



2024 Impact Report

Addenda Impact Fixed Income Pooled Fund

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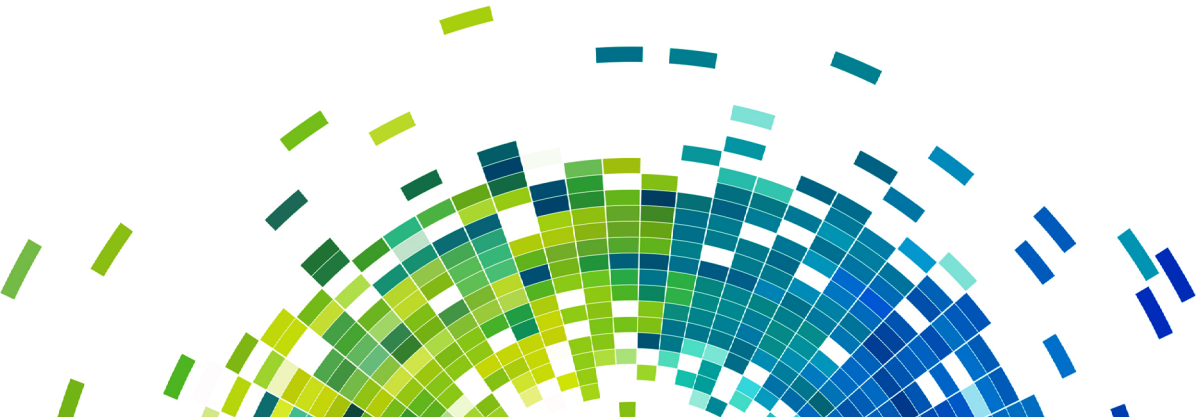
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Letter from our Impact Experts

In Canada, several profound social and environmental challenges have come to light in recent years. Housing affordability is reaching critical levels in many regions, exacerbating inequalities and undermining the economic stability of a large number of families. The Truth and Reconciliation Commission's recommendations are more urgent than ever, due to the growing focus on critical minerals, the energy transition, and the need for meaningful Indigenous partnerships. In addition to these challenges, the climate emergency has been a persistent backdrop for several decades, significantly transforming expectations of businesses, investors and regulatory bodies. From forest fires to floods, the effects of climate change are affecting the entire country and require increased capital investment in resilient, low-carbon and socially inclusive solutions.

In a context of economic volatility, political polarization and questioning of certain ESG* approaches, it is becoming essential to reaffirm the strategic and societal value of impact investing. It is no longer just a matter of raising capital to generate returns, but of directing it towards projects that meet the urgent needs of our society: affordable housing, sustainable infrastructure, economic inclusion of Indigenous Peoples, and transition to a net-zero economy.

Addenda Capital considers that impact investing is not limited to asset selection. We are also committed to engage and support issuers who share our vision of a more equitable and sustainable future. This result reinforces our conviction that fixed-income investments can play a structural role in institutional investors' portfolios, while meeting growing expectations in terms of impact.

In 2024, our Fund continued its mission by financing projects that promote climate transition and strengthen community resilience, while maintaining financial discipline and cautious risk management. In doing so, we fully embrace our role as a responsible fiduciary, incidentally we delivered financial performance that has outperformed the benchmark index since the Fund's inception in 2018.

We have incorporated a new impact theme focused on water, recognizing its fundamental role in public health, economic, and ecosystem vitality. Investment in the City of Vancouver's Green Bond supports the financing of projects that strengthen the resilience of its water infrastructure and improve water resource management in the face of extreme weather events.

In 2025, we reach a key milestone in advancing the Fund's social impact. We are pursuing new investment opportunities in affordable housing and community development. We have also been advocating for change aimed at creating future investment opportunities that will benefit Indigenous communities. This includes discussions with Indigenous organizations, financial institutions, and bond market participants to explore the conditions necessary for issuing Indigenous bonds. We believe that the bond market can become a powerful tool for economic sovereignty and meaningful reconciliation. Our investment in the First Nations Financial Authority is a step in this direction and directly supports the economic and social development of Indigenous communities in Canada.

As we reaffirm our commitment to sustainable finance, we are proud to release the Impact Report for our Fixed Income Fund.



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*All acronyms used in this document are defined in the [Appendix](#)

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. Our approach encompasses promoting sustainable financial markets, integrating the consideration of environmental, social and governance factors into investment decisions, and stewardship activities through proxy voting and engagement. Our firm-wide approach, which comprises four components, is summarized in Figure 1 below.

Figure 1: Addenda Capital’s Approach to Sustainable Investing



Launched in January 2018 as part of our commitment to impact investing, our Impact Fixed Income strategy targets issuers capable of delivering competitive financial returns alongside measurable social and environmental benefits.

The Addenda Impact Fixed Income Pooled Fund has outperformed its benchmark by 60 bps in annualized returns as at December 31, 2024.

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 summarizes those impact metrics, while also providing clients with a sample investment in each impact focus area.

Impact Highlights

Since its inception six 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 2024, the Fund’s investments delivered the following highlights:



Clean Transportation
1,292,683 Gasoline-powered vehicles removed
For one year¹
Equivalent to 5,541,923 tonnes CO₂e of reduced GHG emissions²



Green Buildings
48.3M Square feet
Of certified green building space



Renewable Energy
187,055 MW
Renewable energy installed capacity
297,207 GWh for 12,528,640 canadian houses³



Credit Unions and Financial Services Co-operatives
\$437M
Dividends paid in cash or shares to members

Water
361 KM
Water assets
Wastewater and freshwater pipes



Affordable Housing
43,689 Units
Number maintained or in development



Higher Education
102,986 Degrees
Conferred annually by Canadian universities in which the Fund invests



Please note: Because of reporting periods, all values are for fiscal year 2024 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. More details on issuer-level impacts can be found in Table 2 of the Appendix.

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

¹ US EPA: [Greenhouse Gas Equivalencies Calculator](#)

² Environmental impacts generated and expected

³ An average of 23.72 MW/h, according to Statistics Canada

Market Highlights

Robust and Active Labelled Bonds (Green, Social and Sustainable)

Issuers consisted of

22 corporates, 10 governments, and 4 supranationals

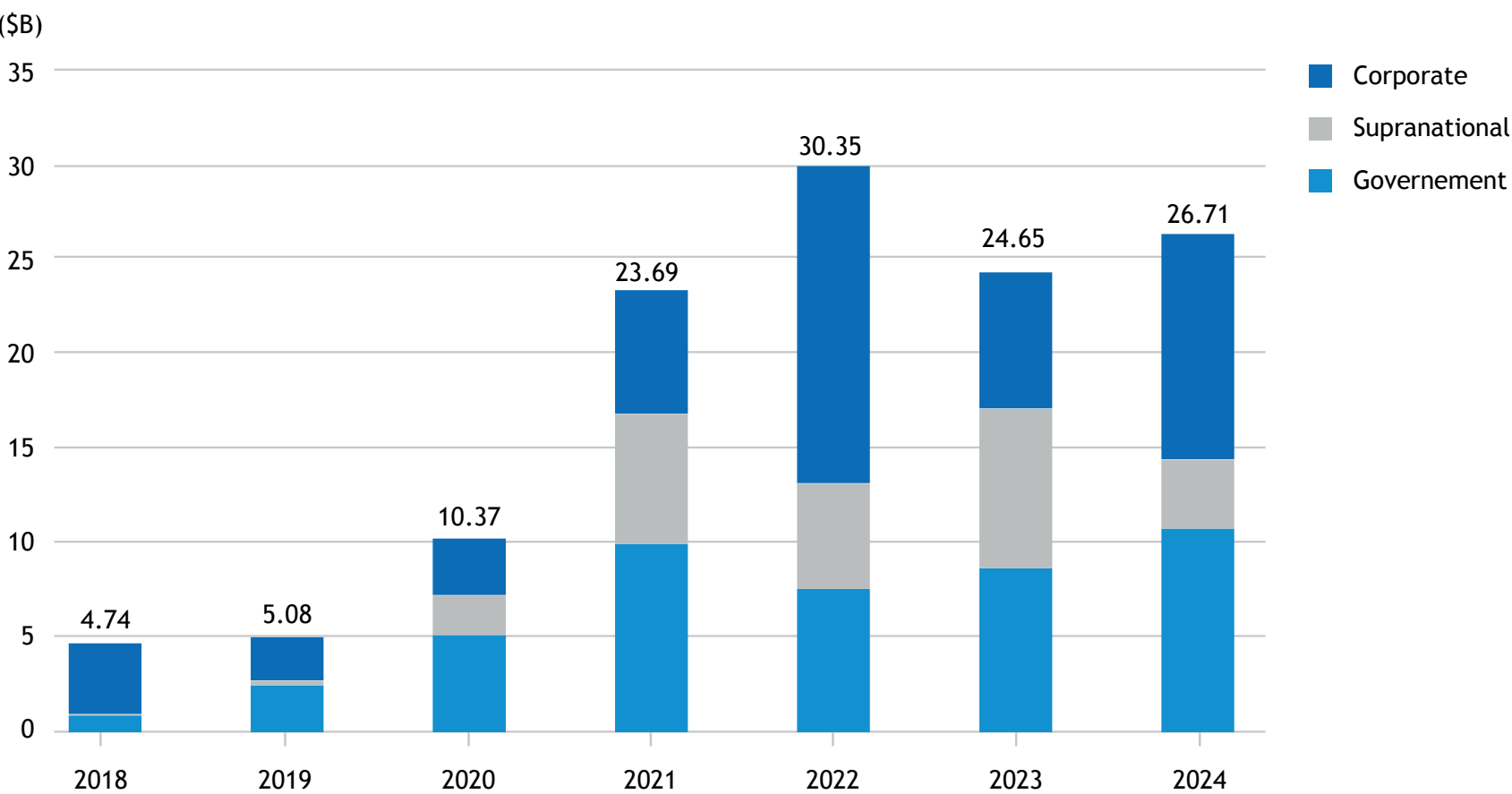
Market was dominated by green bonds,

29 green bonds, 10 sustainability bonds, 2 social bonds, and 1 sustainability-linked bond

Groundbreaking Issuance

2024 marked the second-largest year for new labelled bond issuance, underscoring strong opportunities in impact and sustainability-focused projects. Ontario issued its first provincial long-term labelled green bond, focused on clean transportation projects such as the development of regional transit and subway lines. This longer maturity security provides a more effective tool for interest rate risk management in impact mandates. See Figure 2 for the evolution of labelled bond issuance in Canada by issuer type.

Figure 2: Annual Labelled Bond Issuance in Canada by Issuer Type (\$ Billions)



Addenda’s Impact Framework

Addenda applies a robust impact due diligence process to every investment. The firm has established five core impact themes supported by 13 detailed impact focus areas. Each investment is tracked using defined performance indicators, with Addenda continuously refining its criteria and reporting practices to ensure transparency, accountability, and enduring impact integrity.

In March 2024, Addenda expanded its impact investing framework by introducing Water as a new theme, reinforcing its commitment to addressing critical freshwater challenges. This addition complements and strengthens the firm’s existing core themes—climate, community development, education, and health and wellness.

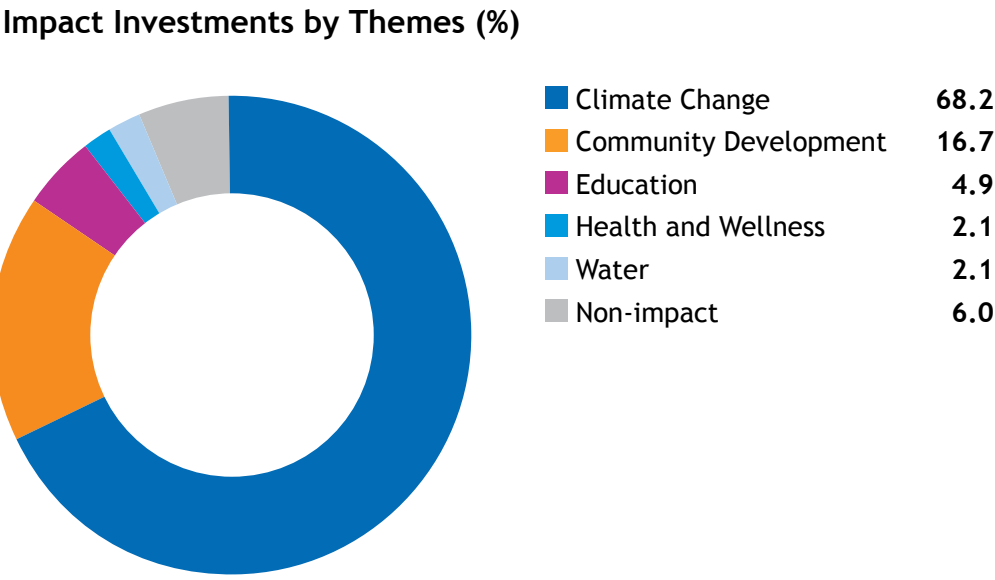





















Figure 3: Impact Fund Themes and Focus Areas⁴

Impact Themes	Impact Focus Areas	Related SDGs
 Climate Change	• Renewable energy • Low GHG emissions energy • Clean transportation • Energy efficiency	   
 Community Development	• Credit unions • Development finance • Affordable housing • Indigenous economic opportunities	   
 Health and Wellness	• Hospitals • Non-profit seniors housing and services	  
 Education	• Higher education • School boards	 
 Water	• Fresh water	

As at December 31, 2024
⁴ 14 SDG: Sustainable Development Goals

Stewardship

Stewardship, one of the four pillars of Addenda Capital’s sustainable investing approach, is a core component of our effort to enhance long-term investment performance and positive sustainability and climate outcomes for our clients. We define it as active engagement with public policy and standard setters to promote sustainable financial markets and real economy transition, as well as engagement with investee entities and exercising proxy voting rights. [Access our Stewardship Policy](#)

We believe that systems-level engagement work can help shift entire industries and sectors of the economy, as well as drive better disclosure and transparency so that investors can integrate critical issues, such as climate change and human rights issues, into their decision-making. Addenda recognizes the importance of having public policies, regulations and standards that support the business case for positive action on climate and other sustainability issues. As part of our commitment to systems change, we participate in consultations and engagements with governments directly and collaboratively to share our insights and perspectives. As an active member of the Canadian Impact Investing Working Group⁵ (CIIWG), Addenda Capital helps advance a national effort to scale impact investing by mobilizing asset owners across the country. Through this collaboration, Addenda brings deep expertise to better structure the market ecosystem, shape best practices, and accelerate the flow of capital toward solutions that generate measurable social and environmental outcomes. The CIIWG published a comprehensive report describing the challenges and

barriers to impact investing in Canada and proposes a roadmap consisting of 18 recommendations for investors, asset managers and beneficiaries. The group’s overarching ambition is to triple impact investing in Canada by 2030, with intended outcomes that include expanding capital flows toward solutions that address climate change, social inequities, and community resilience.

Our engagement approach focuses on demonstrable actions and progress achieved by companies. We address key issues by understanding the context in which companies operate, including macroeconomic and sustainability policies and trends. We engage with company management on issues we want to understand in greater depth regarding their approach or if we have specific concerns about a company’s strategy, performance, governance, compensation, risk management or disclosures. Our engagement approach focuses on demonstrable actions and progress achieved by companies.

⁵ Canadian Impact Investing Working Group (CIIWG)

Stewardship: Creating an Indigenous Sustainable Bond Framework

Addenda Capital plays an active role in promoting sustainable financial markets with the goal of creating more impact investment opportunities and further optimizing long-term investment returns for our clients.

The responsible investing world converged on Toronto for the PRI in Person conference in October 2024. Taking advantage of this moment, Addenda Capital, the First Nations Major Project Coalition (FNMPC), and the First Nations Financial Management Board (FNFMB) and Roundtable Chair Geordie Hungerford convened Indigenous leaders, debt issuers, asset owners, and sustainable finance leaders for a focused roundtable discussion.

Under Chatham House Rules, participants learned, engaged, and shared ideas on how to leverage the success of the green and sustainable bond market to support the financing needs of Indigenous Peoples. The roundtable explored whether developing an Indigenous Sustainable bond framework would drive more interest and capital from investors, while ensuring that proceeds would be used to finance projects with benefits to Indigenous communities.

Crafting a successful Indigenous Sustainable bond framework requires that Indigenous Rights-holders drive the creation of the core principles, through broad consultation in the spirit of Free Prior and Informed Consent. Below are key recommendations for moving this idea forward.

Core Principles

During the roundtable discussion, Nations and Indigenous organizations, investors, issuers, and market participants shared the following key elements as being important for an Indigenous Sustainable bond framework:

- **United Nations Declaration on the Rights of Indigenous (UNDRIP), Free Prior and Informed Consent (FPIC), and Reconciliation as Foundational Principles:** Indigenous Rights Holders or their delegates should lead the

development of the bond framework in accordance with UNDRIP, FPIC, and Reconciliation Principles - “Nothing About Us Without Us.”

- **Principle-based and Flexible:** Develop a flexible principle over prescription approach and build in more clarity over time. Allow for piloting and a learning-centric approach, especially in the early days of first issuances.
- **Open to Any Entity:** Bonds could be issued by any entity investing in projects that benefit Indigenous Peoples (Indigenous Peoples or Nation, Indigenous businesses or non-Indigenous businesses, financial institutions, corporations, development banks or government entities).
- **Transparency:** Reporting on community or Indigenous Rights Holders’ benefits to bond buyers is essential.
- **Second Party Opinions (SPOs):** These are now very important to help ensure the quality of green bonds and will eventually also be important for Indigenous bonds. However, the consensus at the roundtable was that SPO providers may not yet have the expertise and training to conduct these effectively until after the market has some pilot issuances. SPO training and capacity building on the new framework will be required. It will be important that those conducting certification and audits are either Indigenous Rights Holders or endorsed by Rights Holders.

[Next steps and further recommendations found here.](#)

Appendix

Common Abbreviations and Acronyms

Acronym	Definition
ESG	Environmental, Social, and Governance
EPA	Environmental Protection Agency (United States)
DNSH	Do No Significant Harm
ICMA	International Capital Markets Association
OECD	Organisation for Economic Co-operation and Development
SDG	Sustainable Development Goals
CIIWG	Canadian Impact Investing Working Group
CCS	Carbon Capture and Storage
SMR	Small Modular Reactors
TCFD	Task Force on Climate-related Financial Disclosures
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
FPIC	Free Prior and Informed Consent
PRI	Principles for Responsible Investment
FNMPC	First Nations Major Project Coalition
FNFMB	First Nations Financial Management Board
SPO	Second Party Opinion
LEED	Leadership in Energy and Environmental Design
PCAF	Partnership for Carbon Accounting Financials

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



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