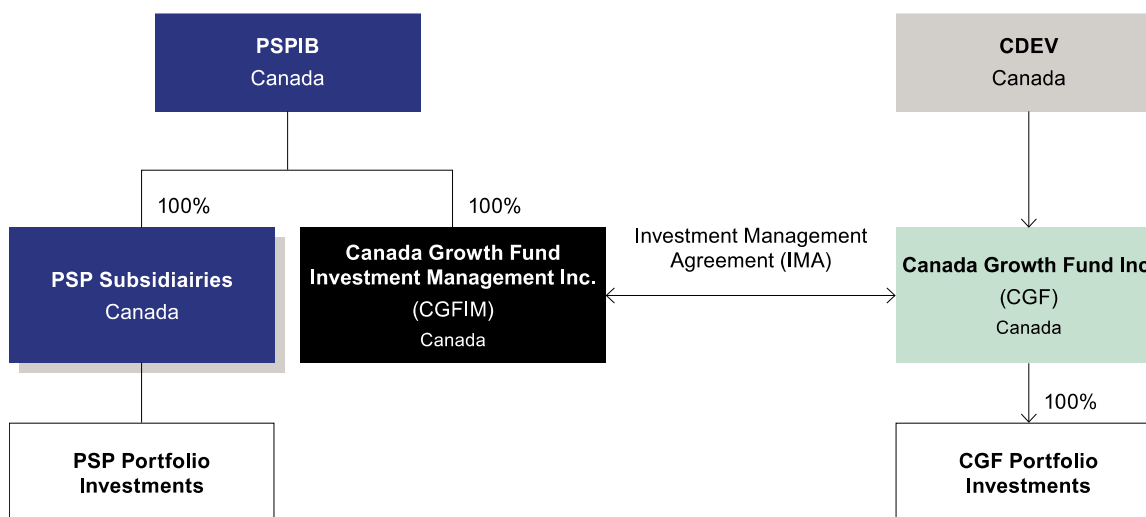


## Appendix B - Corporate Governance Structure

PSP Investments, CGFIM, CGF, and CDEV executed the IMA on March 11, 2024, pursuant to which CGFIM provides 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 7 - 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**). In 2025, two new Board members joined 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 an audit committee chair. 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*, and the approval of CGF’s financial statements.

### CGF Board

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Corinne Boone, Board Chair  
 Sean Strickland, Director  
 Elizabeth Wademan, Director



## 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.

- **Yannick Beaudoin**, President and Chief Executive Officer: Yannick Beaudoin is the President and Chief Executive Officer of CGFIM since February 2025. 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.

Yannick joined PSP Investments' Natural Resources team in Montreal in 2012. Throughout this tenure, he has demonstrated exceptional leadership in building investment portfolios from the ground up and in cultivating strong stakeholder relationships. As Head of Asia Pacific and Europe, Yannick oversaw a growing Natural Resources portfolio of over \$8 billion and global transaction opportunities that included controlling direct investments alongside local operating partners. Yannick led a diverse team of investment professionals and has significant experience in asset management and investment oversight, having participated on multiple Boards of Directors since 2013.

- **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 leading 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 and 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 10 - Summary of planned results (2026)

Objectives	Measures of Success
Invest with focus and foresight: Execute on CGF's capital plan	<ul style="list-style-type: none"> <li>- 8-12 transactions aligned with CGF's Mandate</li> <li>- Commitment of \$2-4 billion</li> </ul>
Operate with excellence: Continue improving effectiveness and efficiency across CGFIM	<ul style="list-style-type: none"> <li>- Continue developing the CGFIM team</li> <li>- Continue developing and formalizing:               <ul style="list-style-type: none"> <li>o Impact measurement framework</li> <li>o Public reporting framework, including annual reporting</li> </ul> </li> <li>- Further evolve asset management strategy</li> </ul>
Inspired by our missions: Proactively manage CGF's external presence	<ul style="list-style-type: none"> <li>- Implement communications protocol on all CGF investments</li> <li>- Improved public tools on CGF's website</li> </ul>

Table 11 - 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	<ol style="list-style-type: none"> <li>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.</li> <li>2. Portfolio-level Annual Average Avoided Emissions. In-house methodology to be adopted in accordance with leading standards such as the <a href="#">Mission Innovation Avoided Emissions Framework</a>.</li> </ol>
	Scale up technologies and companies that will drive productivity, competitiveness, clean growth, and jobs across new and traditional sectors of Canada's industrial base	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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 the Manager. Methodology under development; reporting timeframe may vary depending on the investment context, timing, and stage of development.</li> </ol>



<p>Capitalize on Canada's resource endowment and strengthen critical supply chains in order to secure Canada's future economic prosperity</p>	<p>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.</p> <p>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.</p>
<p>Long-term benefits for Canada</p>	<p>8. Where possible and appropriate, number of technologies and/or patents created, supported, or maintained due to CGF investments.</p>
<p><b>Additionality</b></p>	<p>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.</p> <p>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.</p> <p>11. Where possible and appropriate, qualitative evidence.</p>
<p><b>Financial Soundness</b></p>	<p>12. Discussion and analysis of CGF annual financial statements, in alignment with Section 6b of the IMA.</p>
<p><b>Consistency with Environmental, Social, and Governance (ESG) Principles</b></p>	<p>13. Annual reporting in alignment with the Task Force on Climate-Related Financial Disclosures framework.</p> <p>14. Where possible and appropriate, Fund-level reporting on select ESG KPIs. Precise ESG KPIs will depend on the composition of the CGF investment portfolio. The 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.</p>

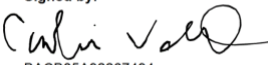


## Appendix D - Chief Financial Officer Attestation

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.

Signed by:  
  
BACB85A92267494...

Caroline Vermette, Chief Financial Officer of Canada Growth Fund Investment Management Inc., acting as manager for Canada Growth Fund Inc.

December 9, 2025



## **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 5 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 third-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](mailto: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](http://www.cgf-fcc.ca)), including information on CGF's Mandate and latest news. The content of the CGF website 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 safeguarding 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 behaviours and will not be tolerated. PSP Investments will take reasonable measures to prevent these behaviours 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 principles 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 employees' 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 leverages PSP's processes and tools in its underwriting. Moreover, CGFIM has designed and implemented 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 (GBA+) 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 the federal government'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 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 CCS, among others.

**Reduce emissions** while promoting economic growth and Canadian competitiveness.

**Scale up companies** that will create jobs and 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

CGF and CGFIM have both confirmed that (i) they do not produce, purchase, or distribute goods, and (ii) they do not control any entities that produce, sell, or distribute goods. Since CGF and CGFIM do not carry out these activities, CGF and CGFIM do not fall into the scope of the reporting obligations of "government institution" or "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 to 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 Labour 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 leverages 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 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. CGF remains in compliance with this directive and the Statement of Priorities and Accountabilities issued by the Deputy Prime Minister and Minister of Finance on March 8, 2024.



# Exhibit 1

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## 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 Manger 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,



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