

CANADA 
INFRASTRUCTURE BANK

BANQUE DE L'INFRASTRUCTURE DU
CANADA 

**SUMMARY
AMENDED
CORPORATE PLAN**
2019-20 to 2023-24

Canada Infrastructure Bank

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Executive Summary

(All amounts are expressed in Canadian dollars unless otherwise stated.)

The Canada Infrastructure Bank (CIB) was created in 2017 with an ambitious goal: to advance a new partnership model in Canada that can transform the way infrastructure is planned, financed and delivered.

Public transit, trade and transportation, and green infrastructure are the CIB's priority sectors. In addition, there is potential for the CIB to be part of broadband improvement in Canada. Investments in these sectors will involve public sector sponsors and include partnerships with the private sector to make investments that are in the public interest. The CIB will maximize partnership opportunities for the public and private sectors that are in the public interest.

The CIB is distinguished by its focus on large, transformational projects that are in the public interest, linked to national strategic economic priorities, and developed and delivered in partnership with public sector sponsors and private and institutional investors. The CIB complements existing infrastructure funding models, such as grants, contribution agreements and traditional public-private partnerships (PPPs). Building on Canadian jurisdictions' experience with PPP approaches that are largely based on availability models, the CIB aims to expand partnerships with the private sector by developing and implementing new investment models. As such, the CIB can help address the demand for modern and resilient infrastructure in Canada.

Meeting Canada's public infrastructure needs places significant fiscal pressure on all levels of government. Financing the infrastructure gap with public funds alone would place a heavy burden on governments and citizens. Mobilizing private capital to support infrastructure projects reduces pressure on government finances, and creates potential for transformation with projects that wouldn't otherwise get built.

The CIB is responsible for investing \$35 billion in new revenue-generating infrastructure that is in the public interest. This significant new federal support will be invested alongside public sponsors and private and institutional capital in public infrastructure. In addition, the CIB is building capacity to advise other public sector owners and develop knowledge through data and information initiatives.

Together, the CIB's advisory, investment and knowledge development activities will create a centre of expertise that supports infrastructure modernization across Canada. These three areas are interconnected and mutually reinforcing, all aimed at advancing infrastructure investment in Canada.

The CIB intends to bring its capital and expertise forward to assist public sector partners advance their priorities. To date, CIB management has engaged with public sector leaders by meeting with provincial and territorial ministers responsible for infrastructure. Bilateral discussions will continue with all jurisdictions regarding their project priorities and potential partnerships with the CIB. Outreach with municipal leaders will continue in order to understand future investments in large and complex infrastructure projects where the CIB can participate. Further engagement with Indigenous partners will be important in order to enable new partnerships with the CIB and private sector, resulting in better infrastructure. Collaboration with Infrastructure Canada on projects that are considered in the context of other intergovernmental programs and initiatives is an opportunity for the CIB.

CIB has advanced a number of infrastructure projects to the point where near-term investment commitments can be assessed for public interest and commercial due diligence. This outlook builds on the first investment commitment in 2018, a \$1.28-billion secured loan to the Réseau express métropolitain.

CIB recently announced up to \$2 billion in financing in Ontario's GO Expansion – On Corridor project. CIB's partnership with Infrastructure Ontario and Metrolinx will add to the transformation of the GO rail network in the Greater Toronto and Hamilton Area and significantly improve service for commuters. CIB's investment will improve the cost of financing and attract private capital while ensuring appropriate risk transfer to the private sector.

The CIB is establishing policies and processes that will guide investment due diligence, along with the public interest determination in cooperation with Infrastructure Canada. The CIB expects to receive and evaluate approximately 100 infrastructure project proposals in 2019-20, with goals of short-listing projects for detailed analysis and selecting at least two for substantial investment commitments. For planning purposes, CIB has assumed that investment commitments will range from \$1.5 billion to \$4 billion per year over the next five-year period.

This amendment to the 2019-20 to 2023-24 Corporate Plan enables the CIB to continue with advisory services on High Frequency Rail and the investment of \$55 million over two years in operating capital towards due diligence on the project in cooperation with VIA Rail.

As a Crown corporation entrusted with investing public funds, CIB is adopting policies, procedures and guidelines for good governance, including best practices for risk management. It has established an Enterprise Risk Management (ERM) framework and in 2019-20 will put in place a central risk management function.

The staff complement is expected to grow in 2019-20 to 74 full-time employees, and then to a steady state of 85 employees by 2021-22. External contractors and consultants providing professional services may augment staff resources as required, based on business needs.

The CIB will continue to engage broadly with stakeholders to raise awareness about its role and opportunities to invest in new infrastructure. The CIB will continue to fulfill its obligations for transparency and disclosure through quarterly financial reporting, annual reporting, and information sharing about its activities and results.

Guided strategically by the pan-Canadian Board of Directors and with the leadership of its inaugural President & Chief Executive Officer, the CIB gained momentum in its first full year of operations and expects to continue this positive trajectory through the five-year planning period to 2023-24. The CIB is building the foundation for long-term success.

1.0 Overview

Vision and Mission

The CIB will provide Canadians more and better infrastructure, by transforming the way infrastructure is planned, financed, and delivered in Canada to support economic growth and achieve sustainability objectives.

The CIB will become renowned as a centre of expertise on innovative infrastructure development and financing. The CIB will help public dollars go further by crowding-in and mobilizing domestic and global private sector and institutional investment to free up government resources for other infrastructure priorities, and by adopting new models of partnerships to build public infrastructure.

Its mission is to work collaboratively with federal, provincial, territorial, municipal and Indigenous government partners and private and institutional investors to identify projects that meet its mandate, and advise government partners on projects where private sector investors are making significant

investments in revenue-generating infrastructure projects. This is done by:

- Engaging public and private sector partners early in the planning and design process;
- Exploring new and innovative approaches to project finance and delivery; and
- Identifying projects where revenue-based business models and significant risk transfer to the private sector is appropriate.

Innovative financing available through the CIB provides an optional tool for government sponsors to further the reach of government support directed to public infrastructure and advance models where users or beneficiaries contribute to funding the project, where it makes sense to do so.

Purpose and Authorities

The *Canada Infrastructure Bank Act* (the “CIB Act”) sets out the purpose as follows:

The purpose of the Bank is to invest, and seek to attract investment from private sector investors and institutional investors, in infrastructure projects in Canada or partly in Canada that will generate revenue and that will be in the public interest by, for example, supporting conditions that foster economic growth or by contributing to the sustainability of infrastructure in Canada.

The key functions of the organization are described in the CIB Act and relate to acting as a centre of expertise by structuring proposals, negotiating infrastructure investments and attracting private capital; advising governments on infrastructure projects; and collecting and disseminating data on the state of infrastructure in Canada to better inform infrastructure investment decisions.

To mobilise private investments, a variety of financial instruments is available to CIB including various forms of loans, equity investments, and where appropriate, loan guarantees. The decision on the use of different types of financial instruments will depend on a transaction’s unique characteristics. The CIB model is aimed at convening and leveraging private sector and institutional investment and the expansion of usage and/or revenue risk transfer over time. To attract private-sector and institutional investment, support

may be provided at below-market rates or on a subordinated basis.

Parliament has authorized \$35 billion over 11 years (to fiscal year-end 2027-28), and the requisite authorities to participate in complex infrastructure deals in new and innovative ways.

Over the 11 years, the CIB will make at least \$5 billion in investments in projects that are in the public interest in each of the three priority areas: public transit; trade and transportation; and green infrastructure. It can also invest in other areas of infrastructure if they are supported by government policy, and pursue investments in projects across the country.

Governance and Accountabilities

The CIB is subject to the provisions of the CIB Act and federal legislation and policies that apply generally to Crown corporations including the *Financial Administration Act*, the *Official Languages Act*, the *Privacy Act*, the *Access to Information Act*, the *Conflict of Interest Act*, and the *Canada Labour Code*. The CIB follows the spirit and intent of Treasury Board guidance and directives for Crown corporations.

The CIB is governed by an independent board of directors (the “Board”) and operates at arm’s length from government,

ensuring that transactions are executed with commercial due diligence and discipline and high levels of expertise. While independent in its operations, the CIB is accountable to the Government of Canada and Canadians. The CIB reports to Parliament through the Minister of Infrastructure and Communities (the designated Minister).

More information on its corporate governance structure and accountabilities is available in various appendices.

Strategic Overview

Canada is a leader in infrastructure. Record investments are being made by governments from coast to coast to coast. Using new models for partnerships between the public and private sectors is a priority. Fortunately, we have an exceptional ecosystem of industry companies and partners in construction, finance, engineering, law and skilled trades who are well positioned to build new infrastructure. The opportunity is to modernize Canada’s infrastructure through innovative partnerships and enable a more inclusive, prosperous and sustainable economy.

The CIB was established in June 2017 as a federal Crown corporation accountable to the Minister of Infrastructure and Communities. The CIB is establishing itself as a centre of expertise in infrastructure and a resource for public and private sector partners across Canada. Specifically, the CIB will provide advice regarding project opportunities, invest in projects that are in the public interest, and build knowledge through data and information.

The CIB is a partnership organization that will work with provincial, territorial and municipal governments, Indigenous communities, and private sector partners. Partnerships can maximize the benefits of public investments, transfer and manage risks, and attract new private sector and institutional capital into projects. Opportunities to partner within the federal government will also be pursued where the CIB can assist with providing advice, advancing project investments and developing knowledge and best practices.

As an important element of the *Investing in Canada* infrastructure plan, the CIB is responsible for investing \$35 billion in new public infrastructure projects. These projects must be in the public interest, generate revenues, and attract private and institutional investors. Through partnerships

with the public and private sectors, including institutional investors, the CIB will co-invest in new infrastructure and advise potential project sponsors on the viability of private investments in modern infrastructure. Its mandate also covers the development of best practices, the creation of an inventory of projects and the synthesis of data and information to support evidence-based decisions. Capacity-building educational tools could also be a way for the CIB to contribute infrastructure expertise in jurisdictions across Canada.

Given the importance of both the public interest and commercial credibility of investments, the CIB will use in-house expertise and rigorous due diligence. CIB has hired infrastructure experts with commercial experience in advancing transformational infrastructure projects, as well as transferring risk to those parties best able to manage it.

The CIB’s approach to financing infrastructure projects represents an evolution in public-private partnerships and in risk transfer. The CIB catalyzes a new way for public sponsors to partner with private investors by transferring operational, usage and/or revenue risk to the private sector where appropriate. By working with project sponsors to put the private investor’s money at risk, align incentives to parties best able to manage those risks, and drive creativity in the planning and design of projects to better respond to the needs of users, the CIB can have a positive impact. However, this transformation will be achieved in incremental steps.

Recognizing that the CIB model is a new and innovative approach for government departments, agencies and decision-makers, it is expected to take time for projects to demonstrate all characteristics of the model which the CIB aspires to develop.

This requires meaningful and intentional shifts by public sector sponsors and private sector developers and investors who are accustomed to the Canadian PPP approach using availability models. The evolution to new models in Canada, including those that the CIB will develop and implement, will require a number of key foundational building blocks:

- Experience in both public and private sector of effective and comprehensive transfer of long term operating and maintenance risks;
- Sufficient private-sector input into design and delivery, including the key elements driving usage and revenue;
- An approach for the pricing of infrastructure which appropriately balances the interests of public sector and private-sector partners and is acceptable to the general public;
- Private-sector debt and equity markets which have the capacity and appetite for the full scope of the project inclusive of revenue risks.

Advancing these building blocks in the Canadian market requires incremental development and demonstrated successes of actual projects. The CIB has strategically targeted large, transformative transactions which provide the opportunity to advance one or more of these building blocks. As with the adoption of the PPP procurement model after successful delivery of infrastructure assets and positive value for money assessments, successful examples will encourage governments to take steps toward subsequent projects.

2.0 Operating Environment

Global Context and Policy Imperative for New Approaches to Infrastructure Investment

Building and renewing infrastructure is a top priority for governments around the world. Globally, \$94 trillion USD will be needed by 2040 to meet infrastructure needs. Meeting these investment needs will entail increasing the overall average spend on infrastructure from 3.0% of global GDP at present, to 3.5% of global GDP by 2040.¹ In Canada, the infrastructure deficit is estimated to be \$570 billion² to \$1 trillion³. While public sector investment has increased as a percentage of GDP, public funds alone cannot sustain the infrastructure needs of the future, so governments must look to new approaches, such as tapping private sector investment to augment resources and complement public spending to deliver public infrastructure⁴.

Many governments are seeking alternative approaches to deliver infrastructure, particularly those that involve large and complex projects that have a history of cost-overruns, schedule delays, poor lifecycle maintenance and dependence on government reinvestment when delivered through more traditional models.

Modern approaches to project planning, procurement, investment, delivery and lifecycle management are being pursued around the world to connect infrastructure investment and construction best practices with risk transfer to and financing from the private sector. Many countries use public-private partnership (PPP) delivery models to procure infrastructure and transfer risk associated with design, construction, operations and maintenance to the private sector. In Canada, there is a strong availability-based framework. Canada has the opportunity to learn from the

experiences of other PPP markets where concession models have been in practice for the last decade and build on the existing knowledge and skills in the Canadian market to further the participation and impact of private sector capital in public infrastructure.

Modern approaches to public infrastructure require increased integration and more sophisticated partnerships with the private sector, while maintaining a commitment to serving the public interest.

Leading voices in Canada have called for bigger, bolder investments in infrastructure and ambitious new approaches from governments as Canada experiences its largest infrastructure revival since the 1950s and 1960s⁵.

Infrastructure is a central element of building a prosperous, inclusive and sustainable Canadian economy. Federal, provincial, territorial, municipal, and Indigenous governments are mobilized to modernize infrastructure in communities large and small, urban and rural. As well, the private sector is motivated to participate in the renewal of infrastructure.

Closing Canada's infrastructure gap through public finances alone would place an unsustainable burden on taxpayers. For federal, provincial, territorial, municipal and Indigenous partners, and their agencies, the CIB offers another option to help structure and partially finance new infrastructure projects and to access the expertise, innovation and capital of the private sector.

External Environment

Intergovernmental Dynamics

Integrated Bilateral Agreements (IBAs) with the provinces and territories are a significant feature of the *Investing in Canada* plan that will contribute long-term investments in public transit infrastructure, social infrastructure, trade

and transportation infrastructure, green infrastructure, and infrastructure in rural and northern communities. The Government of Canada has signed 2018 IBAs with all provinces and territories, which are to submit

1 Global Infrastructure Hub, https://github-webtools.s3.amazonaws.com/umbraco/media/2344/gih_project-preparation_full-document_final_art_web.pdf

2 Canadian Chamber of Commerce

3 Advisory Council on Economic Growth, 2016

4 Global Infrastructure Hub, https://github-webtools.s3.amazonaws.com/umbraco/media/2344/gih_project-preparation_full-document_final_art_web.pdf

5 The Public Policy Forum, <https://ppforum.ca/publications/canadas-infrastructure-revival/>

three-year infrastructure plans with projects that will be funded through the IBAs. Given this, the CIB expanded engagement to learn more about provincial and territorial governments' infrastructure priorities and areas in which CIB could provide support. A full round of formal meetings with all provinces and territories will be completed by early in the fiscal year 2019-20 and continued engagement with provinces and territories in 2019-20 is anticipated.

Furthermore, the increasing importance of municipalities and the role of municipal leaders as partners is an area of priority and opportunity for the CIB. As the owners of a significant amount of infrastructure across the country, engaging with municipal partners about their project priorities, investment approaches, financing and risk for projects, and long-term management of assets over their lifecycle is top of mind. The CIB's aspiration to be a centre of expertise is directly connected to collaboration with all orders of governments.

Other Economic Factors for the Infrastructure Marketplace

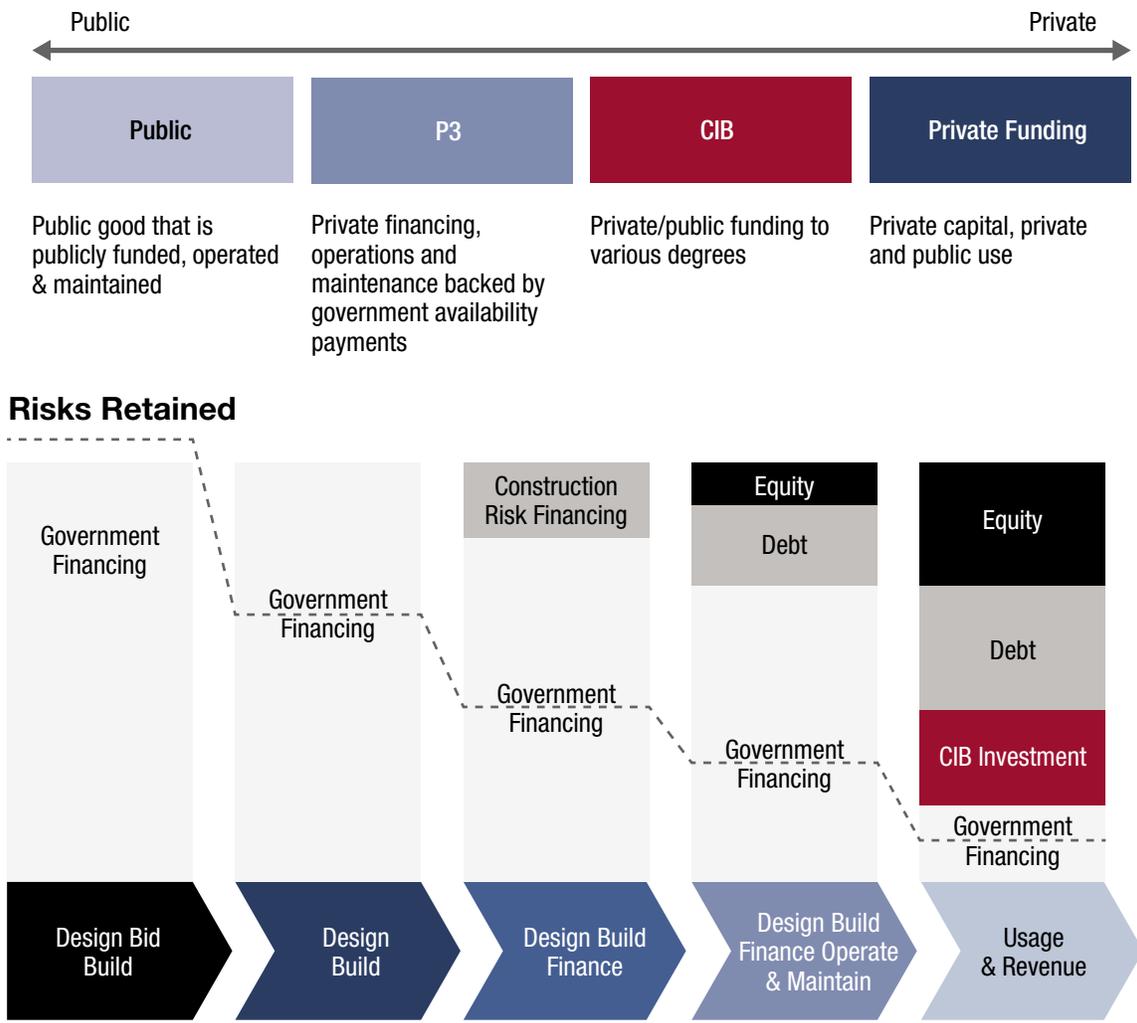
Most infrastructure investments are valued in such a way that rising interest rates will result in significant pressure on infrastructure investments to perform well. This will increase the pressure, which is already high, for infrastructure investors to accept higher risk positions and new asset classes. This creates an environment in which government sponsors, with the assistance of CIB, can transfer more risks such as operational, usage and revenue risks in Canadian infrastructure to private-sector investors. While this will offset the effect of rising interest rates on overall costs of infrastructure delivery, higher rates will also increase the relative attractiveness of government funding and borrowing.

Canada's strong employment rate creates significant competition for labour. The availability of skilled trades in the infrastructure and construction sectors is a critical component of industry's capacity to deliver projects. There is a shift in specializations required for certain types of infrastructure projects, such as complex transit and regional rail projects that include tunnelling. In addition, large and complex projects often require seasoned and experienced project managers who are in limited supply. The availability of skilled trades labour and leadership on major infrastructure projects will be an important success factor in projects.

Evolution of PPP Models for Financing and Transferring Risk

The approach Canada has taken to building public infrastructure to date has involved the private sector, whether it has been responsible for the design and build in a traditional procurement model, or through the entire lifecycle in availability-based PPPs. In the last decade, Canada has developed a mature and stable availability-based PPP market, a performance-based approach in which the private sector is contracted by the public sector to assume responsibility not only for risks and financing, but also for integrated design, construction and long-term operations and/or maintenance. PPPs contribute to meeting Canada's demand for infrastructure investments by leveraging private sector capital and expertise, but are paid for by the public sector through general tax revenues.

Recognizing strong investor demand for projects with stable, predictable returns and reasonable risk profiles and investment sizes, the CIB catalyzes a new way for public sponsors to partner with private investors by transferring operational, usage and/or revenue risk to the private sector where appropriate. Private and institutional investors are then motivated to ensure that projects are efficiently planned, developed, executed and managed. This approach will result in more capital being invested by private and institutional investors and a reduction in the financial burden of governments.



CIB aims to act as a catalyst to move the Canadian infrastructure market towards increased risk transfer, balancing government construction-period contributions with long-term risk transfer over the asset lifecycle, greater private sector equity and debt investments, and the expansion of usage and/or revenue risk transfer over time as a feature of transformational projects.

Public sector accounting in respect of risk transfer in infrastructure transactions in Canada is also a challenge, as

it does not offer incentives to governments to enter into transactions that fit the CIB mandate. Public sector sponsors typically achieve no improvement in accounting recognition and in some cases may be penalized for the transfer of risks, including usage and revenue risks, to private sector partners. This can deter participation in the types of projects that CIB has been established to promote. CIB is encouraged by a current review of accounting guidelines by the Public Sector Accounting Standards Board (PSAB) and is participating in this initiative.

Market Adoption of the CIB Model

There is no shortage of investors with large amounts of capital to deploy in infrastructure, although these investors have varying levels of appetite and experience for the types of risk profiles which fall within the CIB mandate. It may take longer for investors to recognize and react to the risk profile offered by CIB-supported projects.

Government-sponsored projects will remain by far the largest source of investment opportunities for the CIB while

the private market adapts to CIB's offerings. The CIB is very encouraged by the reception of the CIB model and new tools by governmental sponsors and private and institutional investors, and has witnessed their openness and flexibility to include the CIB model in business cases. This is important as the development horizon for infrastructure projects is typically several years. The greater the early engagement by the CIB on projects, the better the opportunity to collaborate on projects that could include CIB investment.

Internal Environment

The CIB began to operate in late 2017 and is in the early stages of development. It faces the same challenges and opportunities associated with start-ups. Its internal strengths include:

- Strong federal government commitment, including the mandate framework in the CIB Act (legal authorities) and the Minister's Statement of Priorities and Accountabilities (SPA)
- Robust governance including a highly qualified independent board of directors (Board) as well as structure, systems and reporting that enable guidance, leadership and oversight; and

- Substantial progress made in expanding internal capacity and capabilities across the organization and establishing systems, policies and processes needed to fulfill its mandate.

Board members act as financial stewards, ensuring that the CIB effectively manages public resources.

They work with senior management to develop and monitor a range of policies and practices that are beyond reproach regarding values and ethics, as noted in the SPA from the Minister of Infrastructure and Communities in December 2017.

People

The CIB has the flexibility to hire qualified investment and project development employees with the commercial experience and professional skills needed to execute on its mandate. CIB has developed a comprehensive human resource ("HR") and staffing strategy to ensure it has the right mix of skill sets and technical expertise in place, as well as policies to ensure that its hiring and compensation practices are fair and appropriate. The CIB continued to build capacity and capabilities across the organization in 2018-19, and will continue to hire expert staff from diverse backgrounds in 2019-20. The CIB is supplementing some functions with contractors and consultants on an interim basis until full-time positions are filled.

Recruiting presents both an opportunity and a challenge, as there is a limited pool of infrastructure investment talent with the skill sets that the CIB needs, coupled with high demand for those people from a variety of financial market players. Recruiting in the corporate support functions is, by its nature, broader in the skill sets required, which allows the CIB to hire people from across a wide range of diverse industries and backgrounds.

The CIB plans to strategically increase staff across the organization in support of the three business lines, with steady state achieved by 2021-22. A high priority area for CIB is to continue to develop strong French-language capabilities in-house.

Governance

The CIB has established strong governance and control processes at all levels, commensurate with the size and stage of the organization, and will continue to enhance and build on these processes as the employee base grows and volume of activity increases.

Strong governance begins with the "tone from the top" through the CIB's experienced Board of Directors and is executed and reinforced by the executive management team

throughout the organization. The CIB's Code of Conduct and companion policies have been prepared based on current and best industry practices and are supplemented with employee training to further reinforce the values of accountability, transparency, respect in the workplace, and good stewardship of public funds.

Please refer to Appendix A – Corporate Governance Structure for more information.

Systems

The CIB has been building up its business processes to ensure that the organization and its staff have the tools and systems in place to support sound operations. This includes developing a system of internal controls outlined in the Enterprise Risk Management framework and developing and implementing a suite of HR policies. The CIB also recognizes the need for tools to support its decision-making process including finalizing its Investment Policy and a proposed approach for receiving and evaluating projects including unsolicited proposals, which will be shared with the Minister of Infrastructure and Communities. Putting in place these systems and processes are integral to

the overall operational health of the CIB and ensure that the organization has the proper controls and safeguards.

Although the organization's success is ultimately the result of the collaborative efforts of its people, the CIB seeks to improve the technological tools and systems used to execute its mandate. It is enhancing security procedures and protocols, creating consistency in best practices for data retention and storage, and plans to adopt software tools that will improve the efficiency of financial reporting as well as create efficiencies in data collection and knowledge development and management.

SWOT Analysis

The following graphic summarizes CIB's internal strengths and weaknesses, and external opportunities and threats (SWOT).



Ministerial Direction

Activities planned in 2019-20 and over the five-year planning period align with government priorities and guidance provided expressed by the Minister of Infrastructure and Communities in the Statement of Priorities and Accountabilities (SPA) dated December 20, 2017.

As directed in the SPA, CIB has made great strides and will continue to engage broadly with stakeholders to raise awareness about its role and the advisory services it offers, demonstrate the value of the CIB model, and better understand the infrastructure needs of Canadians and potential revenue-generating projects to help meet those needs. By early in the fiscal year 2019-20, the CIB will have

met with all the provinces and territories. Over the five-year planning period, CIB will continue to evaluate projects and aims to make investments in the three priority areas under the *Investing in Canada* plan noted in the SPA: public transit; trade and transportation infrastructure; and green infrastructure.

Government-wide Reviews

CIB management and staff collaborate closely with officials in various federal government departments, including Infrastructure Canada, Finance and Treasury Board Secretariat, to ensure the CIB's corporate and investment plans align with government priorities and direction, including those detailed in the Minister's December 2017 SPA.

The Office of the Auditor General of Canada (OAG) and an independent external auditor jointly audit the corporation's annual financial statements to verify that they fairly reflect CIB's operating results and financial position. The OAG also conducts a special examination at least once every 10 years to confirm that assets are being safeguarded and controlled; that financial, human and physical resources are being managed efficiently; and that operations are being conducted effectively.

To ensure that the CIB is delivering on its mandate and government priorities, Parliament undertakes a review of its legislative provisions and operations every five years. The first review is scheduled to take place in 2021-22.

3.0 Objectives, Activities, Risks, Expected Results and Performance Indicators

Strategic Objectives

The CIB's strategic objectives will focus on three main areas identified in the 2018-19 to 2022-23 Corporate Plan. These areas are:

1. **Build organizational capability and capacity:** Build organizational capabilities and capacity to be able to effectively and efficiently deliver on all elements of its mandate;
2. **Champion and promote new models for funding and planning:** Promote new models for planning, developing, financing and funding new infrastructure by engaging broadly with stakeholders, working with all orders of government in Canada, and fostering evidence-based decision-making; and
3. **Make strategic investments and use innovative tools for public infrastructure:** make co-investments and use innovative tools to finance public infrastructure, by attracting private capital, and making and managing investments in revenue-generating infrastructure to maximize their impact with minimal concessionality.



These high-level objectives provide context since the CIB is a new Crown corporation with an ambitious mandate. It is concurrently working to deliver results while building its own capacity. In more specific and tangible terms, the three functions are described as:

- **Advisory:** advising sponsors on new infrastructure projects that have potential for CIB and private investment;
- **Investment:** investing alongside the public sponsors and/or private sector investors in new projects;
- **Data and Information:** developing knowledge to improve analysis and decision making.

Together, the CIB's advisory, investment and knowledge development activities will create a centre of expertise that supports infrastructure modernization across Canada. The three areas are interconnected and mutually reinforcing, all aimed at advancing infrastructure investment in Canada. Results in these three areas will largely be driven by the Investments and Project Development teams within the CIB, supported by Corporate Services in the areas of administration, financial management, risk management, public affairs and communications.

Progress Made in 2018-19

The Corporation's priorities, activities and results have been informed by both the SPA and the 2018-19 Corporate Plan. As resources increased over the course of 2018-19, the CIB met or made significant progress toward all objectives and the performance measures established for each area in the 2018-19 Corporate Plan. This work is summarized below, followed by a detailed discussion of objectives and 2019-20 initiatives planned by business line.

Advisory

As a precondition to pursuing engagements, the CIB increased public awareness of the benefits of the CIB model through business meetings, public speaking engagements, media interviews, its annual report, summary corporate plan, and annual public meeting. The CEO, board members and other CIB senior representatives met with industry and investors in Canada, the United States, U.K., Japan and China, with speaking engagements at dozens of events. CIB also began to develop strong relationships with potential public-sector partners and to educate the various orders of government about CIB as a new tool available for public infrastructure, through outreach to provincial and territorial governments. In-person meetings with government officials in all provinces and territories will be completed by early in the fiscal year 2019-20. Discussions with municipal and Indigenous leaders are at early stages and will increase. CIB also made progress in developing a plan for creating the five-year forward-looking National Project Pipeline (“Inventory of Canadian Infrastructure Projects”). After consultations with provinces and territories regarding their priorities, and in consultation with Infrastructure Canada, the CIB intends to develop and release the first version of this inventory in the coming months.

Investment

CIB discussions on project-specific opportunities, both with public sector sponsors and private and institutional investors, demonstrated that there are many projects which could meet the CIB’s investment requirements. The CIB held 310 investment-related meetings, received more than 100 projects and engaged in detailed due diligence on 13 projects. The CIB’s Investment Policy, including an unsolicited proposal framework, will be shared with the Minister of Infrastructure and Communities once finalized in the first half of 2019-20. The CIB’s intention is to publish a summary of the policy on the CIB website.

In the case of its first investment commitment, announced in August 2018, the CIB improved efficiency by transferring appropriate revenue risk and ensuring minimal concessionality – see Réseau express métropolitain (REM) sidebar for details.

Réseau express métropolitain (REM)

The CIB successfully invested \$1.283 billion in the Réseau express métropolitain project, an electric rapid transit project linking communities in Greater Montreal. This project represented a level of involvement by the private sector in the planning and design of infrastructure which was unique within the Canadian market and was also the first example of the private investor taking usage risk through a shadow payment mechanism based on a fixed price paid by Autorité régionale de transport métropolitain for every passenger per kilometers travelling on the network.

The CIB undertook extensive due diligence in structuring the REM transaction and reached a deal that involved an innovative financing instrument to further strengthen the project and improve the risk transfer. The originally intended government contribution was restructured into a 15-year senior secured loan subject to additional debt tests, which bridged the construction and ramp up risks of the project and is anticipated to be refinanced by private debt once the project has matured. This capital structure enabled greater alignment of risk transfer between La Caisse de dépôt et placement du Québec (CDPQ) and CIB. The first investment draw for REM was on November 30, 2018.

Post-closing, CIB is actively monitoring progress on construction of the REM project.

Data & Information (Knowledge)

The CIB worked to gather and provide information on the Canadian landscape for infrastructure in the public interest that may attract private sector and institutional investment. It met with Statistics Canada, Infrastructure Canada, the Canadian Council on Public-Private Partnerships (CCPPP) and other partners to discuss ongoing data initiatives and where the CIB can have a role in complementing them.

The CIB also discussed the topic of infrastructure data in its meetings with provincial and territorial officials as part of its efforts to identify data and information gaps where it can have an impact. Based on this activity and external benchmarks, the CIB is undertaking a study to identify the existing state of infrastructure data. A broader research agenda regarding data and information, and potential educational tools, will be developed for discussion with Infrastructure Canada and other partners.

Corporate Services

The CIB is implementing best-in-class corporate governance practices. An Enterprise Risk Management (ERM) framework has been approved by the Board;

financial management capacity has grown, and the 2017–18 external financial audit was completed with an unqualified opinion issued. The CIB is increasing staff across the organization and has developed a suite of HR policies. It has met its public accountability obligations on process,

transparency and reporting on performance and results through its annual report, summary corporate plan, quarterly financial statements and annual public meeting, all of which are available on the CIB website.

Advisory Activities/Expected Results

The Advisory business line serves to bring greater awareness of the CIB model and can support project sponsors and proponents with advice at the project development stage. Advisory work is intended to encourage public entities to consider private financing alternatives for projects that were originally designed for traditional public financing.

The CIB has already started working with project sponsors to determine the viability of projects for private and institutional investment and will continue to build capacity in 2019–2020 to ramp up advisory services. This collaboration may begin in the early stages on an advisory basis, then proceed to helping sponsors advance a proposal to the stage where it is ready for detailed analysis. CIB’s advisory function is provided by the Project Development and Investment teams, depending on the stage of development of the potential project and the nature of the advice required. Project Development will provide advisory services in respect of the development of policies and strategies into definable projects and early stage feasibility work, while the Investment team provides advice in commercial structuring, due diligence, procurement, financial structuring and restructuring of defined project opportunities.

By taking an early and active role in discussing project proposals with proponents, the benefits of private sector innovation and due diligence in all elements of a project’s lifecycle can be explored. Early engagement on project proposals will also provide an opportunity to identify future projects the CIB may consider investing in, or structuring projects at the outset in a manner that could generate private sector interest.

An initial area of CIB focus is improving interconnections between provincial electric grids (“interties”). This priority became apparent in consultations with provinces and territories as well as with industry representatives.

The CIB welcomes this advisory opportunity as it is in line with Pan-Canadian Framework on Clean Growth and Climate Change, which situates the electricity sector as a cornerstone of a modern, clean growth economy, and builds on Regional Electricity Cooperation and Strategic Infrastructure initiative involving four Western provinces and the Northwest Territories as well as four Atlantic provinces.

In addition, there is potential for the CIB to be part of broadband improvement in Canada. The provision of broadband services to residential, commercial, and other premises is a high priority of the federal government, provinces, territories and municipalities. In October 2018, Federal-Provincial-Territorial Ministers for innovation and economic development committed to develop a broadband strategy and a set of guiding connectivity principles. They included working towards target speeds of 50 megabits per second (Mbps) download and 10 Mbps upload and access to mobile wireless services including along major roads. As of 2017, Innovation, Science and Economic Development Canada (ISED) reports that 84 percent of Canadian households had access to speeds of at least 50 Mbps download/10 Mbps. CIB believes it can play a positive role in helping public authorities to deliver better broadband services and enhanced economic opportunities to Canadians.

Through its advisory work in 2019–20, the CIB will work with public and private sector partners to determine ways to structure projects to attract private sector financing, enhance revenue-generation potential and advise on the optimal procurement method for proposed projects.

This will involve engaging with all orders of governments and private sponsors to review project objectives and proposed structure, assess the potential for increased private sector involvement, and identifying potential revenue-generating opportunities.

The principal objective of the CIB’s forward looking inventory is to promote opportunities to domestic and international service and capital providers. It will provide a clear indication to infrastructure developers and investors that Canada has an active and open infrastructure market.

Content for the inventory is anticipated to be provided by project proponents (federal, provincial, territorial, municipal and Indigenous sponsors and the private sector) and managed by the CIB. Projects included will have a high probability of being in the public interest, be of a significant size, have the potential to attract private sector financing, and have the potential to generate revenue streams.

Over the five-year planning period, the CIB will provide advice to all levels of Canadian government related to assessing the suitability of projects for revenue models and the financial structuring of potential projects. Through this work, by the end of 2023-24, the CIB will be nationally recognised as a centre of expertise on the development of privately funded infrastructure projects.

As suggested in the December 2017 SPA, the CIB can use its commercial expertise to help governments evaluate and select the most appropriate model for infrastructure, on a case-by-case basis, in order to help achieve better results for Canadians. The CIB will work collaboratively with other advisors, such as provincial procurement agencies and private sector advisors, consultants and other experts, and refer provinces, territories and municipalities to these resources as appropriate. In order to protect the integrity of investment

discussions, CIB will ensure commercial non-disclosure agreements are executed with the relevant counterparties.

As part of becoming a centre of expertise, the CIB intends to collaborate internationally and domestically to demonstrate Canada's innovation and leadership, and to foster mutual learning and experience on mobilizing long-term institutional investment in infrastructure, and facilitating more evidence-based decision making to prioritize and better plan future investments. The CIB will engage in outreach activities to raise awareness of its model and identify potential new partners. It will also actively participate in conferences, workshops and other events to foster knowledge sharing and establish itself as a key voice in the infrastructure space. All of the CIB's internal teams will contribute to the centre of expertise objective.

Performance Targets

The following table shows the linkages between the previous Corporate Plan, outlook for the 2019-20 fiscal year and intentions for longer-term goals.

Short-Term and Medium-Term Objectives from Corporate Plan 2018-19	Performance Measures	Achievements in 2018-2019	2019-2020 Goals to build on Progress to Date	Long Term Goals
To increase awareness of the benefits of the CIB model to fund public infrastructure	Implement a stakeholder engagement plan to promote the benefits of the CIB model	Active engagement with industry and investors in Canada, US, UK, Japan and China Speaking engagements at 85 events attended by more than 10,000 people within the industry 310 meetings, more than 100 projects discussed	Maintain engagement both nationally and internationally Exceed the number of meetings held in previous year	To generate interest in revenue-generating infrastructure as an asset class among investment partners
To nurture relationships with partners using targeted outreach, and educate governments on the additional tool available to them	Deliver a targeted outreach strategy to communicate the CIB's advisory offerings to provinces, territories and municipalities, Indigenous governments (PTMI) and private sector	Provincial and Territorial outreach initiated In-person meetings with all provinces and territories Discuss priorities and projects to be included in Inventory of Canadian Infrastructure Projects	Maintain the relationships with PTMI and conduct a follow up visit. Establish a process for PTMI to provide CIB with their priority projects	To build up the CIB's reputation as a centre of expertise on infrastructure projects in which private sector investors or institutional investors are making significant investment
To showcase projects for potential investment consideration by CIB and partner governments	Develop a plan to create the five-year forward-looking National Project Pipeline	Plan under development Consulting with provinces and territories	Roll out the inventory Future versions will be more comprehensive and have access and search functionality	To maintain the inventory while seeking to continuously improve the product

Investment Activities/Expected Results

Investment Objectives

The CIB mission is to work with federal, provincial, territorial, municipal and Indigenous (PTMI) partners and private sector investors to transform the way infrastructure is planned, financed, funded and delivered in Canada in support of the objectives of the *Investing in Canada* infrastructure plan.

Over the five-year planning period the CIB will:

- Develop mechanisms to engage private sector partners earlier in the project planning and design process to facilitate more commercially focused infrastructure decisions which can better support user-pay funding models or sustainable public investment through revenue-generating business models;
- Advance business models which transfer more of the commercial risks of infrastructure projects to private

sector partners, including long term operational, maintenance, usage and revenue risks;

- Implement new and innovative approaches to project finance and delivery by investing CIB capital in a way which creates viable and timely infrastructure projects, minimizes overall federal government support and maximises private sector and institutional debt and equity investment.

Our investment vision is that in five years' time, governments across Canada are routinely choosing revenue-based business models, where appropriate, in partnership with private-sector developers, contractors and investors to deliver efficient infrastructure projects.

Priorities

Government of Canada establishes the high-level policy priorities for the CIB, including:

- All projects have to be in the public interest, which is guided by federal infrastructure policy objectives as outlined in the *Investing in Canada* plan and the Pan-Canadian Framework on Clean Growth and Climate Change, and other infrastructure policy priorities.
- Projects must also be bankable, as described more fully in the investment process.
- All projects should be new infrastructure or include new infrastructure elements with the ability to generate revenue. This includes identifying projects that are large, transformative and that provide the greatest economic, social and environmental returns.

- A target of \$5 billion of investment in each of the priority sectors: public transit, trade and transportation and green infrastructure.
- A target of \$1 billion of investment over 10 years in broadband infrastructure from Budget 2019.
- Working actively with all orders of government including PTMI partners, as well as the federal government, in identifying priority and potential projects for the CIB to help develop and finance. The objective is to free up federal support capacity for projects which cannot attract private sector investment on its own.
- Additional priorities identified by government and CIB as a result of the CIB market-facing role. The December 2017 SPA requested CIB to explore whether, over time, the CIB model would be an appropriate tool to be applied to a wider category of infrastructure.

Investment Process

Through the 2018-19 planning period, the CIB began to refine its processes and methodologies for reviewing potential projects by further identifying the level and type of information required at each stage. The CIB has begun to receive proposals through the three intake streams:

- i. Government of Canada
- ii. PTMI public sponsors
- iii. Private sector unsolicited proposals

- Developed a proposed approach for receiving and evaluating projects.

The assessment and approval process includes a number of governance steps shown on the next page, which will be fully described in the CIB's Investment Policy.

In accordance with the 2018-2019 Corporate Plan objectives, the CIB has both:

- Formulated a strategy for conducting due diligence to advance projects for investment, and;



Project Investment Opportunities in Priority Sectors

The CIB has been engaging with stakeholders across Canada and early assessments indicate that potential investment opportunities may be found in the **Public Transit** priority sector with large projects in advanced stages of planning and procurement across the country. The CIB aims to engage earlier in projects stages to encourage the use of models with an increased proportion of private-sector capital, including both debt and equity. This, combined with the increasing size, scale and complexity of public transit projects in Canada, is expected to create significant investment opportunities.

In the **Trade & Transportation** priority sector, the CIB sees strong investment opportunities in a variety of asset classes, including ports, rail and logistics highway, and bridge projects. The CIB expects that there will be an opportunity for more learning and development around user pay or tolling for such projects.

The CIB sees potential for investment across the **Green Infrastructure** priority sector, including potentially in areas such as water and wastewater treatment; renewable energy; electricity transmission and interties.

The CIB is currently engaged in projects across all priority sectors that are at an advanced stage and have potential for investment commitments. The projects meet the public interest determination and the CIB's expected cash requirements for these projects are included in the Capital and Investment Budget.



The CIB will invest **\$35 billion** alongside the private sector, including but not limited to:



\$5B
Public Transit



\$5B
Green Infrastructure



\$5B
Trade & Transportation

The CIB will work with lead departments that have specific oversight of policy for particular assets in Canada to ensure that the respective ministers of these departments concur that projects are aligned with federal policy objectives.

The CIB will enhance its project advisory capability for investment feasibility due diligence work to contribute to financial and procurement structuring prior to future decisions on new project procurements. This service offering will be particularly relevant to federally-owned or sponsored projects that are advanced in planning and with strong government support, and where CIB's in-house expertise can contribute to analysis of the options and best approaches regarding the bankable structure of projects. A first example of this engagement on due diligence will be CIB's ongoing work with Via Rail, Transport Canada and Infrastructure Canada on High Frequency Rail. This service offering will be available for federal projects that are within the CIB's mandate and priorities.

Strategies

CIB's strategy is to target, as surgically as reasonably possible, gaps in the financial structure of infrastructure projects. These gaps could be pricing, flexibility of terms and conditions or risk profile or likely a combination of all three elements. CIB is explicitly targeting the space between where traditional government funding ends and where commercial financing begins. The SPA required us to describe the CIB strategy for demonstrating prudent investing. CIB will apply the following specific disciplines to its investment approach in addition to the due diligence, analysis and risk management described below:

- Aligned with the SPA letter, CIB investments will be selected and structured in order to attract as much private sector and institutional capital to projects as possible. This is an important strategy to achieve our objective

to minimise the amount of federal support, to align incentives between public sector and private sector partners in a project and to avoid crowding out private capital.

- We will seek to maximise the ratio of private sector financing to government grant or contribution funding, inclusive of CIB investment. This represents effective risk transfer and is consistent with our mandate to attract as much private sector capital as possible.
- We will seek alignment of interests. The risk adjusted return for the investor should be appropriate and reflective of the fair market value.
- We will seek to use the CIB's capital to effect changes in the way projects are structured and delivered.

Investment Products

A wide breadth of financial instruments will be used, including loans, equity, and where appropriate, loan guarantees. The decision on the use of different types of financial instruments, or a combination thereof, will depend on a project's unique characteristics. The CIB will use federal support to mobilize private capital, providing support on concessional terms, below market or on another subordinated basis, to crowd-in private sector and institutional investment. In doing so, the CIB model fills the gap between pure commercial financing and the traditional grants and contributions approach to funding public infrastructure.

In 2018-2019, CIB began developing innovative investment approaches to meet its investment objectives and to facilitate its engagement with the public sector sponsors and private sector investor market, including an unsolicited proposals framework. Over the planning period, the CIB will further refine these tools, consult with stakeholders and come back to the Minister of Infrastructure and Communities to inform on progress and share the policies once they are finalized. The CIB will also provide further information on how these tools will be used, what the intended purpose is, as well as the expected market impact.

Performance Targets

The following table shows the linkages between the previous Corporate Plan, outlook for the 2019–20 fiscal year and intentions for longer-term goals.

Short-Term and Medium-Term Objectives from Corporate Plan 2018-19 / SPA	Performance Measures	Achievements in 2018-2019	2019-2020 Goals to build on Progress to Date	Long Term Goals (2023-24)
To demonstrate presence of projects which meet investment requirements	<p>Establish a process for receiving and evaluating projects</p> <p>Conduct assessment activities and invest in projects</p>	<p>Processes established</p> <p>More than 100 projects received</p> <p>13 under detailed analysis</p> <p>1 investment made</p> <p>Draft unsolicited proposals framework, based on best practices</p>	<p>Annually:</p> <p>100 projects received in excess \$20 billion</p> <p>9 shortlisted for detailed analysis</p> <p>At least 2 investments</p> <p>Finalization of the unsolicited proposals framework</p>	<p>Annually:</p> <p>100 projects received in excess of \$30 billion</p> <p>20 shortlisted for detailed analysis</p> <p>Up to 5 investments</p>
To advance projects for investment	Formulate a strategy for conducting due diligence to advance projects for investment	<p>Investment Policy has been approved by Board</p> <p>Developed Investment Process Standard to support detailed process</p>	<p>Clean audit report on compliance with Investment Policy and Investment Process Standard</p> <p>Investment Policy implementation</p> <p>Portfolio of Investments</p> <p>Distribution by Sector</p> <p>At least 2 priority sectors</p>	<p>Clean audit report on compliance with Investment Policy and Investment Process Standard</p> <p>Portfolio of Investments: Distribution by Sector:</p> <p>At least 3 priority sectors</p>
To improve efficiency by transferring revenue risk and ensuring minimal concessionality	Implement an Investment Risk Management Strategy	Investment risk covered as a subset of Board-approved Enterprise Risk Management (ERM) framework and incorporated into Board-approved Investment Policy	Develop and implement investment risk management monitoring and reporting procedures	Effectively manage investment risk, as outlined in ERM framework and Investment Policy
To crowd in (not crowd out) private sector investors to increase total investment	Develop methodology for determining value and benefit of CIB investment relative to alternative financing options	Specific investment strategies and products identified and documented	Formalized methodology or similar post-transaction report on effects of CIB investment published after each investment	CIB's methodology accepted and adopted by other public sponsors
To free up government funding by leveraging private investment in public infrastructure	Succeed vis a vis quantitative goals	REM investment of \$1.283 billion	Degree of change towards operational, usage and revenue risk transfer to private sector: inclusion of operational and maintenance risks in all CIB projects	Degree of change towards operational, usage and revenue risk transfer to private sector

Data and Information (Knowledge) Activities/Expected Results

The third function in the CIB’s mandate, Data and Information (Knowledge), aims to:

- Improve the analysis and investment decision-making process around projects that involve private sector partners and revenue-generating infrastructure assets;
- Collaborate with all orders of government on data collection; and
- Inform the centre of expertise, contribute to the Inventory of Canadian Infrastructure Projects and support the advisory and investment functions.

The Data and Information business line contributes to helping governments make evidence-based decisions by working with private and public partners to gather a wide range of data and information, particularly as it relates to revenue-generating projects, but also more broadly to projects where private sector has a large role. Building out the CIB as a center of expertise, the Data and Information business works to provide data, information, and best practices to government partners to help evaluate and select the most appropriate model for infrastructure, on a case-by-case basis, in order to achieve better results for Canadians.

Further building out the Data and Information function will facilitate close collaboration with both the Project Development and Investment teams, as data is inherently linked to providing evidence-driven advice.

In 2019-20, CIB will lay the foundation for its knowledge management activities by:

- Hiring the core of its Data and Information team;
- Developing a knowledge management strategy to provide support for all CIB activities, including investments, advisory, advocacy, and public dialogue by senior executives;
- Strengthening its network of institutional relationships with international peers, relevant industry associations and think tanks;
- Working collaboratively with Statistics Canada and other agencies to design and begin gathering a comprehensive fact base to support evidence-based decision making in infrastructure planning and development.

Performance Targets

The following table shows the linkages between the previous Corporate Plan, outlook for the 2019-20 fiscal year and intentions for longer-term goals.

Short-Term and Medium-Term Objectives from Corporate Plan 2018-19	Performance Measures	Achievements in 2018-2019	2019-2020 Goals to build on Progress to Date	Long Term Goals (2023-24)
To provide information on the Canadian landscape for revenue-generating infrastructure that may attract private investment	Engage key players responsible for infrastructure data	Meeting held with Statistics Canada and Infrastructure Canada Held discussion with C2P3 (Canadian Council on PPP) about its proprietary database Covered topic in provincial and territorial meetings	Maintain/build on established relationships (Statistics Canada, CCPPP, provinces and territories)	To provide actionable information that translates into evidence-based decision making
To identify gaps where CIB can have an impact	Produce a study to identify the existing state of infrastructure data	Based on the above activity and external benchmarks, produce a study	Produce research and articles that will demonstrate how the CIB impacts the market	To inform and report to Canadians on the benefits of the CIB model and this type of approach
		Alignment on key objectives of Data and Information function	Hire the core of the Data and Information team Strengthen network of institutional relationships with international peers, relevant industry associations and think tanks	To gather a comprehensive fact base to support evidence-based decision making in infrastructure planning and development Greater interest in Canadian infrastructure market demonstrated by increased private investment

Corporate Activities/Expected Results

The Corporate Support team of CIB includes Legal, Finance, Human Resources, Technology, Risk Management and Public Affairs and Communications

Corporate Support (Excluding Public Affairs and Communications)

In 2019-20, Finance will implement a new financial software system, including tools to monitor and measure financial and non-financial metrics. Finance will continue to leverage innovative technology to improve efficiencies in reporting.

Recruiting and developing the right talent in a competitive marketplace is crucial to CIB's success.

Over the five-year planning period, the total CIB staff complement is expected to grow to 85 employees (excluding contractors and board directors). CIB executives conducted a thorough review of the long-term staffing requirements to execute on the mandate, and the focus will be on resourcing the organization predominantly with full-time employees. Contractors and professional service firms will be used to supplement resources when faced with higher activity levels or special projects. (Higher employee figures in the 2018-19 Corporate Plan included contractors and board members.)

The CIB will consider ways of ensuring appropriate on-the-ground knowledge of infrastructure needs and regional priorities. Executives hired in 2018-19 bring regional expertise to the organization, and as the CIB looks for specialized investment talent it will be flexible regarding location and may look at various ways to establish strong, direct connections with regional counterparties (PTMI governments, industry and investors) to facilitate information sharing, discussions and decision-making.

Talent management and succession planning are important to the CIB because the available external talent pool for infrastructure roles is relatively small, and attracting and retaining this expertise is critical to the organization's success. To build its culture and brand and mitigate the risk of turnover, the CIB is developing a robust talent management process that will include personal development plans and succession strategy for key roles. HR will also manage a full suite of programs, including recruiting, onboarding, payroll, learning and development, performance management, total rewards, and employee relations.

Although technology is an important enabler to meeting the CIB's mandate, an in-house technology group is not required to support the platforms in the medium term.

By the end of 2023-24, the Administration and Finance groups will be fully mature, with the required headcount and financial and risk systems to ensure appropriate management and controls are monitored and maintained in the execution of the CIB's mandate.

Short-Term and Medium-Term Objectives from Corporate Plan 2018-19	Performance Measures	Achievements in 2018-2019	2019-2020 Goals to build on Progress to Date	Long Term Goals (2023-24)
To build capability (new IT systems, Enterprise Resource Planning, staff with specialized skills)	Establish a preliminary Enterprise Risk Management (ERM) framework and create training modules to onboard staff	Draft ERM framework developed and finalized	Development of policies and procedures underpinning ERM framework Awareness improvement through training	Keep ERM framework current by adjusting it as CIB and the market evolves Continue training effort to firmly embed risk management in CIB culture
To meet public scrutiny on process, transparency and reporting on performance and results	Develop financial management and internal audit capacity for evaluation and reporting	Hired financial team Bookkeeping outsourced, with oversight and review by CIB management Key policy documents unique to CIB in place Internal audit charter approved by Board; 3-year plan presented to the Finance & Audit Committee and Board	Complete first internal audit with minimal number of findings	Expansion of internal audit program
To practice sound internal governance and financial management	Receive unqualified audit opinion	2017-18 external audit completed with unqualified opinion issued 2018-2019 external audit underway	Unqualified audit opinions	Unqualified audit opinions
To operate efficiently, demonstrating sound financial and operational use of resources	Expand operational resources and increase the number of employees in the planning period	35 full-time staff and four contractors, approaching the total number of personnel (42) that was envisioned in the 2018-19 Corporate Plan	Upgrade systems technology tools for all business lines and functional units Increase CIB staffing complement Full staffing of all corporate functions	Grow to steady state level of 85 employees by 2022, excluding contractors/consultants
To be nimble and responsive, ready and able to respond to emerging needs	Receive good reviews from partners in the public and private sectors as operations expand	Hired experienced investment and advisory professionals who extended the outreach capabilities of the organization, resulting in 310 meetings, more than 100 projects discussed	Operational compliance processes Performance management system and processes	Implementation of technology tools to further improve efficiencies Development of a Total Rewards program

Public Affairs and Communications

In addition to corporate priorities that were set in the 2018-19 Corporate Plan, the CIB is placing greater emphasis on communications, shareholder relations and engagement of external stakeholders and partners, to support the CIB's business units and advance the overall organizational mandate.

In 2019-20, Public Affairs and Communications (PAC) will coordinate all activities and interactions with relevant federal departments and agencies. The group will manage the CIB's public profile and reputation, contribute to industry awareness of the CIB model, and, by planning the CIB's

outreach and communication activities, will help inform and report to Canadians on the benefits of the CIB model.

Outreach about the CIB's priorities, activities and result will be done using modern communication strategies and tools.

Objectives	Performance Measures	2019-20 Goals	Long-term Goals (2023-24)
To build positive and trusted reputation by improving awareness of CIB with partners and the public	Fact-based and informed reporting ensuring a broader understanding about the CIB Promotion of and public knowledge about CIB investments Modernize in-house communications and external relations expertise	Fact-based and informed reports Expand content publishing through CIB communication platforms Develop integrated communications planning tools Execute project investment communications	Fact-based and informed reports Case studies on project investment success stories Showcase international best practices
To increase relationships with all levels of government and their priority stakeholders to foster partnerships	Build network of third-party recognized industry leaders who support the CIB mandate	Outreach to decision-makers, thought-leaders and stakeholders relevant to government partners	Direct contact with each FPTMI and their key stakeholders
To expand partnerships with industry and active involvement with the market that generates support for CIB mandate	Expand volume and variety of participation in industry forums particularly public speaking opportunities	Increase the value generated from public speaking via industry publications, media, web site and social media	Increase engagement with key audiences
To practice good governance with the shareholder to demonstrate engagement and accountability required in the SPA and Corporate Plan	Alignment with government priorities and secure decisions with the shareholder required to fulfill the CIB mandate	Build in-house capacity for shareholder relations Publish annual Corporate Plan and other reporting and disclosure documents Develop and implement a communications protocol with Infrastructure Canada	Standardize and operationalize critical shareholder decision-making

Enterprise Risk Management

As a Crown corporation entrusted with investing public funds, the CIB is adopting best practices for risk management, including establishment of an Enterprise Risk Management (ERM) framework and a central Risk Management function.

The role of the Risk Management function is to support sustainable performance in line with the CIB’s mission, through the efficient assessment and management of material risks. Its scope includes all material risks that could threaten the achievement of CIB’s mission.

The first line of defense against material risks are the professionals across the organization who will identify, assess, and manage the financial, operational, construction, regulatory, and reputational risks facing CIB. The Risk Management function will act as the CIB’s “second line of defense” against risks, and will advise colleagues in regards to risk management across all businesses and functions. It will establish effective checks and balances to maintain adherence to the organization’s risk appetite. As investment activity grows, the risk mandate will expand to include the oversight of investment management and development risks being managed on a day-to-day basis by the first-line investment

teams. The internal audit regime, which is being outsourced to an external provider, is the “third line of defense” and aims to strengthen accountability, risk management, resource stewardship and good governance.

As the CIB is building the Risk Management function, a focus in 2018-19 was on identifying and scoping enterprise risks and an ERM framework was developed with assistance from external consultants. The process is underway to document and implement the underlying risk management policies and procedures by functional area.

More details about the risk framework is available in Appendix E – Risk Management.

Investment Risk Management

Investment risk management forms the largest part of the CIB's overall ERM framework.

The CIB seeks to invest a minimum of \$5 billion in each of its three priority sectors. However, it does not manage its portfolio to fixed investment allocations by sector, geography or fiscal year. As a result, the CIB will always have a more concentrated set of risk exposures than would be typical for a portfolio of its size. Sectoral and industry concentration risks are an unavoidable consequence of the CIB's mandate and of its role in the marketplace.

The CIB actively monitors each of its investments to ensure that all investment conditions are met, to understand any shift in an investment's risk profile and to assess the value of each investment.

4.0 Financial Overview

Financial Management and Stewardship

Canada Infrastructure Bank will continue to build out its operating and investment structures in 2019-20 through the hiring of senior and middle management, analysts and support staff, the implementation of core systems and establishment of key business and support function controls and processes. To fund near-term operational expenses, CIB will retain suitable cash resources based on need. All operating expenses will be borne under Board-approved processes and monitoring and in line with the Directive on Payments to Crown corporations.

Funds for investment financing will be requested from the Government close to the time of project investment draws, with suitable notice provided before any draw. CIB will request its drawdown of appropriations in a manner consistent with the Directive on Payments to Crown corporations. Due to the long-term nature of infrastructure investments, it may be several years from the time of

investment commitment until investment income is accrued or received. Although CIB is expected to earn investment income through a payment-in-kind arrangement on its first deal, income is not expected to be received in this planning period.

CIB uses International Financial Reporting Standards (IFRS). It will work with the Office of the Comptroller General of Canada to ensure appropriate reconciliation to the Public Sector Accounting Standards (PSAS) framework for the purposes of government reporting.

This section describes CIB's current and anticipated financial health and key factors expected to affect the financial planning over the five-year planning horizon. Financial statements, detailed operating and capital budget information and supporting tables are provided in Appendix D.

Commitments and Investments

CIB entered into its first credit agreement with Réseau express métropolitain Inc. ("REM") on September 28, 2018. CIB will provide \$1.283 billion over three additional draws in fiscal 2019-20 and fiscal 2020-21. Under IFRS accounting standards, the appropriation amounts are accounted for through both income and appropriations surplus based on the nature of the appropriations provided, \$15 billion from the Investing in Canada funds allocated to CIB and \$20 billion capital funding for assets to be held by CIB in the form of equity or debt.

Under PSAS, the accounting for appropriations would differ due CIB's status as an other government organization (OGO) and not a government business enterprise (GBE). The total appropriation amounts would be deferred or entirely recognized in revenue as they are received.

Of the \$35 billion to be provided by the CIB over 11 years, the Government of Canada has expensed \$15 billion against the fiscal framework. In delivering this \$15 billion in federal support, the CIB will deliver concessional financing, taking a subordinated or below-market position in a project's capital structure and using other innovative instruments to crowd-in private sector investment.

Infrastructure investing involves making a financial commitment to a project and later making the cash investment. Over the planning period, CIB expects to

commit approximately \$1.5 billion to \$4 billion per year. Given CIB's unique mandate and approach to financing projects, a number of deals are expected to result in upfront commitments. Future funding amounts as noted in the capital expenditure budget are a best estimate of cash required based on CIB's current investment pipeline. The investing pace will vary by project and may change over time; therefore, CIB will work closely with the Department of Finance to review the impact of investments on estimates and cash requirements.

Valuation of Investments

The CIB business model is aimed at mobilizing and leveraging private sector and institutional investment and crowding-in investments to projects that may not otherwise be attractive to private investors. To accomplish this mandate, it must make equity and debt investments that are subordinated to other investors which results in a higher risk of repayment or of earning returns in the near term. Providing support under-market and writing down investments with appropriate risk, is by design: federal support will crowd-in private sector investment, reducing the overall costs to the government of building the projects.

Some investments will likely be structured to earn returns that are realized only in the longer term. Under accounting reporting requirements these equity instruments must be fair valued using risk-based discount rates which could

significantly reduce their fair value upon funding the investment. Some investments may be in the form of debt that may or may not need to be fair valued, depending on the circumstances. The objective is to manage the deployment of investments to balance the aim of crowding in private investment and managing the risk to the CIB, while the accounting-driven provisions reflect the calculation of fair value using accepted practices that do not account for crowding-in objectives.

The REM commitment was issued at a below market interest rate with an effective blended 15-year rate of 1.65%. The total fair value provision of \$143 million included in this corporate plan is based on the fair value difference of the market interest rate (assumed to be the long-term government lending rate, subject to auditor sign-off) and the effective interest rate of the loan. In addition to the fair value provision, an estimated credit loss allowance (subject to auditor sign-off and adjustment due to change in underlying risk factors) was also included in both year 3 (F2021-22) and year 4 (F2022-23) of the REM loan.

The accounting for the REM loan provision under IFRS requires the provision be deferred and amortized. Under PSAS the provision would be expensed when recognized.

The provision in the 2018-2019 fiscal year differs from the 2018-2019 corporate plan due to the lower market rate assumptions used and the adoption of IFRS 9 which requires the deferral and amortization of the fair value provision over the term of the loan.

The accounting fair value provisions for future investment commitments in the financial projections are illustrative only. Of the \$16.7 billion planned to be committed to investments over the forward five-year planning period, the expectation is to incur an accounting provision of

\$6.9 billion (under PSAS), or the full value of federal support on projects of 43% (\$15 billion of \$35 billion), less appropriations allocated to operating expenses. The full amount was an estimate based on CIB's long-term risk tolerance. Future provisions will be impacted by the nature of CIB investments (equity or debt), regular fair value measurement requirements and recognition of expected credit losses. Given the complexity in predicting the nature and structure of new commitments and associated market / credit risk, a long-term average was assumed.

The types of investments underwritten will impact the potential range of provisions accrued. For example, equity investments inherently have more volatility in value due to their underlying risk than secured debt investments. Therefore, it would be expected that equity would draw a larger than long-term-average provision than would a secured debt investment.

Infrastructure transactions are long term in nature and therefore current estimates of provisions for investments will evolve. The development and maturity of projects over time provides CIB with portfolio data to re-evaluate risks on an ongoing basis and refine estimates of provisions or expected losses.

The actual accounting provision will be determined using industry standard valuation methodologies in compliance with the IFRS financial reporting framework. If more specific valuation information is available at the time of investment commitments, this will be reflected in future corporate plans.

The financial statements have been projected using IFRS reporting standards. Accounting differences exist in the PSAS reporting and IFRS as noted previously.

Operational Plan

CIB will adopt best practices for the sound and rigorous stewardship of its financial resources. It continues to build capacity and capabilities across the organization to deliver on

all three parts of its mandate: Advisory, Investment and Data and Information (Knowledge Management).

Staffing and Compensation

The current staffing plan entails increasing the complement in 2019-20 to 74 full-time employees, growing to a steady state of 85 employees by 2021-22. Human resource costs will increase in step with head count. Independent contractors and consultants and CIB board members are excluded from this number.

CIB engaged third-party compensation and benefits consultants to assist in designing the compensation and

benefits structure for employees, and evaluating benefits providers and solutions. The compensation structure was approved by the Board's Human Resources and Compensation Committee (HRCC), as delegated by the Board in November 2018. CIB will re-visit the structure with the HRCC in the next 12 months to determine its effectiveness in hiring appropriate talent. Management expects to formally review compensation structures with external advice every three years. CIB offers

market-competitive compensation, with a focus on total compensation (i.e., a mix of salary and variable performance incentive, with time-based deferrals where appropriate). Benchmarks are based on a third-party provider's proprietary database of entities in financial services, investment management and the public sector.

For corporate roles (including Finance, Public Affairs and Communications, Legal, Human Resources, IT, Risk Management, Administration), ranges of compensation are offered at four different levels. The overall group target is the 50th percentile of the benchmark group, which includes both public-sector and private-sector comparables in the external compensation review. The roles within this group vary in level from clerical to Head roles.

For Investment and Project Development roles, benchmarks must be based on where CIB competes for talent, and the focus is on individuals with prior infrastructure and investing experience. There are few comparable organizations, due to CIB's unique mandate and structure as a Crown corporation. There are six titles for these roles, varying in level from analyst to managing director, and compensation bands are aggregated to three for management purposes. CIB will always consider the relative experience and existing compensation of any candidate, so that he or she is brought in at reasonable levels.

Operating Expenditures

The estimated operating expenses for 2018-19 is \$12.8 million and the forecasted total operating expenses over the forward five-year planning period is \$312 million (on an accrual basis).

The operating expenses include projected salary, short-term and long-term incentives, benefit costs and taxes for directors, employees and estimated costs for professional fees, premises and equipment, communication, travel, information technology and administration.

As CIB's internal teams and capabilities grow and the scope of activities expands, the volume of travel related to stakeholder outreach, shareholder and governance meetings will rise. As discussed earlier in this plan, CIB has significant opportunities to influence the infrastructure market and existing culture related to long-term projects, and face-to-face meetings will be required to explain the support offered by CIB. There is also a need to travel for meetings related to investment deals, due diligence, and to attend industry conferences.

Professional fees include deal-related consulting fees, investment and deal closing fees. Professional services may also augment staff resources when CIB faces higher activity levels or special projects. As the organization continues to hire employees in 2019-20, it will also incur professional recruitment fees for some roles.

Operating expense projections, in general, have changed from the previous year's corporate plan projections. The executive and management team recruited during fiscal 2018-19 conducted a deep evaluation of resource requirements in order to carry out the mandate, resulting in adjustments to the previous projections.

CIB recognizes that its costs are funded through taxpayer dollars and will endeavour to use its resources efficiently and effectively, looking at a variety of alternatives where possible. It has established policies governing the reimbursement of reasonable expenses required for the purposes of business travel, hospitality, conferences and events in close alignment with Treasury Board guidelines. These policies include processes for preparation and approval of expenses for reimbursement.

Revenue

Over the planning period, given the long time horizon for infrastructure investments, CIB does not expect to earn investment income on future commitments. Only as investments mature and projects begin to de-risk and generate suitable cash flows, will CIB earn revenue. It should be noted that if an investment is made in the first year of the plan, it could take three years to complete construction, at least two or three years of ramp-up in revenue generation and likely another year or more before CIB earns any return, given the likely subordination to crowd-in co-investment. CIB does expect to earn interest revenue on the

REM secured loan. The revenue earned in the first 10 years will be capitalized on the balance sheet at the total effective interest amount (capitalized interest plus accretive interest).

Appropriations and Cash Flow

Annual statutory appropriations for operating and capital (investment) purposes are shown individually on the Pro-forma Statement of Cash Flows. Actual requests to drawdown on capital appropriations will match financial commitments as per agreements signed with project counterparties.

CIB has been given access to \$35 billion in appropriations for capital and operations over 11 years ending March 31, 2028, with a maximum of \$15 billion in federal support. Subject to the Government's approval, total appropriations made available to cover its operating costs are projected to be \$296 million on a cash basis over the five years through fiscal 2023-24.

Operating cash appropriations will cover all cash costs for the coming year and therefore varies from total expenses due to adjustments for accruals. The cash flow requirements are expected to be fairly even throughout each year, except for human resource costs, which will ramp up in the first three years of the planning period due to hiring. Given the low level of capital asset purchases, CIB expects a nominal amount of capital appropriations for equipment correlated with headcount increases.

CIB expects to make operating appropriation requests to the Department of Finance as needed.

APPENDIX A – Corporate Governance Structure

The CIB is governed by the *Canada Infrastructure Bank Act* and is subject to other legislation and policies that apply generally to Crown corporations, including the *Financial Administration Act* (“FAA”), the *Official Languages Act*, the *Privacy Act*, the *Access to Information Act*, the *Conflict of Interest Act*, and the *Canada Labour Code*. As a Crown corporation, the CIB is subject to Part X of the *FAA*.

It operates at arm’s length from government, ensuring that transactions are executed with commercial due diligence and discipline and high levels of expertise. While independent in its operations, the CIB is accountable to the Government of Canada and Canadians. The CIB reports to Parliament through the Minister of Infrastructure and Communities (the designated Minister).

Accountabilities

Treasury Board approves operating and investment plans through the annual corporate plan process, which is the main business planning vehicle between the CIB and the shareholder. A key element of this is the review of the public interest of the projects. Once the Corporate Plan and capital budget are approved, the CIB Board is responsible for the final approval of specific project commitments.

Each year, the CIB’s Corporate Plan Summary Report and Annual Report are tabled in Parliament. These reports are

made public on the CIB’s website. Its quarterly financial statements (unaudited) are made public (including by posting to the CIB’s website) and financial statements are audited at year end by the Office of the Auditor General of Canada (OAG) and an independent external auditor. The CIB also holds an annual public meeting and posts to its website the related proceedings, presentations and responses to questions.

Board of Directors

The Canada Infrastructure Bank is governed by a board of directors (the “Board”) and, as a federal Crown corporation, is accountable to Parliament through the Minister of Infrastructure and Communities. The Board is composed of 11 directors, including the Chair of the Board. All directors are appointed by the Governor in Council in accordance with the *Canada Infrastructure Bank Act* for terms not to exceed four years.

As noted in the December 2017 SPA, the Board acts as financial stewards to ensure that the CIB effectively manages public resources, and ensures that the CIB’s governance, including its by-laws and policies, are informed by corporate governance best practices. The CIB will continue to employ best-in-class corporate governance practices as it works to deliver value for Canadians.

Board Role

The Board is responsible for the oversight and strategic direction of the CIB. It sets corporate objectives and direction, ensures good governance, monitors financial performance, approves corporate plans and financial statements, policies and by-laws, as well as ensures that risks are identified and managed.

The Board is supported in its role and responsibilities by the following committees: Investment, Finance and Audit, Human Resources & Compensation, and Governance. A charter has been established for each standing Committee. The Board may establish other committees as required to assist the Board in meeting its responsibilities.

Board Members

The following table sets out the members of the Board and their respective municipality of residence, appointment date and term of office.

Biographies are available on the CIB website:
<http://cib-bic.ca/en/governance/board-of-directors/>

Director	Location	Appointment Date	Term
Janice Fukakusa Chair of the Board	Toronto, Ontario	July 4, 2017	4 years
Kimberley Baird	Delta, British Columbia	November 16, 2017	2 years
Jane Bird	Vancouver, British Columbia	November 16, 2017	4 years
David Bronconnier	Calgary, Alberta	November 16, 2017	3 years
James Cherry	Elizabethtown, Ontario	November 16, 2017	2 years
Michèle Colpron	Saint-Lambert, Québec	November 16, 2017	4 years
Bruno Guilmette	Montréal, Québec	June 1, 2018*	4 years
Christopher Hickman	St. John's, Newfoundland and Labrador	November 16, 2017	3 years
Poonam Puri	Toronto, Ontario	November 16, 2017	3 years
Stephen Smith	Toronto, Ontario	November 16, 2017	4 years
Patricia Youzwa	Regina, Saskatchewan	November 16, 2017	3 years

*Bruno Guilmette was reappointed as a director on June 1, 2018, after serving as interim Chief Investment Officer from January 1, 2018 to May 31, 2018

Board Vacancies

The *CIB Act* provides that the board of directors is composed of the Chair and no fewer than eight, but

no more than 11, other directors. The Board currently comprises 11 directors, including the Chair.

Board Committees

Four Board committees assist the Board in its oversight responsibilities, as outlined below.

Investment Committee

Mandate: The Investment Committee's role is to consider and make recommendations to the Board on all investment proposals, proposed investment strategies, and review the CIB's investment activities, performance, capital requirements and usage, and investment policies, standards and procedures and evaluate the effectiveness thereof.

Membership: The Investment Committee is composed of all of the members of the Board. Bruno Guilmette is the Chair of the Investment Committee.

Finance and Audit Committee

Mandate: The Finance and Audit Committee (the "FAC") provides oversight and makes recommendations to the Board on the reporting of financial information, management control practices, risk management and insurance needs, and

has the duties outlined in the FAA. The FAC is responsible for advising the Board on matters related to financial statements, any internal audit of the CIB and the annual joint auditors' report. It is also responsible for reviewing and advising the Board with respect to any special examination, and any resulting plans and reports.

Membership: The FAC is composed of five members of the Board appointed by the Board. Michèle Colpron is the Chair of the FAC; other members are Janice Fukakusa, David Bronconnier, Christopher Hickman and Poonam Puri.

Human Resources & Compensation Committee

Mandate: The Human Resources & Compensation Committee (the "HRCC") considers and makes recommendations to the Board with respect to human resource-related principles, organizational structure and compensation philosophy that will guide the management of CIB's human capital and promote the achievement of

CIB objectives. It approves the compensation philosophy, including goals and objectives, relevant comparison groups and target compensation levels. It also makes recommendations to the Board regarding hiring of executive officers, employee pension plans and benefits, and succession and contingency planning.

Membership: The HRCC is composed of five members of the Board appointed by the Board. Janice Fukakusa is the Chair of the HRCC; other members are Jane Bird, James Cherry, Michèle Colpron and Stephen Smith.

Governance Committee

Mandate: The Governance Committee considers and makes recommendations to the Board regarding corporate

governance trends and best practices applicable to the CIB, including recommended changes to corporate governance policies, practices and procedures; Board succession planning; the composition of Board committees; director orientation and continuing education; Board and director evaluations; and the CIB's director and employee codes of conduct and conflict of interest policies, guidelines and procedures.

Membership: The Governance Committee is composed of five members of the Board appointed by the Board. Stephen Smith is the Chair of the Governance Committee; other members are Janice Fukakusa, Kimberley Baird, Jane Bird and Patricia Youzwa.

Code of Conduct and Conflict of Interest Policy for Directors

The Board has adopted the Code of Conduct and Conflict of Interest Policy for Directors, which integrate various legislative requirements relating to ethical conduct and conflicts of interest, including the *Financial Administration Act* and the *Conflict of Interest Act*. In particular, they are intended to assist directors in identifying, minimizing and

resolving real, potential or perceived conflicts of interest, so they can effectively exercise their duties while maintaining their independence and integrity. Each year, directors must confirm in writing their commitment to complying with the Code of Conduct and Conflict of Interest Policy.

Board Attendance

Attendance at Board and committee meetings during the fiscal year ending March 31, 2019 is shown below.

In addition to regularly scheduled Board and committee meetings, a number of special meetings were held during the fiscal year to meet various legislative and other reporting

requirements. Due to exceptional circumstances, special meetings may have to be called on short notice and must, on occasion, be held at a time and date when the largest number of directors is available but certain members may be unable to attend.

Director	Board	Investment	FAC	HRCC	Governance	Investment Sub-Committee	Board Sub-Committee
Janice Fukakusa	11/11	5/5	9/9	8/8	3/3	1/1	1/1
Kimberley Baird	9/11	4/5			3/3		
Jane Bird	10/11	5/5		8/8	3/3		
David Bronconnier	11/11	5/5	9/9				
James Cherry	11/11	5/5		7/8		1/1	1/1
Michèle Colpron	9/11	5/5	9/9	7/8		1/1	
Bruno Guilmette*	7/7*	4/5					0/1
Christopher Hickman	8/11	3/5	7/9				
Poonam Puri	9/11	4/5	8/9				
Stephen Smith	8/11	4/5		8/8	3/3	1/1	1/1
Patricia Youzwa	10/11	5/5			3/3		

*Bruno Guilmette was reappointed as a director on June 1, 2018, after serving as interim Chief Investment Officer from January 1, 2018 to May 31, 2018.

Board Compensation

Remuneration rates for CIB board members are as follows:

- Directors: \$50,000 per annum
- Chair: \$100,000 per annum

Audit Regime

The audit regime consists of an external audit and an internal audit function. The Office of the Auditor General of Canada (OAG) and an independent external auditor jointly conduct an annual audit of the annual financial statements to verify that they fairly reflect CIB's operating results and financial position in accordance with International Financial

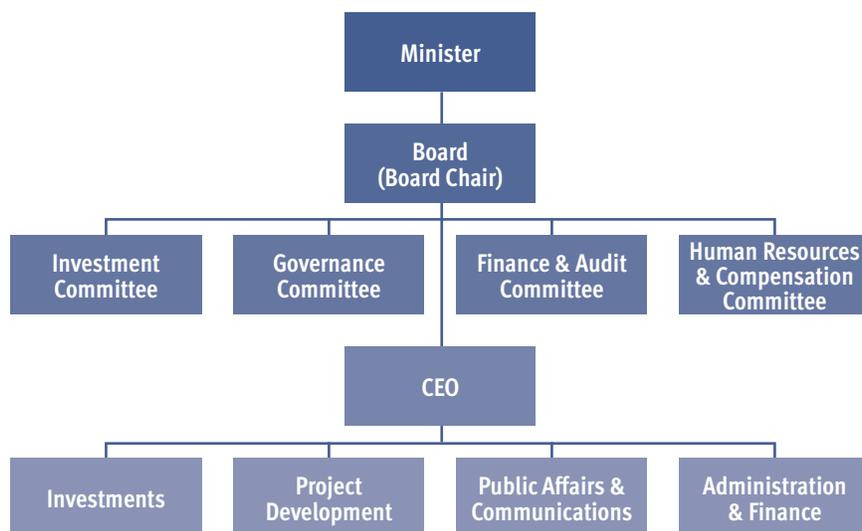
Reporting Standards (IFRS) and that the CIB is compliant with Part X of the FAA. The OAG also conducts a special examination at least once every 10 years to confirm that assets are being safeguarded and controlled; that financial, human and physical resources are being managed efficiently; and that operations are being conducted effectively.

Organizational Structure

The President & CEO of the Canada Infrastructure Bank is appointed by the Governor in Council upon recommendation of the Board. The President & CEO is responsible for management and operation of the CIB, and reports to the Board. All executive officers of the CIB are appointed by the Board (or the HRCC if authority is delegated from the Board).

To deliver on the three business lines – advisory, investments, data and information (knowledge) – the CIB has established four accountability teams, shown in Figure 1. These four groups, although each with their own distinct set of deliverables and key performance indicators, work in an integrated and collaborative manner to deliver on the CIB's mandate.

Figure 1 ORGANIZATIONAL STRUCTURE



Internal Governance and Committees

Day-to-day operating decisions are handled by the Executive Committee, which is composed of each executive officer listed in the table below.

Name	Title
Pierre Lavallée	President & CEO
Nicholas Hann	Head, Investments
François Lecavalier	Head, Project Development
David Morley	Head, Public Affairs & Communications
Annie Ropar	Chief Financial Officer & Chief Administrative Officer

The CIB has established a Management Investment Committee composed of the CEO and representatives from each of the groups reporting to the CEO. The Board has delegated to the CEO and the Management Investment Committee the responsibility to deliver on the CIB's investment mandate within the parameters established by the CIB Investment Policy. The Management Investment

Committee recommends investments to the Investment Committee of the Board.

The CIB has a designated Access to Information and Privacy (ATIP) coordinator, as described in Appendix F – Legislative and Policy Compliance.

Four Internal Teams

Collectively through the activities of each of the four internal teams, as detailed below, the CIB will evolve into a Canadian centre of expertise on infrastructure.

1. Investments Team

The Investments team, managed by the Head of Investments, is responsible for the CIB's investment strategy and advising on capital deployment and asset management. The team is responsible for the investment intake process for receiving and evaluating projects, including unsolicited proposals.

The team is organized and structured in a way which is consistent with the experience of merchant banks and infrastructure funds. With the exception of a transaction team focused on the Quebec market with appropriate language skills, teams are not initially specialized either by sector or by geography. The CIB is recruiting professionals with broad-based skill sets and experience while making sure that our team has experience across the range of products and sectors encompassed in our mandate.

2. Project Development Team

The Project Development team, managed by the Head of Project Development, is responsible for incubating new projects from idea to bankability. The team will be structured to deliver advice at the early stages of project development, maintain the inventory of infrastructure project, develop

the thought leadership, data and information required to become a recognized centre of expertise.

It will be staffed by senior staff with either regional or sectoral expertise as well as mid-level and junior staff to support project development efforts. It is expected that the Project Development and Investment teams would share a common pool of analysts. The team is actively recruiting individuals with a good understanding of regional infrastructure markets in Canada as well as selected sectoral expertise.

3. Public Affairs and Communications Team

Working closely with colleagues on the other teams, the Public Affairs and Communications team will shape CIB's external relationships and results-based reputation. Building a small, productive, engaged and proactive team will be a central priority. Expertise in media relations, corporate communications, issues management, web site and social media strategies, project communications, events management, public speaking, government relations, corporate planning, and stakeholder and industry relations will be critical.

Target audiences include leaders in the Government of Canada and provincial, territorial, municipal and Indigenous communities. Other stakeholders include investors and developers in the private sector, as well as construction firms

and other central actors in the infrastructure investment ecosystem. Relationships with thought-leaders such as boards of trade, chambers of commerce, think tanks, industry associations will also be important.

4. Administration and Finance Team

The Administration and Finance team, managed by the Chief Financial Officer and Chief Administrative Officer, is responsible for the following corporate support functions:

- Financial Accounting and Reporting
- Legal and Compliance
- Human Resources
- Technology
- Enterprise Risk Management
- Internal Audit (for administrative purposes only, otherwise this function reports directly to the Finance and Audit Committee of the Board of Directors)

The team collectively establishes controls, policies and procedures in the operationalization of processes within each discipline, and is responsible for monitoring of those controls and processes, to ensure proper governance of resources, accountability, and transparency of the corporation's activities. The team supports the three business lines through the provision of technological tools, operational processes and management of administrative support.

Code of Conduct and Conflict of Interest Policy for Employees

The CIB has adopted a Code of Conduct and Conflict of Interest Policy, which apply to all officers and employees of CIB and consultants. These policies set out guidelines for personal and professional conduct, the protection of assets and confidentiality, conflict of interest, hospitality, gifts and other benefits, the prevention of fraud and corruption, insider trading and more. Each year, employees must confirm in writing their commitment to complying with the Code of Conduct and Conflict of Interest Policy. The CIB has adopted a Disclosure of Wrongdoing Policy to encourage employees and others to report any suspected wrongdoings, without fear of retaliation, to their immediate supervisor, or to the General Counsel & Corporate Secretary, or through the use of an anonymous whistleblower reporting tool.

APPENDIX B – Planned Results

The objectives of Canada Infrastructure Bank and the results that it achieves are directly related to the three mandated functions: Investment, Advisory, and Data and Information (Knowledge Management). CIB's management team is responsible and accountable for delivering results in these areas.

In 2019-2020, its second full year of operations, CIB will continue ramping up internal capabilities across the organization. CIB continues to refine its approach to monitoring and evaluation of organizational performance, and ensuring transparency in its operations and the projects in which it is investing.

As it takes time to get large and transformative projects going, coupled with incenting PTMIs to use new models linked to user-pricing, we expect momentum and volume of transactions to increase significantly over the 5 year planning period, as the models become recognized and used.

CIB reviewed the objectives, key performance measures and target outcomes that were outlined in the 2018-19 to 2022-23 Corporate Plan. The framework presented in that plan was a starting point, and those initial performance measures were taken into account when developing the planned results and performance measures in this appendix.

These measures will be regularly examined to ensure that the right mix of indicators is employed.

TABLE 1 - EXPECTED RESULTS

Function	Outcomes	CIB Group Responsible	Result Indicators	Targets 2019-20	Targets 2023-24	Data Source & Methodology
Advisory	Assess projects for possible investment	Investment, Project Development	# of new projects assessed	100	100	Project proposals
			Aggregate value of projects assessed	\$20B	\$30B	Project proposals
	Network of public sponsors	Project Development	Number of relationships	Federal departments and agencies, all provinces, territories, 4 major municipalities	All provinces, territories, 10 largest cities and > 20 Indigenous communities	Team activity reports
	Projects developed with CIB assistance	Project Development	# of large-scale projects with CIB engagement	5	20	Project outlines
	Produce enhanced versions of Inventory of Canadian Infrastructure Projects to showcase projects	Project Development		Roll out improved version of Inventory of Canadian Infrastructure Projects, after launch of v1.0 in 2019	Keep Inventory evergreen	

Function	Outcomes	CIB Group Responsible	Result Indicators	Targets 2019-20	Targets 2023-24	Data Source & Methodology
Investment	Capital commitments	Investment	# of projects assessed leading to detailed analysis # of new investment commitments	9 per year At least 2 per year	20 per year Up to 5 per year	Team activity reports Board approval
	Portfolio of investments	Investment	Distribution by sector	2 priority sectors	3 priority sectors	CIB balance sheet
	Effectiveness of project structuring	Investment	Degree of change towards operational, usage and revenue risk transfer to private sector Determine value for money (VfM) or similar methodology to demonstrate effects of CIB investment, relative to alternative financing options	Inclusion of operational and maintenance risks in all CIB projects Publish formalized VfM methodology or similar post-transaction report on effects of CIB investment	Inclusion of usage and revenue risks in at least 50% of CIB projects Formalized methodology widely accepted and adopted by other public sponsors	
	Innovative tools	Investment	Number of tools	3	Cumulative: 6	CIB “product list”

Function	Outcomes	CIB Group Responsible	Result Indicators	Targets 2019-20	Targets 2023-24	Data Source & Methodology
Data & Information (Knowledge)	Gather a comprehensive fact base to support evidence-based decision making in infrastructure planning and development	Project Development	Research reports Use of analysis in project design by public entities	Hire the core of its Data and Information team. Maintain/build on established relationships (Statistics Canada, CCPPP, provinces and territories)	Provide actionable information that translates into evidence-based decision making	StatsCan, OECD, Think tanks, CIB
	Provide information on the Canadian landscape for revenue-generating infrastructure that may attract private investment	Project Development	Publications Share of private investment in Canadian infrastructure projects	Strengthen its network of institutional relationships with international peers, relevant industry associations and think tanks	Greater interest in Canadian infrastructure market demonstrated by increased private investment particularly from foreign sources	StatsCan surveys
	To inform and report to Canadians on the benefits of the CIB model and this type of approach	Project Development	Publications Canadian-origin website traffic	Produce research and articles that will demonstrate how the CIB can impact the market	Download of CIB publications Sustained increase in website traffic	CIB

Function	Outcomes	CIB Group Responsible	Result Indicators	Targets 2019-20	Targets 2023-24	Data Source & Methodology
Corporate	Strong Enterprise Risk Management processes	Administration & Finance	Risk reporting and results	Implement policies, procedures and reporting that underpin the risk management process	Development of robust, auditable risk models	Internal reporting
	Demonstrate sound financial and operational use of resources	Administration & Finance	Compliance with all relevant statutes and regulations	Build full map of obligations	No material breaches	Internal tracking
			Unqualified audit opinions	< 2 audit findings	< 2 audit findings	Auditors' report
	Improve awareness of CIB with partners and the public in order to build positive and trusted reputation	Public Affairs & Communications	Fact-based and informed reporting	> 5 positive stories in media/industry publications; expanded content publishing through CIB communication platforms	> 10 positive stories in media and industry publications, and showcases of project success stories	Tracking media and external stakeholder positions
Increase relationships with all levels of government to foster partnerships with CIB	Public Affairs & Communications and Project Development	Outreach to decision-makers, thought-leaders and industry stakeholders in federal, provincial, territorial, municipal and Indigenous gov'ts/ communities (FPTMI)	Direct contact with each FPTMI resulting in engagement with >20 leaders responsible for infrastructure	Direct contact with each FPTMI resulting in engagement with >50 leaders responsible for infrastructure	Tracking outreach to FPTMIs	

Function	Outcomes	CIB Group Responsible	Result Indicators	Targets 2019-20	Targets 2023-24	Data Source & Methodology
Corporate (cont'd)	Expand partnerships with industry and active involvement with the market to support CIB mandate	Public Affairs & Communications	Participation in industry forums, particularly public speaking opportunities	> 10 presentations, speeches, panels, market soundings with industry leaders to reach total audiences > 750	> 15 engagements with industry leaders to reach total audiences > 1000	Tracking industry events
	Practice good governance with the shareholder to demonstrate engagement and accountability required in the SPA	Public Affairs & Communications, Administration & Finance	Align with government priorities and secure decisions required to fulfill the CIB mandate, including development of annual Corporate Plan	Operationalize critical shareholder decision-making practices with INFC, Finance, TB, and PCO	Proactively contribute to future federal budgets, economic statements or policy decisions	Feedback from departments and central agency executives
	Sought-after employee value proposition	Administration & Finance	Recruiting and retention	> 50 employees	85 employees total (excluding contractors)	HR info system
				Employee turnover < 20%	Employee turnover < 10%	HR info system
High serviceability work environment and tools	Administration & Finance	Systems and facilities availability	> 99% up time	> 99% up time	Internal tracking	

CEO Commitment

I, Pierre Lavallée, as President and Chief Executive Officer of Canada Infrastructure Bank (“CIB”), am accountable to the CIB Board of Directors for delivering the results described in this corporate plan and outlined in this appendix. I confirm that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.



Pierre Lavallée, President and Chief Executive Officer
Canada Infrastructure Bank

June 24, 2019

APPENDIX C – CFO Attestation

In my capacity as Chief Financial Officer and Chief Administrative Officer of Canada Infrastructure Bank (CIB”), accountable to the CIB Board of Directors through the President and Chief Executive Officer, I have reviewed the corporate plan 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 material assumptions having a bearing on the associated financial requirements have been identified and are supported, with the following observations: Determination of accounting provisions or expected losses on investments are difficult to accurately estimate with the nascent stage of the organization’s investing activities. These estimates will be refined over time with ongoing portfolio risk monitoring and loss experience.
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: Projects and investments assumed for the planning period are based on the best available information at the time. Due to the nature of infrastructure investing, transaction development, structuring, negotiation and agreements on commitments may take longer than anticipated.
3. Financial resource requirements have been disclosed and are consistent with the stated assumptions in the corporate plan, and options to contain costs have been considered, with the following observations: Resource requirements are based on the level of business activity assumed within the plan and the organization will actively adjust resource requirements to ensure cost containment opportunities are realized, without jeopardizing the execution of CIB’s mandate.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the corporate plan, with the following observations, including observations with regard to appropriations that have not yet been approved: As noted in item #2, the estimates provided are based on the best available information at time of writing; commitments and funding requirements may change.
5. The corporate plan and budget(s) are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the corporate plan), with the following observations: This corporate plan outlines potential commitments and cash funding. Commitments to investments may involve multi-year funding requirements. Authority is being sought to enter into commitments for any of the transactions listed which are confirmed to meet the public interest test, some of which may or may not require cash funding in the 2019–20 fiscal year. Total project commitments will exceed the estimated cash funding requirements for the 2019–20 year. Once commitments are entered into, future funding obligations, regardless of fiscal period, must be fulfilled (if conditions precedent are met) in order for CIB to meet its legal obligations under investment agreements. Accounting presentation of the financial statements is based on CIB’s interpretation of the relevant accounting standards, and is still subject to concurrence from CIB’s Joint Auditors, and therefore is subject to change.
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of CIB.

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



Annie Ropar, Chief Financial Officer and Chief Administrative Officer
Canada Infrastructure Bank

June 24, 2019

APPENDIX D – Financial Statements

Pro-forma Statement of Financial Position (UNAUDITED)

For the 12-month period ending March 31

(\$ thousands)			Planned				
	F2017-18	F2018-19	F2019-20	F2020-21	F2021-22	F2022-23	F2023-24
Assets							
Current assets:							
Cash	\$ 9,682	\$ 1,097	\$ 1,218	\$ 1,175	\$ 1,170	\$ 1,166	\$ 1,149
HST and Interest Receivable	206	-	-	-	-	-	-
	9,887	1,097	1,218	1,175	1,170	1,166	1,149
Non-current assets:							
REM Loan Receivable	-	551,623	1,083,700	1,334,368	1,364,711	1,395,744	1,427,570
REM Provision*	-	(2,023)	(11,743)	(23,644)	(98,380)	(173,115)	(182,572)
Future Commitments	-	-	1,000,000	4,000,000	8,000,000	12,000,000	16,000,000
Future Commitment Provision*	-	-	(415,774)	(1,650,942)	(3,316,848)	(4,978,487)	(6,640,154)
	-	549,599	1,656,183	3,659,782	5,949,484	8,244,142	10,604,844
Non-current assets:							
Property and equipment	18	1,647	1,774	1,535	1,289	1,073	875
	\$ 9,905	\$ 552,343	\$ 1,659,175	\$ 3,662,492	\$ 5,951,943	\$ 8,246,381	\$ 10,606,868
Liabilities and Shareholder's Equity							
Current liabilities:							
Accounts payable and accrued liabilities	\$647	\$ 2,432	\$ 8,431	\$ 10,767	\$ 11,882	\$ 12,053	\$ 12,701
Deferred government funding related to operating expenditures	7,107	-	-	-	-	-	-
	7,754	2,432	8,431	10,767	11,882	12,053	12,701
Non-Current Liabilities:							
Deferred Liabilities	99	397	1,369	2,890	4,271	4,962	5,091
Net Loan Commitment		2,705	2,444	-	-	-	-
Deferred government funding related to capital expenditures	2,011	1,892	1,623	1,324	1,057	820	601
	2,109	4,994	5,435	4,214	5,328	5,782	5,692
Equity							
Share capital	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Appropriation Surplus**	-	313,714	1,178,286	3,018,857	5,304,571	7,590,286	9,876,000
Equity of Canada	42	231,202	467,023	628,653	630,161	638,260	712,475
	\$ 9,905	\$ 552,343	\$ 1,659,175	\$ 3,662,492	\$ 5,951,943	\$ 8,246,381	\$ 10,606,868

*Refer to the Capital and Investment Budget section for the reconciliation of provision amounts using Public Sector Accounting Standards

** Under PSAS these amounts would be booked through the Statement of Income and Comprehensive Income and therefore would flow through to Equity of Canada.

Accounting presentation of the financial statements is based on CIB's interpretation of the relevant accounting standards, and is still subject to concurrence from CIB's Joint Auditors, and therefore is subject to change.

Assumptions - Pro-forma Statement of Financial Position

Cash: Assumed monthly draws are made for operating and capital expenditures when required.

REM loan receivable: is based on the scheduled annual drawdowns. It is increased annually for the capitalized interest earned and effective interest accretion realized each quarter. The loan is also reduced for the following assumptions:

- Year 1 - fair value provision of approximately \$143M deferred and amortized over the term of the loan in accordance with IFRS 9. The provision is based on the fair value difference of the market interest rate (assumed to be the long-term government lending rate, subject to auditor sign-off) and the effective interest rate of the loan, and
- Credit loss allowance (subject to auditor sign-off and adjustment due to change in underlying risk factors) in both year 3 (F2021-22) and year 4 (F2022-23) of the REM loan.

Future commitments after 2019-2020 of \$3B to \$4B per year is a best estimate of cash funding required based on CIB's investment pipeline. These amounts represent a financial ceiling for planning purposes and the CIB does not anticipate that its cash funding requirements will exceed these annual amounts.

The fair value or loss provision for future commitments is based on the full amount of allowable loss on government appropriation for investment capital equal to 43%

(\$15B/\$35B) capital less appropriations allocated to operating expenses. Future provisions will be impacted by the nature of CIB investments (equity vs. debt), regular fair value measurement requirements and recognition of expected credit losses. Given the complexity in predicting the nature and structure of new commitments and associated market / credit risk a long-term average was used.

Current Accrued liabilities: Includes the projected incentive compensation accrual based on projected staff and respective short-term incentive amounts for each fiscal year.

Property and Equipment: Is increased for additional computer equipment per new hire (\$3K per hire). Also, \$300K of capital expenditures for operations were included in fiscal 2019-20 due to increased requirements from increased headcount.

Long Term Deferred liabilities include the amortization of free rent and accruals for long-term incentives.

Deferred government funding capital expenditures is reduced for depreciation each year.

Contributed Surplus increase is based on 57% (\$20B/\$35B) allocation of government appropriation for investment capital on REM and other deal commitments.

Pro forma Statement of Income and Comprehensive Income (UNAUDITED)

For the 12-month period-ending March 31

(\$ thousands)			Planned				
	F2017-18	F2018-19	F2019-20	F2020-21	F2021-22	F2022-23	F2023-24
Revenue:							
Total Revenue (net of discounts)	\$ 42	\$ (2,001)	\$ 9,639	\$ 20,231	\$ 20,905	\$ 21,595	\$ 22,389
Expenses:							
Total Operating Expenses	2,248	12,797	65,546	88,380	52,646	52,619	53,003
Net results of operations before government appropriations	(2,206)	(14,798)	(55,907)	(68,150)	(31,741)	(31,024)	(30,614)
Government funding:							
Government operating appropriations	2,248	10,672	59,073	84,520	50,147	51,753	52,210
Government REM Appropriations	-	235,286	219,857	94,714	-	-	-
Government REM ECL appropriations	-	-	-	-	(65,277)	(65,277)	-
Government future appropriations	-	-	428,571	1,285,714	1,714,286	1,714,286	1,714,286
Government future provision appropriations	-	-	(415,774)	(1,235,168)	(1,665,905)	(1,661,639)	(1,661,667)
	2,248	245,958	291,727	229,780	33,250	39,123	104,829
Net income and comprehensive income	\$ 42	\$ 231,160	\$ 235,821	\$ 161,630	\$ 1,508	\$ 8,099	\$ 74,215

Accounting presentation of the financial statements is based on CIB's interpretation of the relevant accounting standards, and is still subject to concurrence from CIB's Joint Auditors, and therefore is subject to change.

Assumptions – Pro-forma Statement of Income and Comprehensive Income

- REM Interest Revenue is based on total effective interest (capitalized interest plus accretive interest) less the amortization of the loan provision.
- The full loan provision is based on the PV of the fair value difference between market rate (assumed long-term government borrowing rate, subject to auditor sign-off) and the effective interest rate.
- The loan provision is amortized over the life of the loan to the income statement through the amortization of discount and the amortization is recorded as a contra to interest revenue with the completion of each draw down.
- Revenue on new commitments: Given CIB's unique approach to financing projects, the timing and amount of revenue on new commitments can vary significantly across deals making revenue streams difficult to predict. Therefore, no assumptions were made on revenue for new commitments.
- Professional fees include assumptions for deal and non-deal related consulting expense and will fluctuate commensurate with deal activity.
- Compensation includes projected salaries, short-term and long-term incentives, benefits and taxes. More detail is provided in the following pages.
- Premises and Equipment is based on projected base rent and operating expenses for the 150 King Street location.
- Communication expenses are based on the current annual run rate expense.
- Travel expenses includes airfare, lodging/hotel, and meals. Expenses are based on an assumed cost per employee for each department. As the company expands, the volume of travel related to stakeholder outreach, shareholder and governance meetings, investment due diligence and conferences is expected to increase.
- Information Technology expenses include assumptions for desktop and software support. This expense is expected to grow as the staff levels increase and new software is implemented.
- Administrative expense includes telephone and office supplies. Expenses are based on an assumed cost per employee for each department.
- Depreciation is based on the projected depreciation for leasehold improvements, furniture and equipment and computer equipment. Computer equipment is increased annually for each additional new hire.

Assumptions – Resources

The CIB expects to reach 35 employees by fiscal year end 2018-19, as well as a number of contractors, approaching the total number of personnel envisioned in the 2018-19 Corporate Plan. The current staffing plan entails increasing the full-time equivalent complement in 2019-20 to 74 employees, growing to 85 employees by the 2021-22 fiscal year. Human resource costs will increase in step with head count. Independent contractors and consultants and board members are excluded from the above numbers; when including the Board of Directors, the staff and director complement is expected to peak at 97.

The executive team conducted a thorough review of the long-term staffing requirements to execute on the mandate, and the focus will be on resourcing CIB predominantly with full-time employees. Contractors and professional service firms will be used to supplement resources when CIB faces higher activity levels or special projects. Contractor and professional service costs are outlined in the Professional Fees line in the financial statements, and such services are subject to CIB's Procurement Policy.

Pro-forma Statement of Changes in Equity (UNAUDITED)

For the 12-month period ending March 31

(\$ thousands)			Planned				
	F2017-18	F2018-19	F2019-20	F2020-21	F2021-22	F2022-23	F2023-24
Opening Balance	\$ -	\$ 42	\$ 544,916	\$ 1,645,309	\$ 3,647,510	\$ 5,934,733	\$ 8,228,546
Share issuance	0.1	-	-	-	-	-	-
Appropriation Surplus**	-	313,714	864,571	1,840,571	2,285,714	2,285,714	2,285,714
Net Income	42	231,160	235,821	161,630	1,508	8,099	74,215
Closing Balance	\$ 42	\$ 544,916	\$ 1,645,309	\$ 3,647,510	\$ 5,934,733	\$ 8,228,546	\$ 10,588,476

** Under PSAS these amounts would be booked through the Statement of Income and Comprehensive Income and therefore would flow through to Equity of Canada.

Accounting presentation of the financial statements is based on CIB interpretation of the relevant accounting standards, and is still subject to concurrence from CIB's Joint Auditors, and therefore is subject to change.

Pro-forma Statement of Cash Flows (UNAUDITED)

For the 12-month period-ending March 31

(\$ thousands)	F2017-18	F2018-19	Planned				
			F2019-20	F2020-21	F2021-22	F2022-23	F2023-24
Cash provided by (used in):							
Operating activities:							
Net income	\$ 42	\$ 231,160	\$ 235,821	\$ 161,630	\$ 1,508	\$ 8,099	\$ 74,215
Items not involving cash:							
REM Interest Income		(1,771)	(12,922)	(20,211)	(20,885)	(21,575)	(22,369)
Amortization of Discount		3,877	3,302	-	-	-	-
Depreciation	6	119	269	298	267	237	219
Changes in non-cash working capital:							
Increase in HST receivable	(206)	206	-	-	-	-	-
Increase in Prepaid expenses and advances	-	-	-	-	-	-	-
Increase in Accounts payable and accrued liabilities	647	1,786	5,998	2,336	1,115	171	648
(Decrease) in Deferred government funding related to operating expenditures	7,107	(7,107)	-	-	-	-	-
Net increase/(decrease) in loan provision		1,172	3,564	2,444	-	-	-
Net increase/(decrease) in loan commitment		(1,172)	(3,564)	(2,444)	-	-	-
Provision for future commitments		-	415,774	1,235,168	1,665,905	1,661,639	1,661,667
Changes in deferred liabilities	99	299	971	1,521	1,381	691	129
Total cash used in operating activities	7,694	228,568	649,214	1,380,744	1,649,293	1,649,262	1,714,509
Investing Activities:							
Investment in REM secured loan	-	(549,000)	(513,000)	(221,000)	-	-	-
REM expected credit loss	-	-	-	65,277	65,277	-	-
Investment in future commitments	-	-	(1,000,000)	(3,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Acquisition of property and equipment	(23)	(1,748)	(396)	(60)	(21)	(21)	(21)
Deferred government funding related to capital expenditures	2,011	(119)	(269)	(298)	(267)	(237)	(219)
Total cash used in investing activities	1,987	(550,867)	(1,513,665)	(3,221,358)	(3,935,011)	(3,934,981)	(4,000,240)
Financing Activities:							
Government appropriations	-	313,714	864,571	1,840,571	2,285,714	2,285,714	2,285,714
Share issuance	0.1	-	-	-	-	-	-
Total cash provided by financing activities	0.1	313,714	864,571	1,840,571	2,285,714	2,285,714	2,285,714
Cash, beginning of the period	-	9,682	1,097	1,218	1,175	1,170	1,166
Net decrease in cash during the period	9,682	(8,585)	121	(43)	(4)	(4)	(17)
Cash, end of the period	\$ 9,682	\$ 1,097	\$ 1,218	\$ 1,175	\$ 1,170	\$ 1,166	\$ 1,149

Accounting presentation of the financial statements is based on CIB interpretation of the relevant accounting standards, and is still subject to concurrence from CIB's Joint Auditors, and therefore is subject to change.

Operating Budget

The estimated operating budget on a cash basis for 2018-19 is \$11 million and the forecasted total operating budget on a cash basis over the five-year planning period is \$296 million. The original operating budget for 2018-2019 was \$31 million. The variance is largely the result of 2018-2019 assumptions that estimated significantly higher external professional fees related to transactions which were not ultimately incurred, and also assumed hiring and related personnel costs began early in the fiscal year, whereas most of the hiring at CIB occurred in the latter half of the year.

CIB plans to undertake new advisory activities on High Frequency Rail, resulting in an increase in its operating cash budget of \$55 million.

The increase in costs for the 2019-2020 planning year is predominantly due to the significant increase in year over year headcount, as well the anticipated use of external third party expertise in the active due diligence on CIB's numerous potential investment opportunities. A contingent

amount has also been added given the pace of due diligence activity is difficult to predict and if activities occur on an accelerated pace, additional resources will be required.

The operating budget is based on staffing plans and compensation assumptions previously described, including costs for employees, directors and contractors, as well as benefits and performance pay. The operating budget is on cash basis and therefore adjusted for short-term and long-term incentive accruals included in the income statement. In addition it is adjusted for capital appropriations that were deferred on the balance sheet and reduced annually through operating appropriations on the income statement.

The budget also includes planned costs for travel and communications, IT and administration, professional fees, and a contingency. Increase in costs over the planning period is due to higher headcount and therefore more activity.

Operating Budget

(\$ thousands)	F2017-18	Estimated	Planned					Total Planned
		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	
Compensation	\$ 389	\$ 3,832	\$ 22,998	\$ 23,559	\$ 28,822	\$ 30,386	\$ 30,751	\$ 136,516
Travel, Communications Costs	152	641	2,344	3,128	3,428	3,428	3,428	15,757
Premises Costs	404	592	609	609	609	609	609	3,044
Information Technology	11	360	410	460	510	560	610	2,550
Administration Costs	11	195	488	175	150	150	150	1,112
	968	5,620	26,849	27,930	33,518	35,133	35,548	158,978
Professional Fees (Operations)	1,125	2,769	2,360	1,893	1,575	1,600	1,625	9,053
Professional Advisory Fees (Investments)	150	1,000	25,000	50,000	10,000	10,000	10,000	105,000
Total Professional Fees	1,275	3,769	27,360	51,893	11,575	11,600	11,625	114,053
Contingency	-	1,163	4,595	4,398	4,786	4,784	4,818	23,381
Total Operating Costs	\$ 2,243	\$ 10,553	\$ 58,804	\$ 84,221	\$ 49,880	\$ 51,516	\$ 51,991	\$ 296,413

Capital and Investment Budget

The estimated capital budget for 2018-19 is \$551 million (inclusive of investments and other corporate assets). The original investment budget for 2018-2019 was \$450 million. The variance was due to the timing of the draws for the REM transaction which changed in the final documentation of the investment. In addition the spend on leaseholds in 2018-2019 were as a result of the delayed start on the

Toronto office build, costs for which were anticipated to be spent in 2017-2018. Over the five-year planning period, the total capital budget forecasted is \$16.7 billion. The forecasted capital costs include both new investment commitments and corporate assets/leaseholds. Corporate assets include computer equipment and furniture, and leaseholds relate to the Toronto office buildout costs.

Capital and Investment Budget

(\$ thousands)	F2017-18	Estimated		Planned				Total Planned
		F2018-19	F2019-20	F2020-21	F2021-22	F2022-23	F2023-24	
New Investment Commitments	\$-	\$ 549,000	\$ 1,513,000	\$ 3,221,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 16,734,000
Corporate Assets/Leaseholds	23	1,748	396	60	21	21	21	519
Capital and Investments	\$ 23	\$ 550,748	\$ 1,513,396	\$ 3,221,060	\$ 4,000,021	\$ 4,000,021	\$ 4,000,021	\$ 16,734,519

APPENDIX E – Risk Management

As a Crown corporation entrusted with investing public funds, Canada Infrastructure Bank (“CIB”) is adopting best practices for risk management, including establishment of a central Risk Management function.

The role of the Risk Management function is to support sustainable performance in line with CIB’s mission, through the efficient assessment and management of material risks. While effectively managing risk remains the responsibility of all CIB teams and corporate functions (the “first line of defense”), the Risk function is to act as the CIB’s “second

line of defense” in regard to risk management across all businesses and functions. It will establish effective checks and balances to maintain adherence to the organization’s risk appetite.

The internal audit regime, which is being outsourced to an external provider, is the “third line of defense” and aims to strengthen accountability, risk management, resource stewardship, and good governance. Risk-based, multi-year audit plans are developed to identify key risk areas common to all investments and business activities.

Risk Function

The scope of the Risk Management function includes all material risks that could threaten the achievement of the CIB’s mission, including risks related to investment activity as well as other enterprise risks. In the early phase of the function, the mandate will focus on identifying, assessing, monitoring and escalating operational and partnership risks in first priority. As investment activity grows, the risk mandate will expand to include the oversight of investment management and development risks being managed on a day-to-day basis by the first-line investment teams.

As the CIB is building the Risk Management function, a focus in 2018-19 was on identifying and scoping enterprise risks – operational, partnership, and investment

management risks, and developing the mechanisms to monitor and mitigate those risks through the development and implementation of policies and internal controls. The investment team has primarily focused on identifying and mitigating deal-related risks through initial project reviews, due diligence and deal structuring, all of which will be guided by a Board-approved Investment Policy.

Consistent with the CIB’s desire to co-invest with world class investors in large and meaningful infrastructure projects in Canada, the Risk function will need to be credible with its co-investors, in terms of the ability to understand, allocate and price risk.

Enterprise Risk Management

The CIB has developed an Enterprise Risk Management (ERM) framework. Once approved by the Board, policy and procedure documents will be developed and implemented. As part of this work, the CIB reviewed sources of risk, potential risk scenarios, their likelihood and potential impact, and mitigation strategies.

Four main sources of risk are considered to be the most acute for infrastructure investors such as CIB.

These sources are:

1. **Operational risk**, arising from CIB processes, people and systems or external events;
2. **Partnership risk**, such as commercial disputes, stemming from partnering with third-parties, investors and creditors across the private and public sectors;
3. **Investment management risk**, arising from the portfolio of investments, including individual project operations, environmental and social risks, and market conditions; and

4. **Development risk**, including project design, construction, environmental and operating risks.

If risk scenarios from the sources noted above were to occur, they could have the following impacts (to varying degrees):

- **Financial**, potentially affecting the CIB’s (and the government’s) balance sheet;
- **Reputational**, potentially damaging shareholder, political, public or co-investor confidence in CIB and its abilities; and
- **Organizational**, potentially affecting CIB’s ability to operate and deliver on its mandate.

Table 2 summarizes key financial and non-financial risks to the CIB, and mitigation strategies.

Beyond its investing activities, the CIB is also mandated to carry out advisory and data-collection functions, which will present reputational and organizational risks that will need to be actively managed through the establishment of

professional values, a code of conduct, and data governance guidelines.

In 2019-20, the CIB expects to further develop and implement risk policies and procedures in addition to improving the reporting framework.

Table 2 – Risks and Mitigation Strategies

Source of risk	Risk Scenario	Probability	Potential Impact	Mitigation Strategy
Operational	CIB is unable to attract or retain specialized investment talent	High	High Organizational Reputational	All executive roles filled Recruitment firms seeking skilled infrastructure investment candidates Supplement with contractors / consultants on an interim basis until permanent positions are filled
Operational	Inadequate data and/or systems adversely affect functions	Medium	High Organizational Reputational	Migration to higher security Microsoft platform Employee awareness training about cyber-security
Partnership	CIB is unable to deploy sufficient capital	Medium	Medium Reputational Financial	Active engagement with both public and private project sponsors, developers and financiers
Partnership	CIB is unable to attract private/institutional investors to projects	Medium	High Organizational Reputational	Active engagement with private/institutional investors
Investment management	Force majeure or catastrophic accident related to an invested asset	Low	High Financial	Ensure that project sponsor has appropriate financial structure to withstand force majeure or catastrophic accident
Investment management	Unexpected pace or magnitude of interest rate changes	Medium	Medium Financial Reputational	Structure investments to minimise risk of re-financing
Investment management	Portfolio concentration/ insufficient diversification	High	Low Financial	Any single investment likely < 5% of total portfolio and risk tolerance is \$15B Build diversified portfolio over time Assess correlation of underlying risk drivers across assets
Development	Opposition to project development leads to delays, litigation or cost over-runs	High	High Financial	Public interest benefits communicated Include development delay contingency in financial structuring Project proponent has obligations for consultation requirements. CIB is not a project proponent in an investment
Development	General construction and associated risks	Medium	High Financial	Transfer risk to private sector

The CIB expects to face financial risks associated with market variables (e.g., interest rate risk). It has not conducted a sensitivity analysis on such risks because the final structure of future deals is not known. Given the complexity in predicting the nature and structure of new commitments and associated market/credit risk, the CIB has applied provisions against new investment commitments in its pro-forma financial statements.

APPENDIX F – Legislative and Policy Compliance

Access to Information Act

The *Access to Information Act* (Canada) (“ATIA”) gives Canadian citizens, permanent residents and any person or corporation present in Canada a right to have access to records of government institutions that are subject to the ATIA, subject to certain specific and limited exceptions.

For the purposes of section 3 of the ATIA, the President and Chief Executive Officer of the Canada Infrastructure Bank (CIB) is designated as the “Head” of the institution. Pursuant to section 73 of the ATIA, the President and Chief

Executive Officer has delegated all of his powers and duties under the ATIA to the General Counsel and Corporate Secretary, who is also the ATIP Coordinator.

To date, the CIB has received one request under the ATIA. This request was withdrawn by the requestor when advised that there was no information to disclose. As part of a commitment to clear and transparent governance, CIB will voluntarily report, through its website, annual summaries of all requests related to the ATIA it receives.

Privacy Act

The *Privacy Act* (Canada) (“PA”) gives Canadian citizens, permanent residents and individuals present in Canada the right to access their personal information held by government institutions that are subject to the PA, and protects that information from unauthorized collection, use, retention and disclosure.

For the purposes of section 3 of the PA, the President and Chief Executive Officer of the CIB is designated as the

“Head” of the institution. Pursuant to section 73 of the PA, the President and Chief Executive Officer’s authority has been delegated to enable CIB to meet its legislated requirements. The President and Chief Executive Officer has delegated all of his powers and duties under the PA to the General Counsel and Corporate Secretary, who is also the ATIP Coordinator.

To date, the CIB has not received any requests under the PA.

Official Languages Act

In June 2018, the CIB was informed by the Office of the Commissioner of Official Languages (“OCOL”) that it intended to investigate three complaints it had received. The complainants alleged that the CIB was unable to provide its services or communicate with the public in both official languages between June 2017 and May 2018, and that there was a lack of structure and organization with respect to communications and services in both official languages within CIB

The OCOL issued its preliminary investigation report on October 16, 2018, which concluded that the CIB had not been able to communicate or provide its services in both official languages at all times since its inception. In its report, the Commissioner of Official Languages recommended that the CIB designate an individual for coordinating official languages, and, within six months of receipt of the Final Report, that it develop a clear and specific action plan to ensure that its language obligations are taken into account in its organizational development, so that service of equal quality in both official languages is provided to the public at all times.

The CIB is implementing the recommendations from the Commissioner of Official Languages. Specifically, the CIB has assigned an Official Languages champion to monitor and promote the use of official languages within the organization. The CIB has also implemented annual employee awareness training informing all employees of the findings of the OCOL investigation, and reiterating CIB’s obligations under the Official Languages Act.

Directive on Travel, Hospitality, Conferences and Event Expenditures

As part of a commitment to good governance, although the CIB has not been issued a specific directive, it has established policies governing the reimbursement of reasonable expenses required for the purposes of business travel, hospitality, conferences and events in close alignment with Treasury Board guidelines. These policies include processes for preparation and approval of expenses for reimbursement.

The CIB will begin voluntarily disclosing travel and hospitality expenses for its board of directors and executive management team beginning with the third quarter of 2019 and each subsequent quarter thereafter. These disclosures include business expenses related to business travel, hospitality, conferences, and event expenses for activities directly related to the delivery of the CIB's core mandate or legal requirements, engagement with its key stakeholders, internal governance, and training.

Other Legislation

The CIB supports and complies with the following legislation that affect various facets of its operations:

Corporate

- *Canada Infrastructure Bank Act*, S.C. 2017, c. 20, s. 403
- *Financial Administration Act*, R.S.C. 1985, c. F-11

Government Institutions

- *Auditor General Act* R.S.C. 1985, c. A-17
- *Conflict of Interest Act*, S.C. 2006, c. 9, s. 2
- *Commercial Arbitration Act*, R.S.C. 1985, c. 17 (2nd Supp.)
- *Library and Archives of Canada Act*, S.C. 2004, c. 11
- *Lobbying Act*, R.S.C. 1985, c. 44 (4th Supp.)
- *Public Servants Disclosure Protection Act*, S.C. 2005, c. 46

Regulatory Statutes

- *Canada Labour Code*, R.S.C. 1985, c. L-2
- *Canadian Human Rights Act*, R.S.C. 1985, c. H-6
- *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17

APPENDIX G – Government Priorities and Direction

Canada Infrastructure Bank's priorities and activities focus on the infrastructure and investment spaces, and therefore are aligned with the government's *Investing in*

Canada infrastructure plan. CIB activities also align with government-wide priorities in the following key areas.

Transparency and Open Government

The CIB openly reports on its activities and operations, and will be responsive and transparent in fulfilling its responsibilities to the designated Minister, the Government, Parliamentarians, and the Canadian public. This open and transparent reporting process respects the confidentiality of commercially sensitive information obtained from partners as is required under the CIB Act.

Each year, the CIB's Corporate Plan Summary and Annual Report are tabled in Parliament. These reports are made public on the CIB's website. Its quarterly financial statements

(unaudited) are made public (including by posting to CIB's website) and financial statements are audited at year end by the Office of the Auditor General of Canada (OAG) and an independent external auditor. CIB also holds an annual public meeting and posts to its website the related proceedings, presentations and responses to questions.

In 2019-20, CIB plans to raise awareness of its activities and corporate information through increased disclosure and communication using modern communication strategies and tools.

Gender-Based Analysis Plus (GBA+)

The CIB is in the early stages of assessing GBA+ and is in the process of identifying resources to consider, analyze and integrate GBA+ in the CIB's operational activities.

CIB management understands that the federal government is committed to ensuring all Canadians benefit from investments made through the *Investing in Canada* plan.

Diversity and Employment Equity

The CIB has a diverse board of directors. Board members reflect gender, linguistic, cultural, and regional diversity. The CIB also seeks to reflect the diversity of Canada's population when recruiting for and filling available positions.

The CIB has a Diversity and Fair Employment Practices Policy, which states in part that:

"The Bank is committed to providing an inclusive, equitable, and respectful work environment for its employees, where diversity is valued. We will strive to attract, hire, and provide fulfilling careers for highly talented individuals with diverse backgrounds and experiences and to create an inclusive environment to which our employees can bring a range of knowledge, ideas and approaches. The Bank supports and is firmly committed to observing the laws, regulations, and most importantly the spirit pertaining to fair employment practices."

Indigenous Issues

President & CEO Pierre Lavallée appeared before the Standing Committee on Indigenous and Northern Affairs on Nov. 19, 2018. He outlined the mandate and role of the CIB, and committed to listen and learn from territorial and Indigenous leaders about their infrastructure needs and priorities.

Ongoing outreach across the country is intended to inform CIB's understanding of the challenges and opportunities relevant to northern and Indigenous communities' infrastructure needs and how they intersect with our

mandate. Meetings have been held with all three territorial governments to discuss their overall priorities and to identify potential projects for CIB involvement.

Several northern and Indigenous community-led projects have been discussed and the CIB encourages project sponsors and potential partners to come propose opportunities. CIB has referred investment ideas to other investment authorities for potential investment consideration.

Sustainable Development

The CIB makes investment commitments to projects that are in the public interest. The public interest determination includes considering whether a project contributes to the sustainability of infrastructure in Canada. This could mean, for example, that a project contributes to the government's ability to fund and maintain critical infrastructure assets for the benefit of Canadians over the long term, or that it constitutes a transformative infrastructure project that would result in positive climate impacts and community benefits.

In August 2018, the CIB made a \$1.28 billion commitment to its first project: the Réseau Express Métropolitain, or REM, a 100% electric rapid transit project linking communities in Greater Montreal. Once in service, REM will contribute to decreasing 680,000 tonnes of greenhouse gases (GHGs) over twenty-five years of operation. Until then, through a voluntary partnership with Jour de la Terre, 250,000 trees will be planted to compensate for the GHG emissions produced during the construction phase (source: REM project website). The 15-year term loan filled a gap in the project's balance sheet and met CIB's investment requirements: the project is in the public interest, within one of the three priority areas, and is bankable.

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