



2023 Impact Report

Addenda Impact Fixed Income Pooled Fund

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Impact Highlights

Since its inception 5 years ago, the Addenda Impact Fixed Income Pooled Fund has a strong track record of financial returns alongside positive environmental and social outcomes. At the end of 2023, the Fund was invested in:



Clean Transportation Projects

5,584,283¹ Tonnes CO₂e

Reduced GHG Emissions

Equivalent to removing 1,329,070 gasoline-powered passenger vehicles driven for one year²



Energy Efficiency Projects

704,993 Tonnes CO₂e

Reduced GHG Emissions

Equivalent to 823,100 acres of forests' carbon sequestration in one year



Renewable Energy Projects

14,899,374 MWh

Energy produced on-site

Equivalent to 526,335 homes' energy use for one year³



Credit Unions and Financial Services Co-operatives

\$132M

Dividends paid in cash or shares to members

¹ Of which 5,299,858 are expected reductions to be achieved once the projects are completed and operational

² US EPA: [Greenhouse Gas Equivalencies Calculator](#)

³ 28.3 MWh/Home.yr, according to Natural Resources Canada

Impact Highlights



Development Finance

13,100,000 People

Provided with improved access to clean water



Community and Affordable Housing

50,717 Units

Units currently maintained or in development



Higher Education

269,013 Degrees

Conferred annually by Canadian universities in which the Fund invests

Please note: Because of reporting periods, all values are for fiscal year 2023 or the most recently available annual data for the investment entities. Metrics are for the entire investment entity, not just Addenda's proportional investment. Metrics are a combination of estimated/expected (ex-ante) and reported (ex-post) figures. The timespan for achieved or expected outcomes also vary based on annual results, aggregated results for the entire duration of the project, or other periods.

Sources: Addenda Capital; Issuer reports; third party reports about issuers

Impact Investing at Addenda Capital

Sustainable wealth creation, in close partnership with our clients for a better future.

In 2011, Addenda embraced the concept of sustainable investing and established an approach that encompasses promoting sustainable financial markets, integrating the consideration of environmental, social and governance factors into investment decisions, and active stewardship activities through proxy voting and engagement. Our firm-wide approach, now comprised of four components, is summarized in Exhibit 1 below.

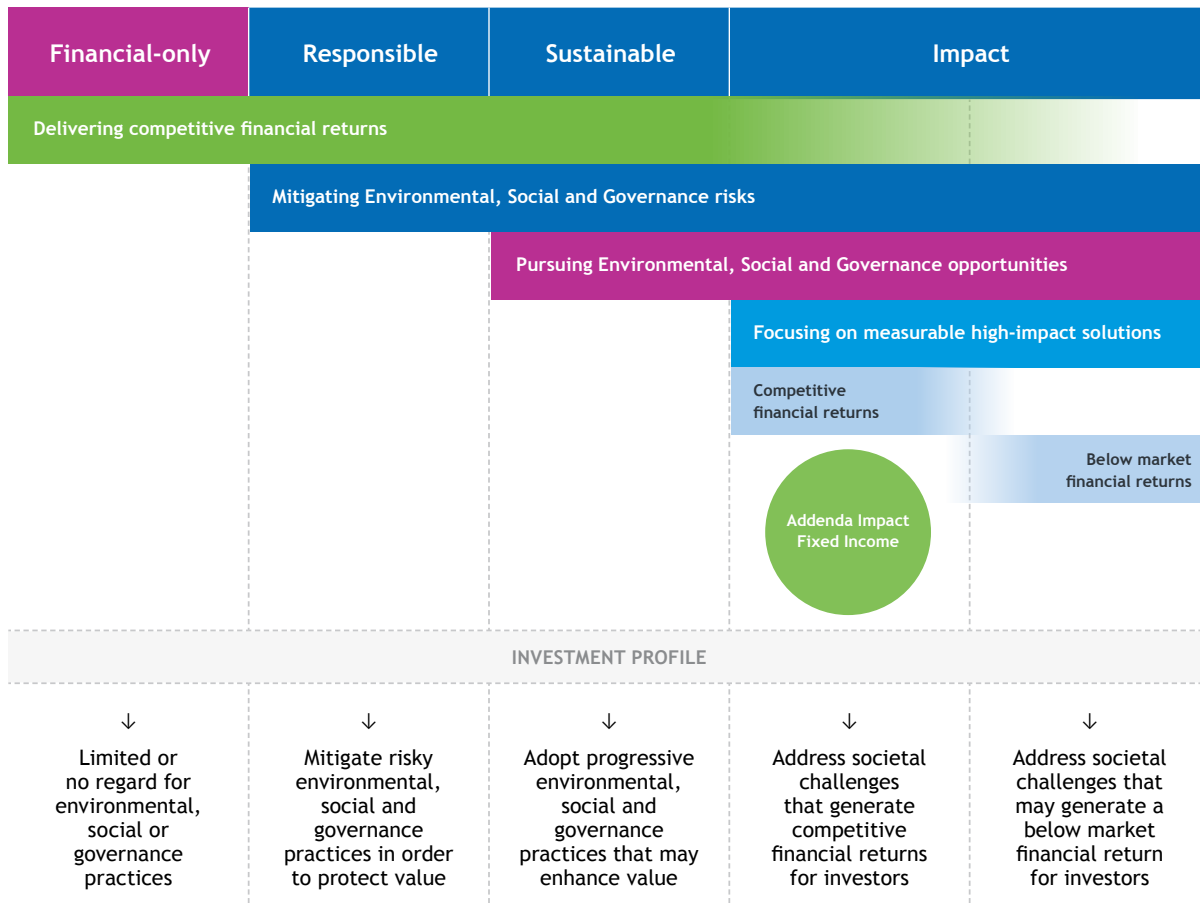
Exhibit 1: Addenda Capital’s Approach to Sustainable Investing



Source: Addenda Capital

In 2015, in response to client interest, we also embraced impact investing, an investment approach that intentionally seeks to create both financial return and positive social and/or environmental impact that is actively measured and reported.

Exhibit 2: Illustration of Where Sustainable and Impact Investing Strategies Fall Along the Capital Deployment Spectrum



Source: Adapted from Bridges Ventures









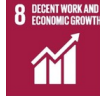




Our Impact Fixed Income approach focuses on issuers or investments with the capacity to deliver a measurable positive social and/or environmental impact alongside competitive returns. Since its launch in January 2018, the Addenda Impact Fixed Income Pooled Fund has grown in assets nearly \$220 million as at December 31, 2023.

As part of our management of the Pooled Fund, we have committed to reporting, on an annual basis, various impact metrics generated by the entities in which we invest through the portfolio. This report summarises those impact metrics, while also providing clients with a sample investment in each impact focus area.

Addenda’s Impact Framework

Addenda has a robust process to ensure each investment in the portfolio meets stringent criteria for impact. Each investment in the portfolio must be associated with at least one activity or initiative that seeks to drive a positive and measurable environmental change or social improvement. Addenda has established four impact themes with 12 underlying impact focus areas. The Sustainable Investing team ensures that each impact investment is associated with at least one focus area. For example, an investment in a solar farm project would be associated with the Climate Change theme in the Renewable Energy focus area.

Exhibit 3: Impact Themes and Focus Areas⁴ 

Impact Themes	Impact Focus Areas	Related SDGs
Climate Change	<ul style="list-style-type: none"> • Renewable energy • Low GHG Emissions Energy • Clean transportation • Energy efficiency 	   
Health and Wellness	<ul style="list-style-type: none"> • Hospitals • Non-profit Seniors Housing and Services 	  
Education	<ul style="list-style-type: none"> • Higher Education • School boards 	 
Community Development	<ul style="list-style-type: none"> • Credit unions • Development finance • Affordable housing • Indigenous Economic Opportunities 	   

Source: Addenda with adaptations from the United Nations

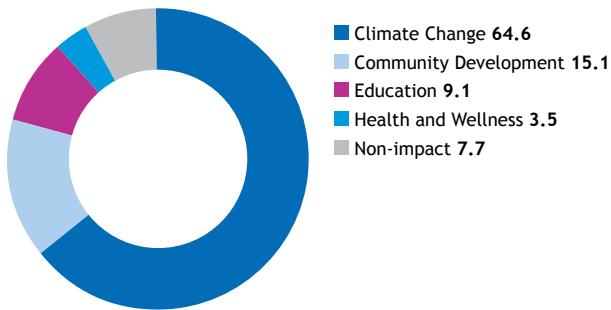
Each impact investing focus area has proprietary Addenda criteria for what can qualify as impact, which has also been approved by Addenda’s Sustainable Investing Committee chaired by the President and CEO. The criteria for each focus area are built and improved upon global standards such as the ICMA Green Bond Principles and Climate Bond Initiative Taxonomy standards that establish that the impact generated by the investment will be positive.

⁴ SDG: Sustainable Development Goals

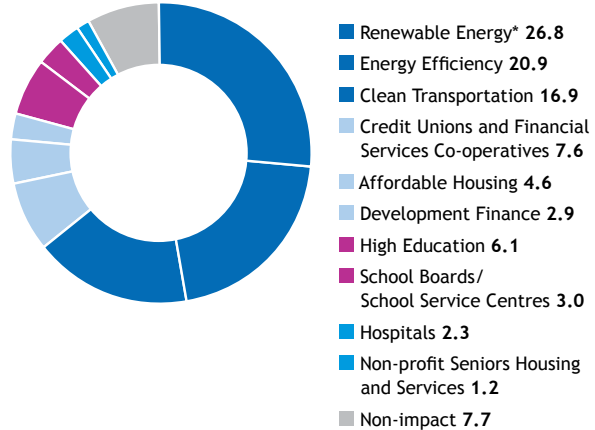
Impact Themes and Focus Areas

As at December 31, 2023, the fund’s investments were allocated across the following impact themes and focus areas.

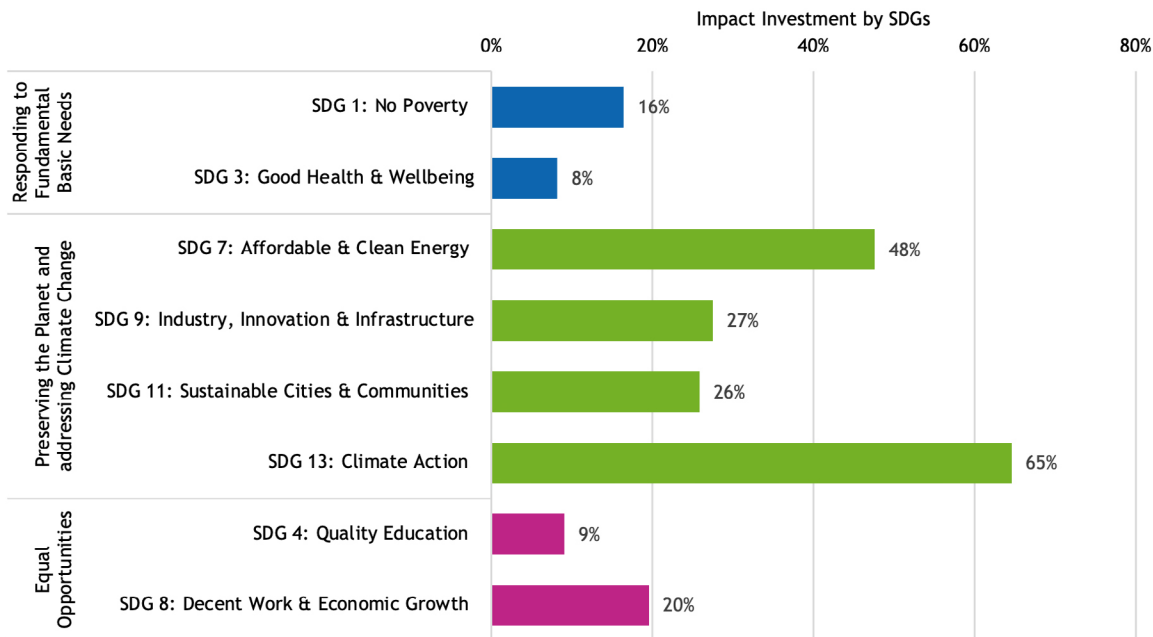
Impact Investments by Themes (%)



Impact Investments by Focus Areas (%)



Sustainable Development Goals Alignment Distribution⁵



As an impact investment can be aligned with more than one Sustainable Development Goals (SDG), the sum of all the SDGs exceeds 100%.

With 48% and 65% of the fund contributing to SDGs 7 and 13 respectively, the fund is geared to support key climate solutions critical to the climate transitions. This can be attributed to investments contributing to the renewable energy theme such as issuances from PSP Investments and Ontario Power Generation (OPG), which make significant contributions to climate-related SDGs 7 and 13.

As at December 31, 2023

⁵ [SDG: Sustainable Development Goals](#)

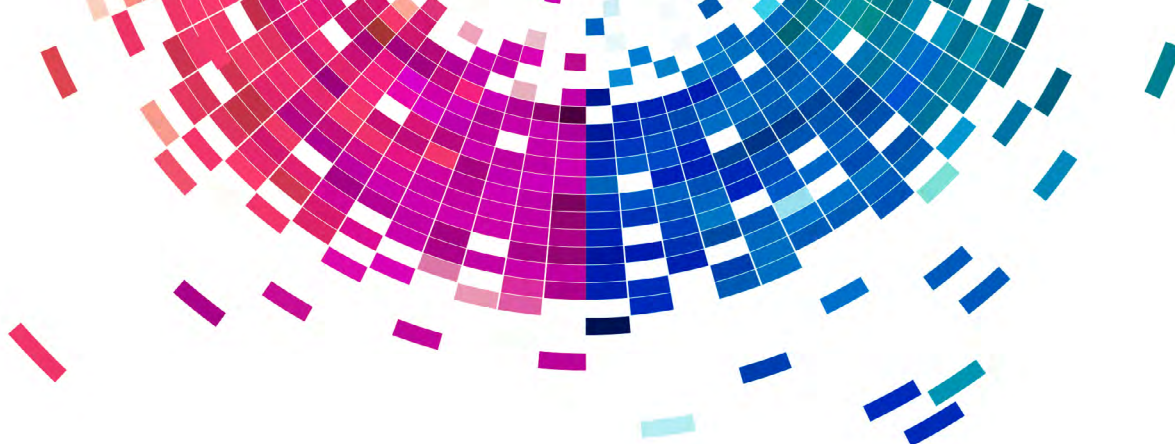
*A proportion of 0.4% of the Fund was invested in the Indigenous Economic Opportunities focus area. See the Lower Mattagami case study on page 10 for more information.

Source: Addenda Capital

Appendix

Aggregated Portfolio Impact Metrics

Impact Theme	Focus Area	Metric Value	Value
Climate Change	Clean Transportation	New and enhanced bikeways	39
Climate Change	Clean Transportation	Emissions intensity below 2 degree threshold	16.87 gCO ₂ /t-km
Climate Change	Clean Transportation	Reduced GHG emissions	5,584,283 Tonnes CO ₂ e
Climate Change	Energy Efficiency	Reduced GHG emissions	143,907 Tonnes CO ₂ e
Climate Change	Energy Efficiency	Average annual energy use reduction	42%
Climate Change	Energy Efficiency	Square footage of certified green building space	14,323,000 sqft
Climate Change	Energy Efficiency	GHG performance improvement against prior building	99.67%
Climate Change	Renewable Energy	Reduced GHG emissions	704,993 Tonnes CO ₂ e
Climate Change	Renewable Energy	Renewable energy generation capacity	105,625 MW
Climate Change	Renewable Energy	Energy produced on-site: Renewable	14,899,374 MWh
Climate Change	Renewable Energy	First Nations equity stake in hydroelectric project	25%
Climate Change	Renewable Energy	Addition of new renewable energy transmission lines	5,000
Community Development	Credit Unions	Total members and clients	9,789,455
Community Development	Credit Unions	Grants and donations to community	\$132,240,903
Community Development	Credit Unions	Patronage and dividends paid in cash or shares to members	\$412,817,000
Community Development	Development Finance	People provided with access to an improved water source	13,100,000
Community Development	Development Finance	Commitment to climate financing	\$10,747,000,000
Community Development	Development Finance	Number of people with improved access to essential services	3,600,000
Community Development	Affordable Housing	Number of units maintained or built	50,717
Community Development	Affordable Housing	Number of total bed nights at location	196,163
Community Development	Affordable Housing	Number of tenants	92,985
Education	School Boards	Average provincial standardized test pass rate	68%
Education	School Boards	Grade 6 EQAO: Students who met provincial standard (reading/writing)	84%
Education	Higher Education	Degrees conferred	269,018
Education	Higher Education	Number of students enrolled	64,717
Education	Higher Education	Scholarships and bursaries awarded	\$513,204,000
Education	Higher Education	Employment rate	94%
Health and Wellness	Hospitals	Number of patients served	330,000
Health and Wellness	Hospitals	Surgical procedures performed	19,571
Health and Wellness	Hospitals	Patient admissions	114,498
Health and Wellness	Hospitals	Total operations	11,513
Health and Wellness	Non-Profit Seniors Housing	Number of units	475



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