

Annual Public Meeting – April 23, 2021

CEO Remarks

Check against Delivery

Introduction and Highlights

Thank you, Tamara.

Hello everyone. My name is Ehren Cory and I am the CEO of the Canada Infrastructure Bank. Thank you for joining our Annual Public Meeting.

I am coming to you today from Toronto, in fact from my basement office as I guess is the norm in the unprecedented times. Toronto, my home city, is the traditional home of many nations, including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and today, of course, is the home to many diverse First Nations, Inuit and Métis peoples.

I joined the CIB last November and I am very excited to have the opportunity to share with you the highlights of our work over this past year, and my enthusiasm for where we are now headed.

We are on track to increase investment and to build new infrastructure across Canada.

I'd like to start with a few highlights of the actions and results that have been achieved by the CIB over the past six months.

1. First - Last October, we announced our \$10B Growth Plan, which is our contribution to pandemic recovery to build new infrastructure that creates jobs and accelerate Canada's transition to a low carbon economy.
2. Second - We followed that launch with several new investments in real projects. This is the Growth Plan in action and it includes examples like:
 - a. a \$407 million investment in the Alberta irrigation project;
 - b. a \$133 million investment in a new Southern Manitoba Fibre broadband initiative;
 - c. an MOU for the Oneida energy storage project here in Ontario which will lead to hundreds of millions of dollars in CIB and private sector investment

- d. as well as our first zero emission bus, energy retrofit, and new transmission infrastructure investment, all to be announced in conjunction with our partners over the course of the coming months.
3. Third - Beyond these projects, we also built a pipeline of further investment opportunities which gives us an exciting outlook to Canada Day 2021 and beyond. Since the launch of the Growth Plan last fall, we expect to make \$2.5B of CIB investment, which along with \$2.6B in non-government investment from private and institutional investors and around \$700M in government grants will total capital investment of nearly \$6 B. Added to our earlier investments like the REM project in Montreal, this amounts to \$3.8B of total CIB capital deployed, along with nearly \$6B in private and institutional capital, for a total project value of over \$12B since our inception.
4. Fourth - We launched our Indigenous Community Infrastructure Initiative which is designed to provide a minimum of \$5 million for up to 80% of the capital cost of community-infrastructure projects across our priority sectors. This is one important step in achieving our overall \$1B target of investing in infrastructure in partnership with and for the benefit of Indigenous Peoples. And we view that target as a floor not a ceiling, and look forward to many projects in the future in this important space.
5. And, fifth, we released our unsolicited proposals framework to outline how the CIB can encourage the private sector to bring forward innovative project proposals. We will offer our expertise and facilitate public and private partners in assessing these proposals to determine if they solve concrete infrastructure problems and open up new investment opportunities.

These five highlights are significant and show how the CIB is headed in the right direction to deliver investments that lead to new infrastructure and important outcomes for Canadians.

With those examples of momentum front and centre, I'd like to give you some further perspective about the CIB and our activities over the past year.

A Global Context

The reality that Canada and other countries face today is that we need to find new ways to stretch public funds further to get new infrastructure built.

Canada is far from alone in this. Nearly every country in the world faces a significant infrastructure gap.

Increasingly, other countries – especially the US and UK – have announced their intentions to renew their investment in infrastructure with great ambition. In the UK, they have just recently launched an infrastructure bank that is very much like the CIB. In the US, there is a significant new push on infrastructure investment.

It's important to put all of this in context.

Governments could increase budgets to provide more grants, but that approach has fiscal limits and doesn't always achieve performance results or share risks in the real world.

Or, governments could expect the private sector to do more of this on its own. And it's true, many infrastructure projects do get built on purely commercial terms because there is a private sector investment and impetus to do so. But that approach does not always deliver the kind of public infrastructure we need or that serves the public good.

So, the CIB represents a middle way and is designed to put public and private investment sectors to work, together.

There are a significant number of projects where our approach can get projects built for less public investment – while creating the incentives for the private sector to innovate and deliver significantly improved outcomes.

What we do and How we do it

Simply put, our job is to make sure public dollars can go further by investing in revenue generating projects that are in the public interest.

We focus on a range of sectors for these investment – clean power, broadband, green infrastructure, trade and transportation and transit. And we have an explicit goal as I mentioned to invest in infrastructure projects across all of those sectors that partner with and benefit Indigenous Peoples.

In each of these areas of investment, we are flexible, adaptable, targeted so that our way of investing helps to get new infrastructure built. While we are disciplined in our focus on priority sectors and rigorous in our investment decision-making, we are not one-size fits all in our approach.

We structure each investment to crowd-in private sector investors who are willing to share in the risk and innovate. By doing so, we are able to tap into the huge pools of capital that are available in the private and institutional sectors.

We can help make this happen by financing projects at lower rates, by absorbing some risks that are impediments to projects happening, thereby catalyzing private sector investment and performance to deliver projects. Ultimately, by drawing on the savings from the lifecycle of the project or through the revenues that are generated from the project, we unlock new sources to pay for much needed infrastructure.

The CIB does not do grants and the CIB does not invest when the private sector can do so alone.

I would like to be extremely clear that the CIB does not have a mandate to sell public assets or privatize in any way.

We also provide advice to all levels of government and act as a centre of knowledge and expertise.

As such, the CIB is just one part of a strong infrastructure investment ecosystem in Canada. We are lucky to have it. This is construction firms, design firms, engineering, finance and legal companies that make the market more creative and competitive.

Why it matters

If those points address the what and the how, allow me to speak to why this matters so much.

New infrastructure is a means to an end.

What we really aim to achieve is much more than building things. It's about outcomes.

For instance:

- reducing greenhouse gas emissions and moving to a net zero economy;
- increasing connectivity of Canadians through both improved transit and new digital infrastructure;
- driving economic growth including through investments in trade infrastructure.

Achieving these outcomes contributes to Canada's economy, creates jobs, and leads to more inclusion in Canadian society.

And that is what we mean when we say we are focused on getting more infrastructure built. Our investments are not just money in projects, but meaningful outcomes for Canadians.

On a personal note, this is why I came to the CIB – I see the many positive impacts that new infrastructure can have on peoples' lives and I value the opportunity to make that happen.

Delivering the Growth Plan and More

Now, let me turn to the future.

The CIB's start-up phase is over. We are past the inflection point. The next three years will be dramatically different from the past.

With renewed and strengthened leadership from our Board, including from our new Chair who you have heard from today...and with clear priorities as outlined in the Minister's Statement of Priorities and Accountability, we have strong organizational foundations.

We also have an excellent team of investment and finance professionals. We have attracted a really strong group of people with significant investment expertise, who share a common purpose around leveraging the private sector to deliver public good.

With all of this in place, we are well positioned to deliver on our aspirations.

Over the next three years, as outlined in the Growth Plan, the CIB will invest:

- \$2.5 billion for clean power to support renewable generation and storage and to transmit clean electricity between provinces, territories, and regions, including to northern and Indigenous communities.
- \$2 billion to connect small businesses to broadband in underserved communities, so Canadians can better participate in the digital economy.
- \$2 billion to invest in large-scale building retrofits to increase energy efficiency and help make communities more sustainable.
- \$1.5 billion for agriculture irrigation projects to help the agriculture sector enhance production, strengthen Canada's food security, and expand export opportunities.
- \$1.5 billion to accelerate the adoption of zero-emission buses and charging infrastructure so Canadians can have cleaner commutes.
- And, finally, to accelerate the delivery of projects in which the CIB intends to invest, the Growth Plan also allocate \$500 million for project development and early construction.

And, while we are focused on delivering the Growth Plan, we also remain equally balanced and focused on identifying projects that go deeper and broader in our priority sectors. We continue to focus on the overall goal of investing \$35 billion over the long-term.

Examples and Successes

To help bring the Growth Plan to life, I want to tell you a bit more about our progress and investments over the past six months.

The Alberta irrigation project is the largest investment in agricultural irrigation in the province's history. That project moved very quickly from idea to investment in less than nine months. The project will result in up to 6,800 direct and indirect permanent jobs and up to 1,280 construction jobs. More importantly it will result in over 200,000 acres of irrigated land which will increase crop production, support the economy and mitigate the impacts of climate change. We expect that this will be the first of other initiatives to support agriculture specifically and trade-related infrastructure more broadly.

Another project we've done under the Growth Plan is The Oneida Energy Storage project. This project is a joint venture between NRStor and Six Nations of the Grand River Development Corporation. It's a perfect example of green tech innovation, private sector investment, inclusion and benefits for Indigenous Peoples, and clean power that is part of our shift towards a net-zero economy. This will be the largest battery storage project in Canada and among the largest in the world. In total, the CIB and its partners will be investing hundreds of millions of dollars with details to be finalized later this spring.

Another example. We have all realized during the pandemic that broadband is a necessity not a luxury. Up to 49,000 households will benefit from the Southern Manitoba Fibre broadband project which will help Manitobans receive broadband service and create new economic opportunities. This project, which we announced last month, supports access to public services like health and education, and strengthens the economy of rural communities. The CIB and private sector partners will invest \$260 million in total to significantly expand broadband in these underserved communities. This is a tremendous opportunity to expand broadband networks and we look forward to making many more investments of this kind to the benefit of Canadians.

Each of these three examples are innovative, impactful and first-of-a-kind investments for the CIB.

And speaking of first-of-a-kind investments, we are also creating initiatives with standard terms in key sectors where we can expect a high degree of consistency across projects and the potential for scalable investment.

One example of this is our zero emission buses initiative, where we have established a clear set of terms for our investments that will allow us to help transit agencies and school bus operators to access affordable, long-term financing for zero-emission buses and the charging infrastructure that supports it. We are already seeing uptake to this program.

And I mentioned earlier that we recently launched an Indigenous Community Infrastructure Initiative to target smaller scale projects in the \$5 million to \$50 million range. In this way, the CIB

can have a meaningful impact and improve conditions through infrastructure investment in many smaller and more remote communities that otherwise face challenges in accessing capital. The infrastructure gap in Indigenous communities is acute and is an important priority of the government and of the CIB to reduce this gap as part of its commitment to reconciliation.

We welcomed the priority objective from the Minister to achieve a \$1 billion target in Indigenous infrastructure investments across our priority sectors.

Beyond the Growth Plan, we are also working with partners on a range of projects that will take longer time to develop. This is an important point to make – that we are both focused on projects that are shorter-term opportunities for investment and longer-term projects that require additional development before investment decisions get made.

For example, our work on the Calgary-Banff Rail line.

Or our collaboration on the Kivalliq transmission and fibre project.

These are in fact two projects that have benefited from the CIB's Project Acceleration funds to speed-up the analysis and due diligence for projects that the CIB hopes to make a long-term investment in.

I am confident that none of these projects would have happened in this innovative way, this quickly, and with the partnerships between government and business if it were not for the CIB

Now, let me talk a little bit about our operations.

The past year has been unlike any other for all of us.

Like all organizations, the CIB had to move quickly to address the challenges of the pandemic. Working remotely, ensuring the safety of our staff, maintaining connections with our partners, and continuing to advance our priorities all tested our preparedness for this type of event. Fortunately, our business continuity planning combined with the openness and flexibility of our team and our partners allowed us to manage the impacts.

I personally – and nearly half of our employees – have experienced what it is like to start a new role during a pandemic. This has presented unique challenges on how to lead, and also has opened up a new perspective for me and for many in our organization about how to effectively get things done while also building the culture and character of our organization.

I am so encouraged by how the CIB team has adapted with resilience and determination to accelerate our development in the midst of the pandemic.

But beyond this, and more importantly, at the CIB, we know that through the infrastructure investments we make, we will be playing a part of the COVID response for our country, providing both immediate economic benefits and advancing long term outcomes in terms of sustainability and growth.

Bringing together our operational ability to work in a pandemic environment and our ability to play a role in recovery became a focus for our efforts and allowed us to not only manage the pandemic, but be part of the broader imperative to respond.

Operationally, at the CIB our focus is on investments, and this is supported by a professional and experienced team of people who provide advisory services to our partners, conduct targeted research, manage finance, ensure good governance and legal practices and build a diverse and inclusive organization through human resources, and much more.

Over the year the CIB has expanded capacity while balancing our resources and our responsibilities, all the while staying within our approved budget as outlined in our Summary Corporate Plan.

Our financial statements as set out in our Annual Reports and regular financial statements show that we continue to operate within our plan. To date, our expenses have been less than planned due to lower headcount and related compensation costs and lower than planned consulting and legal expenses. However, we anticipate our expenses will increase as our due diligence activities for projects intensify. Our revenues are in accordance with our expectations.

The CIB is also strongly committed to diversity and inclusion. We have a strong and experienced woman as Chair of our Board, and there are many exceptional male and female directors.

Within our staff, 40% of employees are women.

We operate as a bilingual organization and over 30% of our employees can work in both official languages.

At a recent Women's Infrastructure Network event attended by 250 people across Canada, our Chair and I spoke of our personal commitment to building a progressive, positive, diverse and inclusive organization.

With our employees strong involvement, we are developing a more comprehensive policy and internal practices for diversity and inclusion, to help to shape the character of the organization going forward. An important element of this will be understanding any systemic bias and racism

that affects our working environment to build the kind of culture and community we can all be proud of at the CIB. This is a priority around the world, and this is certainly a priority for us.

At the same time, throughout this past year we continued to build operational capacity including the development of core systems and investment risk management processes. These efforts help to ensure the CIB can be a world-class organization with the authority and accountability for its results.

Conclusion

With that, I'd like to conclude these remarks and this Annual Public Meeting.

I invite you to submit any questions you may have to apm.apa@cib-bic.ca.

I hope you have found this presentation informative and that you will continue to stay engaged with the CIB as we invest in more infrastructure projects to deliver more outcomes for Canadians and Canada.

Thank you.