CDPQ

Driving performance and progress

2023 ANNUAL REPORT

This report presents an overview of our 2023 results, our achievements and our progress in Québec and around the world.

During the year, CDPQ made progress on its strategic orientations while skilfully navigating an ever-challenging environment. It deployed constructive capital in a disciplined manner, both in Québec and around the world, where its leadership and the expertise of its teams stood out. I am confident that the organization has what it takes for continued success in the years ahead.

At the end of 2023, CDPQ produced long-term results that met the needs of its depositors and created value added over five and ten years. In addition, their financial position was excellent, with plans that are well capitalized. This is essential, as CDPQ teams are working every day to ensure the prosperity of their funds.

In Québec, the organization once again demonstrated the full spectrum of its actions, with major benefits for its portfolio companies and the economy as a whole. Among the initiatives CDPQ has put forward, the Board of Directors salutes its ambition to more than double the size of funds entrusted to external Québec managers by 2028. We would also like to highlight the commissioning of the South Shore Branch of the Réseau express métropolitain (REM), and congratulate the many artisans who have made this structuring network for Greater Montréal a reality.

With regard to sustainable investing, CDPQ has taken concrete action in line with its objectives, whether in terms of international taxation, diversity, equity and inclusion or climate change. In this respect, CDPQ is on track to meet its targets, and even faster than expected. One thing is certain: CDPQ's sustainable approach is now firmly anchored in all the organization's practices. In fact, it remains deeply convinced of the merits of sustainability criteria as a way to promote the long-term viability of businesses.

Moreover, during the year, CDPQ's portfolio was enriched by the addition of world-class assets in priority geographical regions and key sectors. The expertise of its teams was also demonstrated at international forums. CDPQ's presence in the world is key to fulfilling its role as an investor, seizing more business opportunities and forging beneficial partnerships. This also makes it possible to support successful Québec companies as they seek new markets, not least by facilitating links with other portfolio companies.

In light of the progress made by CDPQ in all of its major orientations, the Board has made a very positive assessment of 2023. The organization's performance underscores the relevance of the initiatives deployed over the past few years: the sound diversification of assets, the pursuit of promising investment activities and the strategic changes made to some of the portfolios. All these achievements are due to the investment and corporate services teams, both in Québec and abroad, that have leveraged their expertise to contribute to CDPQ's mission. On behalf of the Board, I would like to thank you for your efforts.

OVERVIEW OF THE BOARD'S WORK

During the year, the Board of Directors oversaw the implementation of CDPQ's orientations and sound governance. We ensured that the organization applied the highest standards, not only in terms of investment and risk management, but also in human resources, audit and ethics. In this respect, we closely followed the redesign of the Code of Ethics of CDPQ and its subsidiaries. This major project demonstrates the importance they place on ethical issues and their determination to remain at the forefront in this area.

We also examined the approach used to develop the organizational culture and launch the new employer brand: a distinctive signature that will foster talent attraction and retention. Other items we focused on during the year include frameworks for compliance with the protection of personal information program, implementation of the action plan on investment activities and financial operations compliance, as well as adoption of effectiveness and performance evaluation measures for benchmarking against peers.

The Board steadfastly supports CDPQ so that it can maintain a high level of effectiveness. We also believe that the integration of its real estate subsidiaries will serve as an essential lever for optimizing the organization's activities. It is a natural extension of the growing closeness between their respective teams, a trend that has been under way for some time.

AN ORGANIZATION IN GOOD HANDS

Before concluding this message, I would like to thank the members of the Board of Directors for their unwavering support throughout the year, and for the quality of their advice. I would also like to welcome Florence Brun-Jolicoeur and Marc Tremblay, who joined us in 2023. I wish continued success to Alain Côté, Lynn Jeanniot, Maria S. Jelescu Dreyfus and Wendy Murdock, whose terms have been renewed. And many thanks to Gilles Godbout and Diane Lemieux for their invaluable collaboration during their terms, which have come to an end.

In early 2024, with the approval of the Government of Québec, the Board renewed Charles Emond's mandate as President and Chief Executive Officer of CDPQ for another five-year term. He did a remarkable job during his first term, which was characterized by a very unusual environment.

Given his performance over the last few years, we firmly believe that he will be able to guide his teams in an environment of uncertainty and continue evolving the organization so that it can carry out its mission, to benefit both its depositors and the people of Québec.

Jean St-Gelais

Jean St-Gelais
Chairman of the Board

Together with his team, Charles Emond has orchestrated changes that have been beneficial to the organization. They are reflected in solid results, with a sharp rise in net assets and significant value added for CDPQ's clients. All this was achieved while making a greater contribution to Québec's economic development.

My takeaway for 2023, beyond the historic level of volatility and stock markets generating hyper-concentrated returns, is the complexity of our environment, which moved back and forth several times during the year. More than ever, we need to invest selectively, leveraging our strengths and refocusing on what we do best. Our success will be equal to our ambition, the courage of our decisions and the cohesiveness of our teams.

Since 2020, fast-changing market conditions have required a great deal of agility and vigilance. The common denominator was greater volatility, which is increasingly becoming our new reality. It should then come as no surprise that the asset classes that weigh on performance one year drive it the next. This is a reminder of the importance of having a well diversified portfolio and assets.

As I often say, our job as investors is not to guess the economy's direction but rather to effectively manage our portfolios, whatever the conditions. Today, our portfolio is well positioned to take advantage of changing environments, with the ongoing goal of creating sustainable value for our clients and for Québec as a whole.

In 2023, CDPQ delivered good returns for our depositors, maintaining the financial health of their funds. The results generated over the years have enabled us to produce $12 billion in value added over five years and $28 billion over ten years. If you take a step back, despite the most challenging investment environment in decades, our net assets have grown by close to $100 billion since the start of the pandemic. At $434 billion, they currently stand at an all-time high. Quebecers can rest assured that their retirements are safe.

BETTER-TAILORED STRATEGIES THAT PAY OFF

Over the past year, we have continued to focus on our orientations while evolving our strategies. The initiatives we have undertaken in recent years have enhanced our value added in virtually all our asset classes. Our performance was driven by our activities in Equity Markets, Fixed Income and Infrastructure, while those in Real Estate managed to stand out in a difficult environment, due to a repositioning of the portfolio. Lastly, our activities in Private Equity slowed in 2023 after a record three-year-period return.

In a sluggish transactional market, our teams were active both in Québec and internationally, often joining forces with well-known partners. The teams completed a number of high-quality acquisitions, as well as major dispositions, that are an integral part of sound management for a portfolio as large as ours that is approaching maturity.

The year 2023 saw the commissioning of the first branch of the REM, which became a reality through the efforts of thousands of people. Work on the rest of the network has accelerated, attaining an overall completion rate of 85%. Deploying the world's longest automated metro line necessarily comes with its share of challenges, but we will continue to overcome them, one by one. We are building this public transit system with sustainable mobility in mind, for decades to come.

PROGRESS ON OUR KEY PRIORITIES

In Québec, we made progress toward our ambition of reaching $100 billion in assets by 2026. The $10 billion one-year increase in our assets stems as much from a high level of activity in new investments as from the good performance of our investments. All of our teams are mobilized to ensure that CDPQ fully plays its role in Québec's economic development. In addition to supporting the growth of Québec businesses and homegrown expertise, our teams have participated in transformative projects and fostered the climate transition.

Sustainability continued to be central to our decision-making. As we all know, this is a subject of debate around the world. Can fiduciary obligations be reconciled with responsibilities to the environment? For us, there is no doubt: sustainable investing is essential if we are to achieve sustained returns over the long term. I am very pleased with the results we have achieved in this area, both in terms of our climate targets and our initiatives to increase diversity and inclusion in our community. Once again this year, our leadership was recognized by a number of international awards. It is clear that, in addition to benefiting our clients and fulfilling our fiduciary role, this approach puts us on the right side of history for the future generations for whom we work.

UNITED IN REACHING OUR FULL POTENTIAL

Behind our achievements are, of course, our employees—competent, motivated teams who are proud to contribute to the financial future of millions of people. They are my greatest pride, and I thank them for their ongoing commitment.

Looking ahead to 2024, the year promises to be pivotal, with markets at a juncture and a world in transformation. This context calls for discipline and agility. Hence the need to join forces to benefit from the full potential of an expanded organization. And it is precisely to enhance our investor capabilities and talent pool that we have decided to integrate our real estate subsidiaries. I am confident that the synergies achieved in our processes, resources and systems will enable us to optimize our efficiency and performance.

With this in mind, we have also pursued a number of initiatives to build a modern CDPQ, firmly rooted in today's business reality. New technology transactions, technology risk assessments, the use of data science and artificial intelligence in our activities: these are just a few of the ways that we are keeping pace with the digital economy.

In closing, I would like to thank Jean St-Gelais and the members of CDPQ's Board of Directors for their renewed trust. As I begin my second mandate, I know I can count on their support, as well as the support of the Executive Committee, to achieve our ambitious goals.

I firmly believe that, together, with our unique culture and constructive capital approach, we can meet the challenges of our time and reach our full potential.

Charles Emond
President and Chief Executive Officer

I feel privileged to continue the work of growing this flagship institution, founded nearly 60 years ago. I never cease to be impressed by its impact in Québec and its growing global reach.

Our Clients,
the Depositors

Our Clients, the Depositors

The year 2023 was marked by a global economy that was more resilient than expected, and by significant disinflation that offered a glimpse of the end of the monetary tightening cycle. That was accompanied by major bond market shifts and by booming stock exchanges, with gains concentrated among a handful of stocks within the main indexes. These conditions became a frequent topic of conversation with our clients in our ongoing discussions about their needs and appetite for risk, in addition to CDPQ's strategies and product offering.

2023 AT A GLANCE

Against that backdrop, CDPQ's portfolio turned in a good performance, and our depositors' individual plans remain in excellent financial shape. This situation is attributable in part to the investment results generated over the years, including in 2023.

It should be noted that in the coming years, the demographic profile of our depositors' plans is poised to change significantly as they mature.

Many of these clients are now in a net drawdown position. Our assets under management will continue to experience gradual growth that will stem exclusively from returns, with no net positive impact from new contributions made by depositors in the aggregate.

Depositors' returns

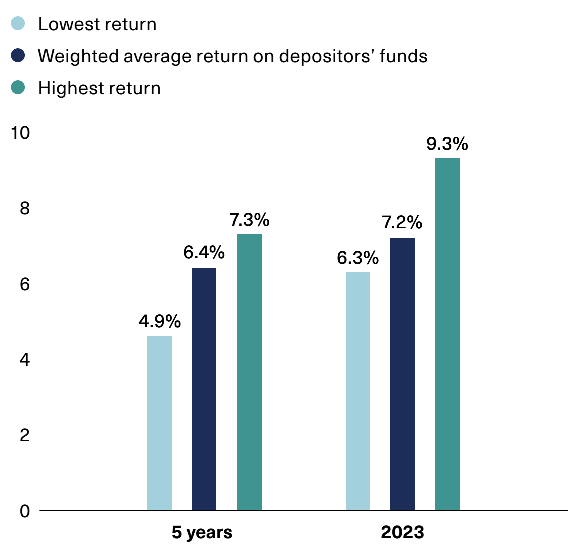
CDPQ manages the funds of 48 depositors. To meet their objectives, investment strategies are tailored to their risk tolerance and their respective investment policies. The total portfolio's returns represent the weighted average of the returns of the depositors' funds.

Clients make long-term asset allocation decisions among various categories with the support of analyses and advice provided by CDPQ.

Over the long term, the eight principal depositors have generated returns that meet their needs. It should be noted that over one year, the 2.9% difference in their performance is fairly wide (see Figure 1). This highlights depositors' increasingly varied investment policy choices, reflecting individual realities that differ depending on the type of underlying plan or funding, the level of financial health or plan maturity.

FIGURE 1

THE EIGHT PRINCIPAL DEPOSITORS' RETURNS



In addition, the high-interest-rate environment seen for some time now influences asset classes differently, underscoring the importance of good fund diversification.

While the expected returns for the Fixed Income portfolios are currently favoured by higher current income, the returns for the less liquid portfolios, such as Real Estate and Private Equity, are affected by higher financing costs.

The evolution of the already noted economic climate and structural factors is sure to be a topic of discussion with our clients in 2024. These evolving factors will also be considered when work is undertaken periodically, and in conjunction with CDPQ, to adapt their long-term allocation targets to these new realities and their desired risk-return profile.

ADAPTED OFFERING

CDPQ enables clients to allocate their funds to specialized portfolios containing the same type of securities, with the vast majority of these portfolios under active management (see Table 2).

As a complement, customization options give depositors the opportunity to adjust portfolio construction and the strategic risk level based on their own needs, or to establish customized interest rate exposure.

TABLE 2

PRODUCT OFFERING
(as at December 31, 2023)

	PRODUCTS	OBJECTIVES
FIXED INCOME	Rates[1] Credit[1] Short Term Investments[1, 2]	Reduce the total portfolio's risk level Provide an important source of liquidity Partially match depositors' assets and liabilities Generate attractive returns, notably through the Credit portfolio
REAL ASSETS	Real Estate[1] Infrastructure[1]	Diversify risk Partially hedge inflation risk through exposure to assets, including some generating investment income indexed to inflation, like the liabilities of certain depositors
EQUITIES	Equity Markets[1] Private Equity[1]	Increase depositors' long-term target returns
CUSTOMIZED ACTIVITIES	Leverage product COA for Rates[2, 3]	Modulate portfolio construction and strategic risk level (Leverage product) Calibrate exposure to interest rates (COA for Rates)
OTHER INVESTMENTS	Asset Allocation[1]	Achieve diversification and complementarity of activities with those of other portfolios

1. Specialized portfolio
2. Index management
3. COA (Customized Overlay Activities)

Our Clients, the Depositors (continued)

Strategic product evolution in 2023

Fixed Income

The roll-out of a strategic approach within the Credit portfolio continued during the year. That included greater private credit exposure, continuous management of public segments and increased diversification of investment activities across all geographic regions and specialties. This aims to favour performance in an increasingly complex market environment.

As regards the Rates portfolio, a number of initiatives were launched with a view to boosting the return. These focused in particular on team agility, greater diversification and widening the investment perimeter to capitalize on new markets and value-added sources.

Real Assets

In recent years, the vast majority of CDPQ's clients have ramped up their allocations to this category, which provides portfolio diversification and effective protection against inflation. The relative long-term attractiveness of both portfolios in this category prompted depositors to prospectively review their corresponding exposure targets. As a result, their exposure to the Real Estate portfolio is likely to decrease in the next few years while their exposure to the Infrastructure portfolio is expected to rise.

Equities

In 2023, the Equity Markets portfolio continued to evolve, thanks in part to enhanced systematic investment strategies and lower exposure to growth markets. Combined with the strategic changes implemented since 2021, these elements ensure better geographic and sectoral diversification and greater complementarity between the internal fundamental active management, systematic internal management and external management approaches.

In 2023, the Private Equity portfolio reached maturity after several years of significant growth. The team continued to implement the plan to monetize certain assets and carried out a number of key transactions during the year.

Eight principal depositors

Represented 96.5% of net assets as at December 31, 2023

	NET ASSETS		
Retraite Québec	$121.4 B	**Retraite Québec for the Québec Pension Plan** Québec Pension Plan Fund, base and additional plans	• 4.3 million contributors • 2.2 million beneficiaries • $16.8 billion in benefits paid annually
Finances Québec	$115.0 B	**Retirement Plans Sinking Fund** Fund used by the Government of Québec to capitalize the employer's portion of retirement benefits of employees in the public and parapublic sectors	
RREGOP	$86.6 B	**Government and Public Employees Retirement Plan**	• 632,000 contributors • 330,000 retirees and 23,000 surviving spouses and orphans • $7.3 billion in retirement benefits paid annually
Commission de la construction du Québec	$31.0 B	**Supplemental Pension Plan for Employees of the Québec Construction Industry**	• 201,000 contributors • 102,000 retirees or surviving spouses • $1.0 billion in benefits paid annually
CNESST	$20.3 B	**Commission des normes, de l'équité, de la santé et de la sécurité du travail** Fonds de la santé et de la sécurité du travail	• 233,000 contributing employers • 4.1 million workers covered • $2.7 billion in benefits paid annually
Finances Québec	$19.4 B	**Generations Fund** Fund used to repay Québec's debt	
Société de l'assurance automobile Québec	$13.6 B	**Société de l'assurance automobile du Québec** Fonds d'assurance automobile du Québec	• 5.7 million driver's licence holders • 7.1 million registered vehicles • $1.1 billion in benefits paid annually
PPMP	$11.8 B	**Pension Plan of Management Personnel**	• 37,000 contributors • 35,000 retirees and 3,000 surviving spouses and orphans • $1.7 billion in benefits paid annually

TABLE 3

CDPQ'S 48 DEPOSITORS

Comparison of net assets as at December 31, 2022, and as at December 31, 2023

(fair value as at December 31 – in millions of dollars)

		Depositors' net assets			
		2023		2022	
	First deposit	**$**	**%**	$	%
PENSION PLANS					
Retraite Québec for the Régime de rentes du Québec	**1966**	**121,358**	**28.0**	106,808	26.6
Supplemental Pension Plan for Employees of the Québec Construction Industry	**1970**	**30,979**	**7.1**	28,498	7.1
Government and Public Employees Retirement Plan	**1973**	**86,592**	**19.9**	83,252	20.7
Pension Plan of Management Personnel	**1973**	**11,843**	**2.7**	10,857	2.7
Pension Plan for Federal Employees Transferred to Employment with the Government of Québec	**1977**	**281**	**0.1**	275	0.1
Pension Plan of Elected Municipal Officers	**1989**	**351**	**0.1**	333	0.1
Retirement Plan for the Mayors and Councillors of Municipalities	**2015**	**1**	**–**	1	–
Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence	**1990**	**838**	**0.2**	769	0.2
Ministère des Finances, gouvernement du Québec[1]					
Retirement Plans Sinking Fund	**1994**	**114,980**	**26.5**	107,499	26.8
Superannuation Plan for the Members of the Sûreté du Québec – employers' fund	**2009**	**1,270**	**0.3**	1,225	0.3
Régime de retraite de l'Université du Québec	**2004**	**539**	**0.1**	767	0.2
Régime de retraite du personnel des CPE et des garderies privées conventionnées du Québec	**2005**	**667**	**0.2**	779	0.2
Régime de retraite pour certains employés de la Commission scolaire de la Capitale	**2006**	**24**	**–**	25	–
Pension Plan of the Non-Teaching Staff of the Commission des écoles catholiques de Montréal	**2007**	**137**	**–**	143	–
Superannuation Plan for the Members of the Sûreté du Québec – participants' fund	**2007**	**977**	**0.2**	870	0.2
Régime de retraite des employés de la Ville de Laval	**2007**	**324**	**0.1**	312	0.1
Retirement Plan for Active Members of the Centre hospitalier Côte-des-Neiges	**2010**	**98**	**–**	93	–
Fiducie globale Ville de Magog	**2012**	**93**	**–**	87	–
Régime de retraite des employées et employés de la Ville de Sherbrooke	**2012**	**41**	**–**	45	–
Régime de retraite des agents de la paix en services correctionnels	**2013**	**817**	**0.2**	783	0.2
Régime complémentaire de retraite des employés réguliers de la Société de transport de Sherbrooke	**2013**	**97**	**–**	93	–
Régime de retraite de la Corporation de l'École Polytechnique	**2014**	**68**	**–**	79	–
Régime de retraite de la Ville de Terrebonne	**2015**	**110**	**–**	106	–
Régime de retraite des cadres de la Ville de Québec	**2016**	**326**	**0.1**	306	0.1
Régime de retraite des employés manuels de la Ville de Québec	**2016**	**388**	**0.1**	365	0.1
Régime de retraite des fonctionnaires de la Ville de Québec	**2016**	**710**	**0.2**	668	0.2
Régime de retraite du personnel professionnel de la Ville de Québec	**2016**	**313**	**0.1**	285	0.1
Régime de retraite des policiers et policières de la Ville de Québec	**2016**	**618**	**0.1**	575	0.2
Régime de retraite des pompiers de la Ville de Québec	**2016**	**243**	**0.1**	224	0.1
Régime de retraite des employés du Réseau de transport de la Capitale	**2016**	**189**	**0.1**	187	0.1
Régime de retraite des chauffeurs d'autobus de la Société de transport de Laval	**2017**	**177**	**0.1**	164	–
La société des casinos du Québec	**2020**	**85**	**–**	83	–
Régime de retraite de HEC	**2021**	**34**	**–**	33	–
Fiducie globale de la Ville de Longueuil	**2021**	**84**	**–**	81	–
Régime de retraite des policiers de la Ville de Longueuil	**2021**	**35**	**–**	34	–
Fonds commun des cols bleus et pompiers de la Ville de Longueuil	**2021**	**25**	**–**	25	–
Fiducie globale des régimes de retraite des employés de la Ville de Lévis	**2022**	**26**	**–**	24	–
Régime de retraite pour les employés de la Ville de Saint-Jean-sur-Richelieu	**2022**	**24**	**–**	22	–

TABLE 3

CDPQ'S 48 DEPOSITORS (continued)

Comparison of net assets as at December 31, 2022, and as at December 31, 2023

(fair value as at December 31 – in millions of dollars)

		Depositors' net assets			
		2023		2022	
	First deposit	**$**	**%**	$	%
INSURANCE PLANS					
Régie des marchés agricoles et alimentaires du Québec	**1967**	**13**	**–**	12	–
La Financière agricole du Québec	**1968**	**853**	**0.2**	780	0.2
Autorité des marchés financiers	**1969**	**1,394**	**0.3**	1,213	0.3
Commission des normes, de l'équité, de la santé et de la sécurité du travail	**1973**	**20,289**	**4.7**	19,279	4.8
Société de l'assurance automobile du Québec	**1978**	**13,564**	**3.1**	13,373	3.3
Les Producteurs de bovins du Québec	**1989**	**7**	**–**	6	–
Survivor's Pension Plan	**1997**	**476**	**0.1**	465	0.1
Conseil de gestion de l'assurance parentale	**2005**	**488**	**0.1**	238	0.1
Régie du bâtiment du Québec	**2022**	**32**	**–**	30	–
OTHER DEPOSITORS					
Office de la protection du consommateur	**1992**	**157**	**–**	138	–
Ministère des Finances, gouvernement du Québec[1]					
Generations Fund	**2007**	**19,390**	**4.5**	17,766	4.4
Accumulated Sick Leave Fund	**2008**	**1,076**	**0.3**	1,156	0.3
Territorial Information Fund	**2011**	**611**	**0.1**	520	0.1
Agence du revenu du Québec	**2012**	**135**	**–**	136	–
TOTAL		**434,247**	**100.0**	401,887	100.0

1. The Ministère des Finances entrusts CDPQ with a total of five funds.

Management Report

2023 Highlights

$434.2 B

OUR NET ASSETS
AS AT DECEMBER 31, 2023

Results in 2023

7.2%	$28.0 B	-$0.9 B
RETURN	INVESTMENT RESULTS	VALUE ADDED

Results over 5 years

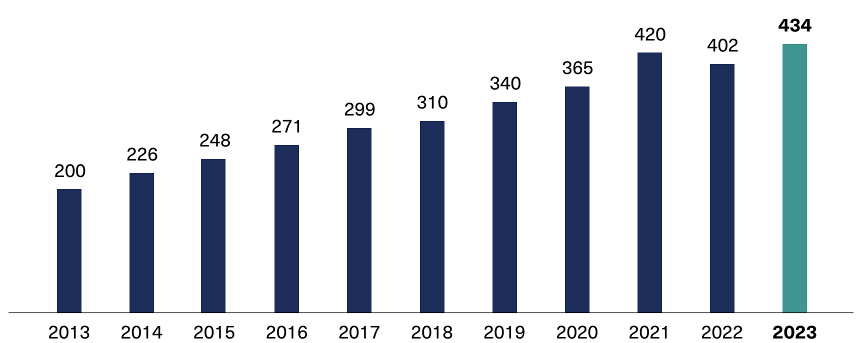
6.4%	$108.0 B	$11.7 B
ANNUALIZED RETURN	INVESTMENT RESULTS	VALUE ADDED

Results over 10 years

7.4%	$206.7 B	$28.4 B
ANNUALIZED RETURN	INVESTMENT RESULTS	VALUE ADDED

Growth in our net assets since 2013

(in billions of dollars)



Returns of our three main asset classes

Fixed Income

8.1%

IN 2023

1.7%

OVER 5 YEARS

2.9%

OVER 10 YEARS

Real Assets

2.2%

IN 2023

4.1%

OVER 5 YEARS

7.0%

OVER 10 YEARS

Equities

10.1%

IN 2023

10.9%

OVER 5 YEARS

10.7%

OVER 10 YEARS

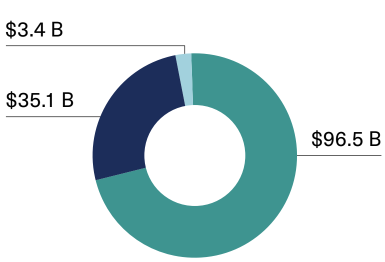
Net assets

AS AT DECEMBER 31, 2023

Fixed Income

$135.0 B

NET ASSETS
BY PORTFOLIO

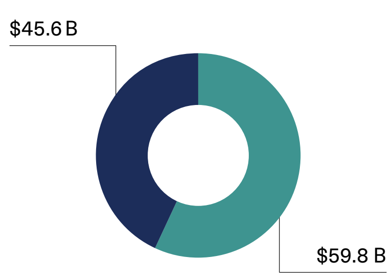


- Credit
- Rates
- Short Term Investments

Real Assets

$105.4 B

NET ASSETS
BY PORTFOLIO

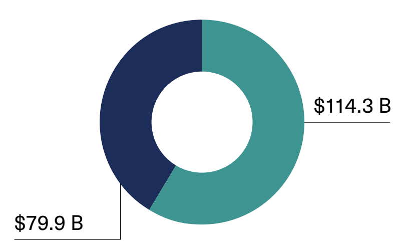


- Infrastructure
- Real Estate

Equities

$194.2 B

NET ASSETS
BY PORTFOLIO



- Equity Markets
- Private Equity

Analysis of Overall Performance

In a volatile market environment, CDPQ's performance was in line with its benchmark portfolio for one year and outperformed the benchmark over longer-term horizons.

Net assets
$434.2 B

$11.7 B
VALUE ADDED OVER 5 YEARS

6.4%
5-YEAR ANNUALIZED RETURN

7.4%
10-YEAR ANNUALIZED RETURN

Main asset classes: Fixed Income / Real Assets / Equities / Other Investments

All the figures in this section are detailed in Table 14 (page 38)

FIVE-YEAR RETURN

Total portfolio

Investment results: $108.0 B
Annualized return: 6.4%

Over five years, the annualized weighted average return on depositors' funds was 6.4%, a result that meets their needs and ensures their financial health. Table 4 compares this performance with that obtained over ten years and for each of the last five years.

There was considerable volatility in returns over the period, as investors had to cope with market conditions that have gone from one extreme to another in recent years. This is also reflected in widely varying returns in most asset classes.

TABLE 4

CDPQ RETURNS
(for periods ended December 31 – as a percentage)

	Overall return[1]
10 years	**7.4**
5 years	**6.4**
2023	7.2
2022	(5.6)
2021	13.5
2020	7.7
2019	10.4

1. Weighted average return on depositors' funds.

In this environment, CDPQ's net assets reached new heights, standing at $434.2 billion as at December 31, 2023, compared with $309.5 billion as at December 31, 2018. This $124.7 billion increase was due to:

- Investment results totalling $108.0 billion
- Net deposits of $16.7 billion

All three major asset classes contributed to these results. They came mainly from the Equities asset class due to good performance of the Equity Markets and Private Equity portfolios over the period. The Infrastructure portfolio, in the Real Assets class, made a significant contribution, while the Fixed Income asset class contributed to a lesser extent.

Over five years, the annualized return of the total portfolio surpassed the benchmark portfolio's 5.9%. The difference represents added value of $11.7 billion from the Fixed Income asset class, as well as from the Infrastructure and Private Equity portfolios.

This performance is attributable to a number of factors, including sound diversification of the portfolio, a determining element in demanding market conditions. CDPQ can also count on disciplined teams and clear orientations. The strategic changes we have made since 2020 have strengthened the total portfolio and enhanced value added for our depositors over both five and ten years.

TEN-YEAR RETURN

The total portfolio recorded an annualized 10-year return of 7.4% compared with 6.5% for the benchmark portfolio. During the period, $28.4 billion in value added was therefore generated, with slightly more than two thirds generated in the last three years alone. Investment results were $206.7 billion, while net deposits were $27.4 billion.

2023 RETURN

Total portfolio

Investment results: $28.0 B
Return: 7.2%

The year 2023 was marked by highly volatile bond markets and a historic concentration of gains from a handful of U.S. tech stocks that drove the main stock indexes. In this context, the total portfolio recorded a 7.2% one-year return, in line with the benchmark portfolio's 7.3%.

The largest contribution to investment results was made by the Equity Markets portfolio in the Equities asset class. The Fixed Income asset class also made a notable contribution, as did the Infrastructure portfolio in the Real Assets class. Over one year, net assets increased by $32.3 billion.

Following a major and simultaneous correction in 2022, equity and bond markets drove performance in 2023. Private Equity was weakened by the sharp rise in rates and a slowdown in growth, following a period of considerable returns. The Real Estate portfolio—which posted the best performance in 2022—was affected by the same economic factors, in addition to having to deal with structural trends in the industry. The Infrastructure portfolio sustained its momentum of recent years by continuing to contribute a good combination of protection against inflation and attractive current returns.

MARKET CONDITIONS

The year 2023 unfolded in four acts:

1. From January to April, the monetary tightening implemented by central banks to curb inflation, coupled with the U.S. regional bank crisis, created downward pressure on bond yields and turmoil on stock markets, against a backdrop of fears of recession.
2. From May to July, these concerns dissipated in the face of a U.S. economy that was more resilient than anticipated, and the markets rallied.
3. Then, from August to October, faced with persistent inflation, the U.S. Federal Reserve took a firm stance in its fight against inflation, pushing rates to new highs and driving down stock markets.
4. Data released in November and December then confirmed that inflation in the major economies was in retreat, and the more dovish tone from central banks that followed drove rates down and stimulated stock markets.

Canadian interest rates, bond yields and the stock market moved in step with their U.S. counterparts, although economic growth was weaker.

In short, 2023 was characterized by historic movements in bond yields and a strong rally in equity markets, driven by a handful of tech stocks. Increasingly, investors see this volatility—which has been present now for some years—as a reality that is likely to persist.

GEOGRAPHIC DIVERSIFICATION

As previously mentioned, portfolio diversification is a key component of CDPQ's strategy, in terms of asset classes, sectors and regions.

With a strong presence in Québec and Canada, CDPQ is also active elsewhere in the world, with investments in close to 70 countries. Investing internationally allows us to:

- Optimize the risk-return profile of our portfolio
- Seize attractive opportunities in dynamic economies

Table 5 shows the geographic allocations of CDPQ's total portfolio in 2018 and in 2023. Activities grew significantly over this period in the United States and, to a lesser extent, in Europe, while remaining stable in Asia Pacific and Latin America.

CDPQ GLOBAL: FOSTERING CONCERTED INTERNATIONAL ACTION

As a global investment group, CDPQ aims to take concerted action across the world's many regions in order to optimize our positioning and manage the portfolio well. To do this, the organization relies on the CDPQ Global team, which has a mandate to manage the organization's overall presence and fully leverage its business relationships.

CDPQ Global's integrated structure is built around three regional hubs—New York, London and Singapore—with teams in eight offices on four continents. In addition to leveraging their networks, these teams help deepen our knowledge of target markets and understanding of their regulatory frameworks.

Lastly, CDPQ leverages its global footprint to:

- Expand our business network
- Access more opportunities
- Effectively manage the risk associated with the geographic diversification of our assets
- Foster connections between our Québec-based portfolio companies and other international companies to forge beneficial partnerships

TABLE 5

GEOGRAPHIC EXPOSURE OF THE TOTAL PORTFOLIO
(as at December 31 – as a percentage)

	2023	2018
Canada	**27**	36
United States	**38**	30
Europe	**16**	14
Asia Pacific	**12**	12
Latin America	**4**	4
Other regions	**3**	4
Total	**100**	100

CURRENCY EXPOSURE AND FOREIGN EXCHANGE HEDGING

As part of our international activities, CDPQ carries out transactions in several foreign currencies. Exposure to these currencies generally has a diversifying effect on the total portfolio.

The main developed country currencies are subject to strategic and dynamic hedging, initially determined for the total portfolio and then within each specialized portfolio. Exposure to emerging market currencies is not usually hedged, as the cost of hedging is often high.

CDPQ's net exposure to foreign currencies:

- Decreased over the last five years, from 55% to 48% of net assets from 2018 to 2023
- Fell by 2% over the last year, partly due to increased hedging of certain currencies

It should also be noted that the portfolio's exposure to foreign currencies had an unfavourable impact on its performance, over five years and for one year. The appreciation of the U.S. dollar over the entire period failed to offset the negative contributions of the euro, pound sterling, yen and emerging market currencies, limiting annualized returns over five years. The negative impact of currencies on annual performance in 2023 was mainly due to the depreciation of the U.S. dollar.

CDPQ believes that, over the long term, the currencies of developed countries tend to have a neutral effect on performance, while most emerging market currencies tend to depreciate.

TARGET BENCHMARK PORTFOLIO

CDPQ's benchmark portfolio represents the weighted average of the asset allocation decisions made by each of the depositors when their investment policies are established.

Depositors' adjustments to the composition of their respective benchmark portfolios have a direct impact on the composition of CDPQ's benchmark portfolio. Table 6 on page 22 shows the changes for one year, which reflect CDPQ's strategic orientations. We note:

- A significant increase in the allocation to the Infrastructure portfolio in the Real Assets class
- Increased use of the leverage product

TOTAL PORTFOLIO

The composition of the total portfolio reflects decisions made by:

- Our depositors, with respect to their benchmark portfolios
- CDPQ, as part of consolidated asset allocation activities, within the upper and lower limits set for each specialized portfolio

The two columns on the right-hand side of Table 6 show changes in the total portfolio between 2022 and 2023. Over the year, we note that exposure to the:

- Fixed Income asset class increased, in the high interest rate environment
- Real Assets class declined, reflecting the lower weighting of the Real Estate portfolio
- Equities asset class was stable, as the decrease in the Private Equity portfolio's weight was offset by an equivalent increase in that of the Equity Markets portfolio

TABLE 6

COMPOSITION OF THE BENCHMARK PORTFOLIO AND CHANGES IN THE TOTAL PORTFOLIO
(as a percentage of depositors' net assets)

	Benchmark portfolio				Total portfolio	
	as at December 31, 2023[1]			as at December 31, 2022[1]	as at December 31, 2023	as at December 31, 2022
	Lower limit %	Benchmark portfolio %	Upper limit %	Benchmark portfolio %	%	%
Fixed Income						
Rates	**5.2**	**10.0**	**16.5**	10.2	**8.1**	8.3
Credit	**15.2**	**20.4**	**26.1**	20.3	**22.3**	21.1
Short Term Investments	**0.2**	**1.2**	**8.0**	1.2	**0.8**	0.4
Subtotal		**31.6**		31.7	**31.2**	29.8
Real Assets						
Real Estate	**7.2**	**11.8**	**15.5**	11.9	**10.6**	11.9
Infrastructure	**7.4**	**11.9**	**15.6**	11.0	**13.8**	13.6
Subtotal		**23.7**		22.9	**24.4**	25.5
Equities						
Equity Markets	**18.1**	**29.4**	**35.8**	30.0	**26.4**	24.8
Private Equity	**11.1**	**16.7**	**21.3**	16.2	**18.5**	20.1
Subtotal		**46.1**		46.2	**44.9**	44.9
Other[2]						
Asset Allocation	**0.0**	**0.0**	**1.0**	0.0	**0.9**	0.6
Leverage product	**–**	**(1.4)**	**–**	(0.8)	**(1.4)**	(0.8)
Total		**100.0**		100.0	**100.0**	100.0

1. The benchmark portfolio and its upper and lower limits are the result of the weighted average of the depositors' respective benchmark portfolios.
2. Includes Customized Overlay Activities (COA) that are not capitalized and consequently have no cash reference weight.

Fixed Income

In 2023, bonds benefited from higher yields and generated value added over both one and five years.

Net assets

$^{\$}$135.0 B

31.2% of the total portfolio

$^{\$}$5.2 B

VALUE ADDED OVER 5 YEARS

1.7%

5-YEAR ANNUALIZED RETURN

2.9%

10-YEAR ANNUALIZED RETURN

3 portfolios: Rates / Credit / Short Term Investments

All the figures in this section are detailed in Table 14 (page 38)

RATES

Five-year return

Investment results: -$1.3 B
Annualized return: 0.5%

This actively managed portfolio consists of activities mainly in these mandates:

- Rate Management
- Government Debt

Over five years, the portfolio's annualized return was comparable to the index, which delivered a 0.4% return. This largely reflects 2022 counter-performance in the wake of a historic rise in rates.

Government debt activities were favourable over the period, while rate management activities were unfavourable. Note that the negative investment results, obtained despite the portfolio's positive return, were due to the compounding effect, as the return was calculated on an asset base that varied over the period.

2023 return

Investment results: $1.9 B
Return: 6.8%

For one year, the portfolio posted a substantial return, above its index, which earned 6.6%. This rally, following two negative years in 2021 and 2022, was attributable to:

- Primarily, the current yield of the securities as a result of the high-rate environment
- To a lesser extent, lower longer-term rates in Canada

It should also be noted that, going forward, return expectations on securities held continue to be attractive.

RATES PORTFOLIO

COMPOSITION
- More traditional government bonds with excellent credit quality:
  - Governments of Canada and other developed countries
  - Governments of Canadian provinces

ADVANTAGES
- Low long-term risk and protection of the total portfolio
- Main source of CDPQ's liquidity
- Diversification
- Source of current yield
- Matching of assets with the long-term financial commitments of depositors

CREDIT

Five-year return

Investment results: $6.4 B

Annualized return: 2.2%

With net assets of $96.5 billion as at December 31, 2023, this actively managed portfolio represents nearly three quarters of the Fixed Income asset class. It offers a range of investment activities to enhance its risk-return profile and diversify its sources of value. They are carried out through various mandates, including:

- Corporate Credit
- Government Debt
- Real Estate Debt (managed by Otéra Capital—see the sidebar on page 29)
- Infrastructure Financing
- Capital Solutions

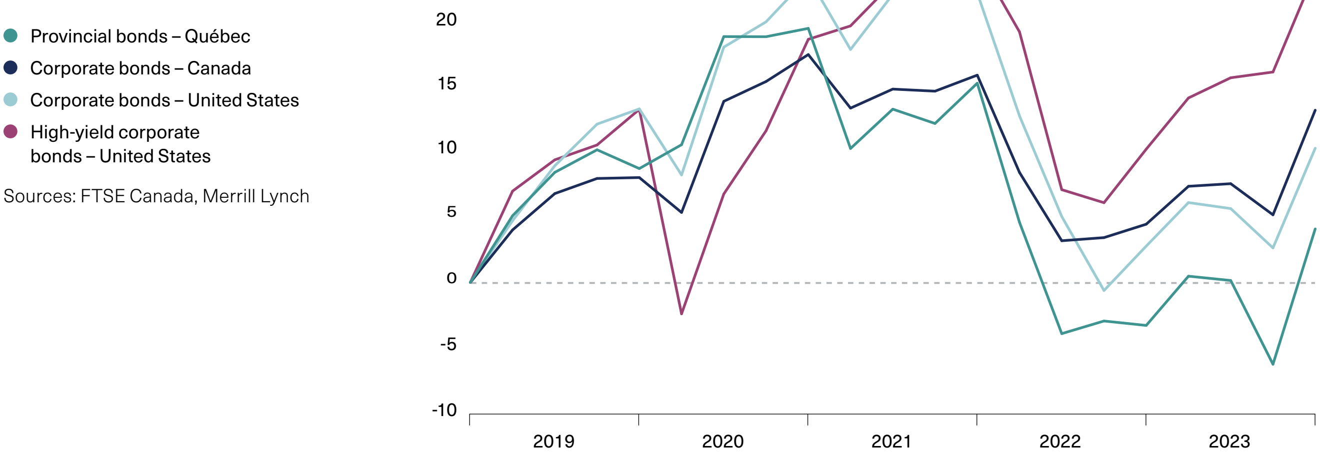
Over five years, the portfolio outperformed its index, which posted an annualized return of 0.8%. The 1.4% difference with the benchmark represents $5.2 billion of value added. The portfolio benefited from the good performance of private credit activities, a major performance driver, in part due to:

- The high current yield on this kind of debt
- Favourable execution across all mandates, which contributed to both the absolute return and the relative return of the portfolio

It should be noted, however, that the increase in current yield over the period did not fully offset the impact of higher rates. In addition, as with the Rates portfolio, the negative results for 2022 weighed on performance.

FIGURE 7

BENCHMARK INDEX PERFORMANCE OVER FIVE YEARS – FIXED INCOME
(December 31, 2018 = 0 as a percentage)



Sources: FTSE Canada, Merrill Lynch

2023 return

Investment results: $7.6 B
Return: 8.7%

In 2023, the Credit portfolio also rebounded from 2022. At the end of a volatile year, the portfolio managed to deliver a significant return, outperforming its index's 8.2% return. This performance was due in part to:

- The positioning in Government Debt, which benefited from lower interest rates in certain emerging countries
- Good execution in Corporate Credit
- Premiums on private debt, which fostered a high current yield

Capital Solutions enhanced the portfolio's value added through the strength of alternative financing activities. Real Estate Debt benefited from a strong current yield, but its index benefited more from narrowing credit spreads.

Note that, for the Credit portfolio as well, the expected return on securities held is looking attractive going forward. The market environment also presented many opportunities at attractive entry rates, which could enable CDPQ to take advantage of an eventual decline in rates.

During the year, the teams made investments and commitments of $13.5 billion in private credit, which is a considerable amount given the slowdown in refinancing volume worldwide.

MARKET CONDITIONS

Over five years, long-term government bond yields have been highly volatile—both downside and upside—and ended the period on a net upward trend. These fluctuations reflect a succession of major events, such as the pandemic, soaring inflation, heightened geopolitical tensions and the subsequent tightening of monetary policies by central banks.

The 2023 bond market was characterized by high yields and the narrowing of corporate credit spreads. Volatility was a highlight throughout the year: yields on 10-year bonds fluctuated between 3.3% and 5.0%, finishing the year stable in the United States and down 0.2% in Canada. Central banks continued to raise their key rates, but at a more moderate pace than in 2022. At the end of the year, a more conciliatory tone from the U.S. Federal Reserve in the wake of encouraging inflation data led markets to expect rates to fall in 2024.

In response to these events, fixed-income benchmark indexes delivered mixed results for the period (see Figure 7, page 24). Despite tighter monetary policies, Canadian and U.S. corporate bonds proved resilient in 2023. U.S. high-yield corporate bonds, which are riskier, posted the best performance.

CREDIT PORTFOLIO

COMPOSITION

- Expanded universe of instruments with features of fixed income securities according to the mandate:
  - Corporate Credit: quality or high-yield bonds and direct or syndicated loans
  - Sovereign Debt: a focus on sovereign and quasi-sovereign securities from growth markets
  - Real Estate Debt: term, construction, bridge and land loans, mostly senior, on buildings in various sectors, including the multiresidential, industrial, commercial and office sectors
  - Infrastructure Financing: senior and subordinated debt in industries such as transportation, renewable energy and telecommunications
  - Capital Solutions: specialty finance, asset monetization and tailored financing in the form of debt and hybrid instruments

ADVANTAGES

- Market segments featuring better performance and a return that is superior to the traditional bond market
- Diversified sources of value
- In Real Estate Debt, lower credit risk due to a prudent underwriting approach and the quality of the underlying assets

Fixed Income (continued)

Key transactions

- **Île-aux-Tourtes bridge**
  Québec I Road infrastructure
  Participation in financing for this bridge by underwriting $75 million of Groupe Nouveau Pont Île-aux-Tourtes' bond issue.
- **CoreWeave**
  United States I Cloud services
  Specialty finance granted to this company, which installs and operates semiconductors in data centres whose capacity is leased to various clients, as part of a US$2.3-billion transaction.
- **AGL Energy**
  Australia I Energy production
  Financing for this energy company, which serves nearly 4.3 million customers, and support for executing its transition plan, which aims to replace coal-fired electricity with renewable energy by June 2035—almost 10 years earlier than announced.
- **St. Modwen portfolio**
  United Kingdom I Industrial properties
  Hybrid financing in an amount of £275 million, out of a total loan of £525 million with a partner, for the construction of buildings and to stabilize an industrial portfolio—a first transaction in this country for Otéra Capital.
- **Enterprise Research Campus**
  United States I Mixed-use building
  A stake of US$350 million, as part of a US$750-million loan, to finance the project's construction in Boston—Otéra Capital's first transaction as an agent in this country alongside exclusively U.S. partners.

SHORT-TERM INVESTMENTS

Five-year return

Investment results: $163 M
Annualized return: 1.9%

This indexed portfolio consists of short-term liquid investments in the Canadian money market. Its five-year annualized return reflects the generally very low interest-rate environment that prevailed until 2021, before rates rose sharply.

2023 return

Investment results: $98 M
Return: 4.8%

Continued increases in short-term rates, which were already high at the beginning of the year, enabled the portfolio to generate an appreciable return in 2023.

Real Assets

This asset class generated value added over one and five years due to its Infrastructure portfolio, while the Real Estate portfolio faced industry challenges.

Net assets

$105.4 B

24.4% of the total portfolio

$6.7 B

VALUE ADDED OVER 5 YEARS

4.1%

5-YEAR ANNUALIZED RETURN

7.0%

10-YEAR ANNUALIZED RETURN

2 portfolios: Real Estate / Infrastructure

All the figures in this section are detailed in Table 14 (page 38)

REAL ESTATE

Five-year return

Investment results: -$715 M
Annualized return: -0.5%

The rise of e-commerce, the pandemic and economic fluctuations have shaken up the real estate landscape in recent years. Some sectors are facing major structural challenges, such as office buildings, which are impacted by changing lifestyles and the growing popularity of telecommuting.

An exceptional economic climate has put a strain on the Real Estate portfolio, which is designed for the long term. Despite the challenges, the portfolio is now well positioned in strategic, high-conviction sectors that have been carefully selected for their resilience and long-term growth potential. This includes the logistics, residential and its various segments, as well as alternative sectors.

Over five years, the annualized return was -0.5%, below the index's 0.8%, in particular due to the portfolio's strong overweighting in Canadian shopping centres at the beginning of the period. On the other hand, funds, equities and financing made positive contributions to performance, thanks to a favourable sector allocation.

We further note that the strategic repositioning of recent years toward promising sectors such as logistics, which represented some 300 transactions totalling over $50 billion, has paid off. In fact, since the portfolio's pivot in 2020, $5.5 billion in value added has been generated compared with the index.

REAL ESTATE PORTFOLIO

COMPOSITION

- High-quality real estate properties, projects, companies and funds that are shaping dynamic cities around the world
- Investments in equities and financing products in various sectors, including:
  - Logistics, residential, shopping centres, office buildings and life sciences

ADVANTAGES

- Diversification of the risk in CDPQ's total portfolio due to a lower correlation between the assets held and global markets and an attractive long-term risk-return profile
- Partial protection of capital against long-term inflation because of the characteristics of leases that may include rent indexation or rent increase clauses
- Source of current yield

Figures 8 and 9 present changes in the portfolio from 2018 to 2023. There has been a notable increase in geographic diversification, with greater exposure to Europe, Asia Pacific and Latin America. In terms of sectors, the effect of the pivot is clearly apparent in the marked decrease in the weight of traditional assets—shopping centres and office buildings—in favour of the logistics and residential sectors.

2023 return

Investment results: -$3.0 B
Return: -6.2%

The market was difficult for real estate in 2023, which is reflected in the benchmark index's -10.0% one-year return. However, the portfolio is better positioned than in the past, due to the pivot over recent years. Despite a high-rate environment, a sharp rise in borrowing costs and falling global transaction volume that led to a drop in values in the sector, the portfolio has proven to be more resilient. It recorded a -6.2% return for one year, above its index.

Taken together, directly held assets made a positive contribution to the absolute return, buoyed by logistics. Each of the directly held sectors also contributed to value added.

In 2023, our teams remained selective in the slowest transactional market we have seen in 15 years, with $4.2 billion in acquisitions in sectors of the future aligned with the portfolio's evolution, as well as disciplined dispositions representing $3.4 billion.

FIGURE 8

GEOGRAPHIC EXPOSURE – REAL ESTATE
(as a percentage)

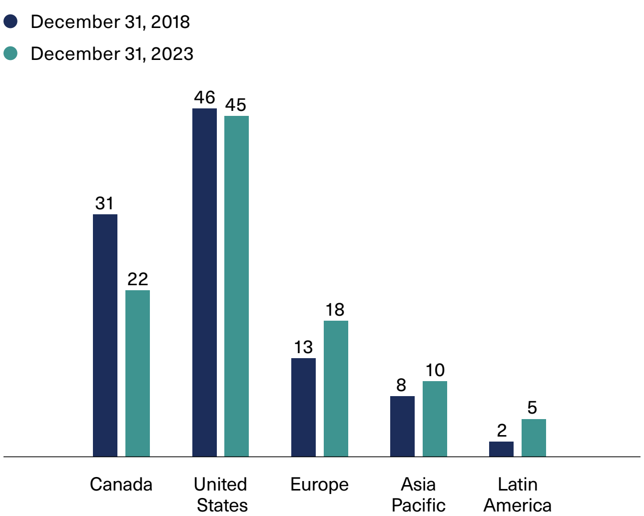
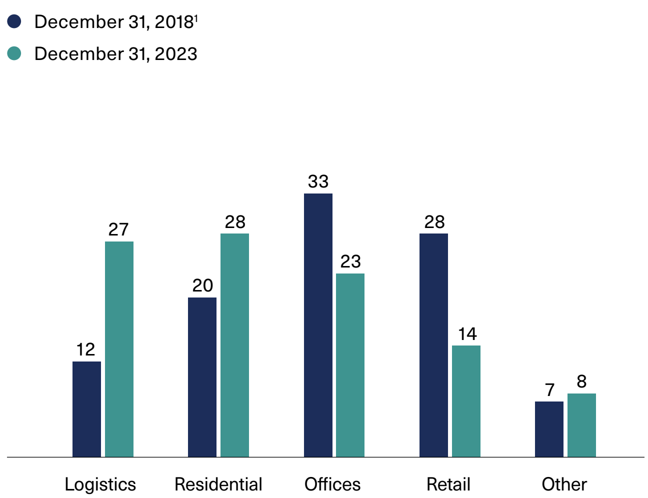


FIGURE 9

SECTORAL EXPOSURE – REAL ESTATE
(as a percentage)



1. Data have been adjusted to conform to the categories presented.

Key transactions

- **URBZ portfolio**
  Germany | Logistics
  Acquisition of a first last-mile logistics asset in Munich—with a floor area of 12,570 m^2 with expansion potential—in partnership with URBZ Capital, an investment and asset management boutique.
- **Safely Store Self Storage**
  United States | Storage
  Strategic partnership with this platform, which targets this country-wide growth sector, with a view to jointly investing an initial US$400 million over the next few years, representing Ivanhoé Cambridge's first foray into this alternative industrial asset class.
- **Ancar Ivanhoé portfolio**
  Brazil | Shopping centres
  Additional investment in two assets in the metropolitan region of Rio de Janeiro, enabling the Ancar Ivanhoé partnership to increase its ownership stake in Shopping Nova Iguaçu by 44% and acquire the remaining 25% stake in Botafogo Praia Shopping. At the same time, partial stakes were sold in three other shopping centres in the country for a total transaction of almost BRL 300 million (approximately $80 million).
- **Vaughan Mills**
  Canada | Shopping centre
  Syndication of a 49% stake in a shopping centre in Vaughan, Ontario to LaSalle Investment Management—one of Ivanhoé Cambridge's largest transactions in this sector in recent years.

Among the year's achievements in Québec real estate, CDPQ entered into an agreement in principle with the Government of Québec to conduct a feasibility study on converting part of the site of the former Royal Victoria Hospital into a world-class inter-university campus.

In addition, in 2023 Ivanhoé Cambridge and its partners completed construction of Sixth & Jackson, a mixed-use project in San Jose, California, and inaugurated Beckon, a residential complex in Durham, North Carolina, as well as Somma Asturias, a mixed-use project in Santiago, Chile. In the office-building sector, the year was marked by the signing of major leases at several properties, including 120 South Riverside Plaza in Chicago, Texas Tower in Houston, T3 RiNo in Denver and Joya in Val-de-Fontenay, France.

INTEGRATION OF THE REAL ESTATE SUBSIDIARIES

CDPQ's real estate operations are divided into real estate and real estate debt. The Real Estate portfolio comprises the activities of Ivanhoé Cambridge, while Real Estate Debt, which is linked with the Fixed Income portfolio, includes the activities of Otéra Capital. In January 2024, CDPQ announced the integration of its real estate subsidiaries in order to focus more on investment expertise as well as generate agility and efficiency gains. Beginning April 29, 2024, the subsidiaries' investment teams will become CDPQ investment groups, while the corporate services teams have already been integrated into CDPQ.

INFRASTRUCTURE

Five-year return

Investment results: $18.9 B

Annualized return: 9.5%

Despite a less favourable environment in 2023 compared with previous years, infrastructure continued to attract investors over the period, due in particular to an advantageous risk-return profile. Over five years, the portfolio generated a high annualized return, mainly due to good performance in the following sectors:

- Renewable energy
- Port and telecommunications assets

The portfolio has benefited from strong current yields and appreciating investment valuations, outperforming its benchmark, which delivered a 5.9% annualized return. The 3.6% difference represents $8.8 billion in value added for CDPQ, largely due to favourable positioning in promising sectors such as renewable energy.

In recent years, CDPQ has increased its infrastructure allocation, in line with its strategic orientations. The deployment of capital, combined with the considerable investment results generated over the period, enabled net assets to reach almost $60 billion as at December 31, 2023. The portfolio is therefore reaching maturity, which will enable more active management by the team while continuing to selectively acquire and sell assets.

Figures 10 and 11 show the allocation of assets by geographic location and sector. They show that exposure has increased the most over the past five years in Canada—and particularly in Québec—as well as in the rail and road transportation sectors.

2023 return

Investment results: $5.1 B

Return: 9.6%

The infrastructure market faced certain challenges in 2023. Global fundraising and transaction volumes slowed due to a combination of factors such as high interest rates and persistent inflationary pressure.

Against this backdrop, the portfolio once again played its role well, offering effective protection against inflation and a good current return. This stimulated performance, driven by assets in key sectors such as transportation and renewable energy. The portfolio outperformed the index, which delivered a 0.3% return, resulting in strong value added.

During this quieter year in terms of transaction activity, the team remained disciplined in managing its portfolio, both in acquisition selections and in sales and syndication activities. In total, it completed $4.3 billion in acquisitions and $2.1 billion in sales.

FIGURE 10

GEOGRAPHIC EXPOSURE – INFRASTRUCTURE
(as a percentage)

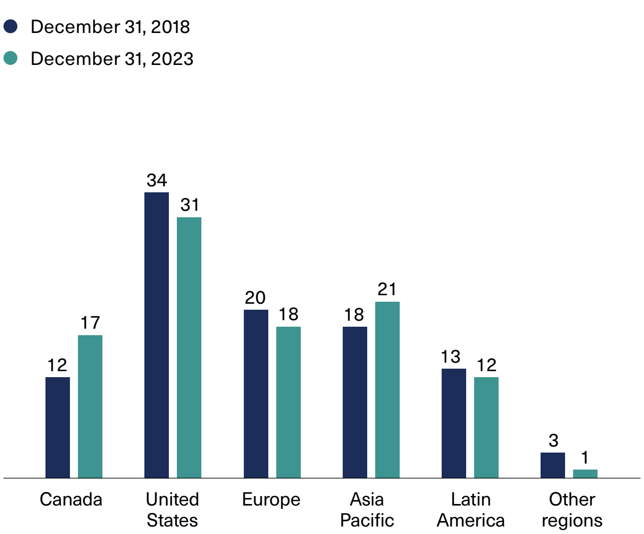
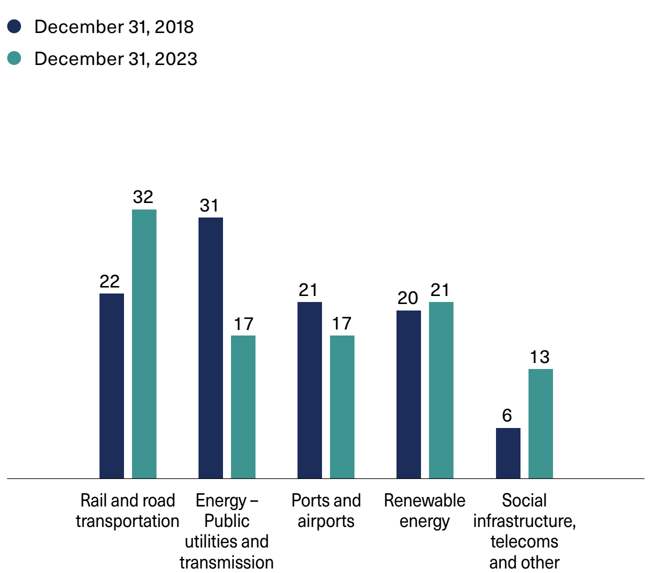


FIGURE 11

SECTORAL EXPOSURE – INFRASTRUCTURE
(as a percentage)



Key transactions

- **A25 Concession**
  Québec | Highways
  A $355-million investment to acquire 50% of this 7.2-km network, comprising a toll road and bridge on Highway A25 in Montréal, from Transurban, an Australian company.

- **Westervelt Ecological Services**
  United States | Sustainable lands
  Investment in this leader in habitat restoration and long-term land stewardship, which manages over 50 projects across nine U.S. states, to accelerate the implementation of ecological infrastructure.

- **Clean Energy Finance Corporation (CEFC)**
  Australia | Sustainable lands
  The strategic partnership with this company, which is focused on agricultural land, has led to the acquisition of a farm in New South Wales dedicated to row crops. The platform has AU$ 200 million in funds available over three years to acquire similar assets.

- **Intesa**
  Brazil | Power transmission
  Acquisition of this 695-km power transmission network located in the states of Tocantins and Goiás, which will be integrated into CDPQ's Verene Energia—a $110-million transaction.

- **Shizen Energy**
  Japan | Solar energy
  Acquisition of an 80% stake in the Inuyama solar power plant with total solar power generation capacity of 31 MW, CDPQ's first co-investment with this Japanese portfolio company, entered into in early 2024.

- **Fluxys**
  Europe | Natural gas
  Sale of CDPQ's stake in this European gas infrastructure operator.

REM: COMMISSIONING OF THE FIRST BRANCH

In 2023, a milestone was reached in delivering the REM with the commissioning of the South Shore Branch, consisting of five stations linking Gare Centrale and Brossard, on July 31. Work has also progressed well on the other branches, reaching 85% completion overall. The current state of progress on REM infrastructure will enable dynamic testing on the rest of the network to begin in spring 2024. Once completed, this 67-km project will represent the longest automated metro line in the world.

INFRASTRUCTURE PORTFOLIO

COMPOSITION

- Interests in companies that operate various types of infrastructure, including:
  - Ports, airports, rail and road transportation, wind and solar farms, energy transmission and distribution networks, passenger transportation systems, and social and telecommunications infrastructure

ADVANTAGES

- Stable and predictable revenues over the long term
- Partial long-term capital protection against inflation
- Steady cash flows and a better risk-return profile than other asset classes due to the regulatory frameworks governing many sectors
- Distinct risk profile that can be used to diversify risk in the total portfolio

Equities

In a demanding market environment, this asset class achieved good absolute returns over one and five years.

Net assets
$194.2 B
44.9% of the total portfolio

-$1.5 B
VALUE ADDED OVER 5 YEARS

10.9%
5-YEAR ANNUALIZED RETURN

10.7%
10-YEAR ANNUALIZED RETURN

2 portfolios: Equity Markets / Private Equity

All the figures in this section are detailed in Table 14 (page 38)

EQUITY MARKETS

Five-year return

Investment results: $46.9 B
Annualized return: 9.0%

The Equity Markets portfolio seeks to generate sustained results over the long term, with an optimal risk-return profile. It consists primarily of the following mandates:

- Quality
- Growth
- Value
- Canada
- Growth Markets

Its five-year performance reflects the strength of North American markets, to which it is heavily exposed. The portfolio has benefited from contributions by:

- The Quality mandate, its main driver, a large portion of which is U.S. company stocks
- The Canada mandate, with a preponderance of Québec and financial sector equities

The other mandates also contributed to results, but to a lesser extent, as their respective segments benefited less from bull markets over the period. The benchmark index produced an annualized return of 10.0%. This difference from the benchmark was due to less exposure to large U.S. growth and tech stocks at the start of the period. Note that the current exposure nevertheless enables leveraging the potential of these stocks while avoiding the over-concentration seen in the markets.

2023 return

Investment results: $17.0 B
Return: 17.7%

In 2023, the portfolio achieved its best performance in 10 years, driven by:

- Growth stocks, which rallied from a severe correction in 2022
- Large positions in Québec companies, which had a good year

MARKET CONDITIONS

The last five years have been characterized by considerable volatility in equity markets due to a succession of major events, such as the pandemic and monetary tightening by central banks. All the main indexes nevertheless posted positive results over the period (see Figure 12, page 34).

Markets were buoyed by the strength of U.S. tech stocks, particularly those of seven major companies. Since 2020, these companies have dominated the performance of certain indexes, due in particular to enthusiasm over artificial intelligence. The S&P 500, the U.S. flagship index, performed particularly well, followed by the global MSCI ACWI Index. Canada's S&P/TSX index ended the period not far behind on the strength of its financial industry, ahead of the MSCI EAFE Index (developed markets in Europe and Asia Pacific). The MSCI Emerging Markets (EM) Index posted the weakest performance due to a contraction in China's stock market since the pandemic.

In the wake of a difficult 2022, markets rallied sharply in 2023, propelled by these same tech giants. This created a phenomenon of historic concentration of gains, as this handful of stocks accounted for 63% of the S&P 500's performance and 44% of that of the MSCI ACWI. The S&P/TSX index proved resilient throughout the year, invigorated by the IT sector despite a sluggish Canadian economy.

EQUITY MARKETS PORTFOLIO

COMPOSITION

- Three style mandates consisting of the securities of listed companies traded on exchanges in developed markets—excluding Canada—included in the MSCI World Index:
  - Quality: securities of high-quality companies exposed to global growth
  - Growth: securities of companies with superior growth prospects
  - Value: securities that appear to be underpriced based on various measures of fundamental value
- Two geography-specific mandates:
  - Canada: securities of companies listed in Canada, a large majority of which are in Québec
  - Growth markets: securities of listed companies traded on the stock exchanges of countries in the MSCI Emerging Markets (EM) Index

ADVANTAGES

- Risk-adjusted return exceeding that of public equities over a long-term horizon
- Diversified portfolio, with a focus on the Quality style but with room for complementary opportunities under the Value and Growth styles
- Geographical diversification
- In Canada, proximity to the market enables us to establish structuring partnerships with Québec-based companies to support their growth
- Dynamic management of exposure and risk-taking to seize opportunities in the market cycle

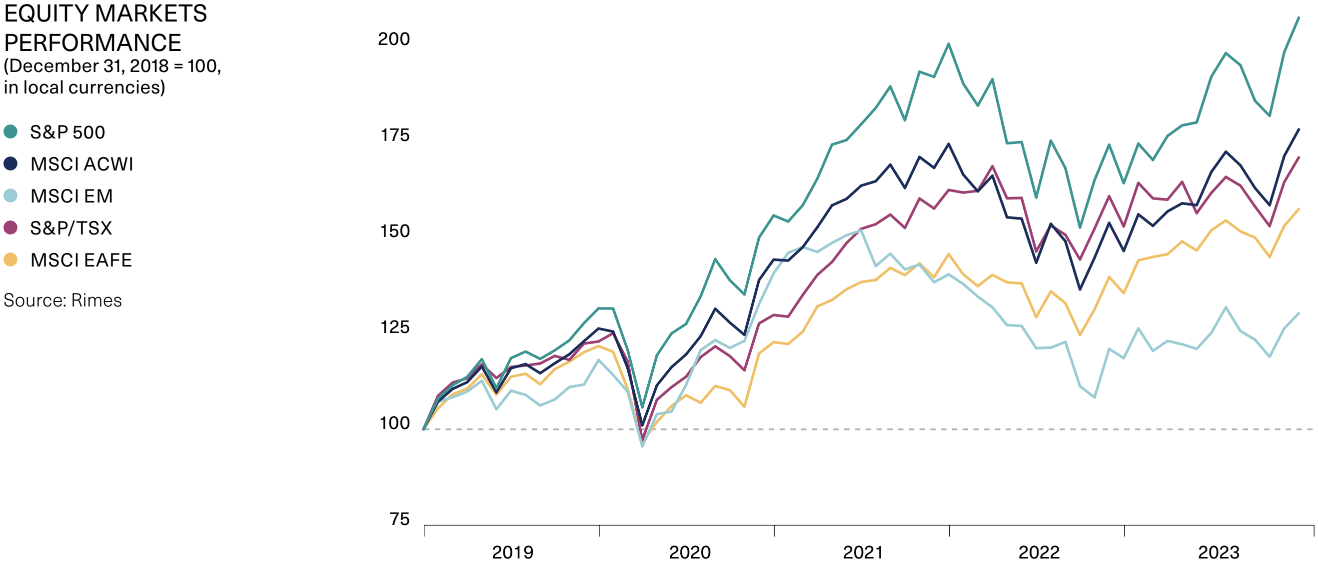
The Growth and Quality mandates were the biggest drivers of the results, with both contributing equally. The Quality mandate contributed through both its weight and the portion of its management activities that is focused on growth securities. The Canada mandate benefited from the strength of Québec company securities, notably Couche-Tard in consumer goods, Stella-Jones in materials and CGI in information technology.

Despite the hyper-concentrated environment of 2023, the portfolio, which is more diversified in its allocation across a variety of sectors, managed to outperform its index, which posted a return of 17.4%. This underscores the relevance of the strategic changes made since 2021, which have better equipped the portfolio to deal with changes in conditions from one year to the next.

Québec securities also made a significant contribution to the portfolio's value added, as did systematic management activities. It should also be mentioned that the strategic decision to exclude oil production and tobacco securities from the investment universe delivered good results. These industries underperformed the market over the year.

FIGURE 12

EQUITY MARKETS PERFORMANCE
(December 31, 2018 = 100, in local currencies)



Source: Rimes

PRIVATE EQUITY

Five-year return

Investment results: $41.3 B
Annualized return: 14.0%

Over five years, the portfolio outperformed the benchmark index, which posted a 12.4% annualized return. This generated $3.5 billion in value added, from both direct investments and investment funds, driven by:

- A judicious selection in the technology, insurance, health care and business services sectors
- High returns on positions in Québec, where CDPQ benefits from an advantage of proximity

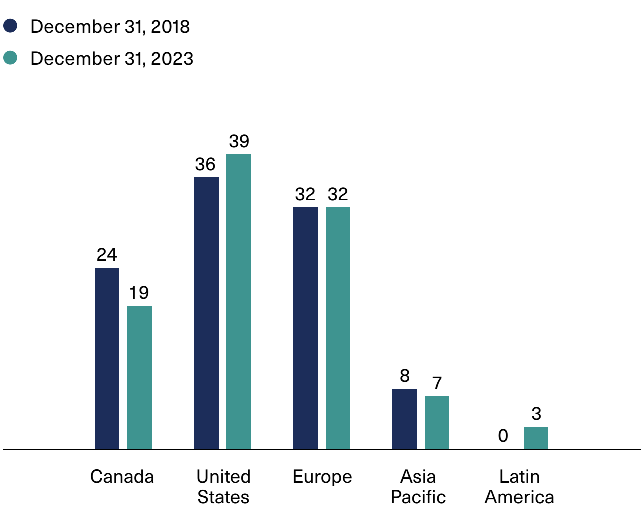
In direct investment, global leveraged buyout activities performed particularly well. The portfolio also benefited from diligent management of assets in post-investment, supported by a team of in-house operating partners that works with companies to implement value-creation plans.

Fund activities once again benefited from sound partner selection. It should be remembered that, as part of these activities, CDPQ partners with external managers in order to offer its depositors diversified exposure to the asset class. This enables leveraging the partners' cutting-edge expertise, sector complementarity and the flow of co-investments, all of which help maximize the portfolio's risk-return profile. Selected and executed by our teams, these activities enhance the funds' overall contribution to the integrated Private Equity strategy.

The portfolio also has sound geographical diversification, as shown in Figure 13.

FIGURE 13

GEOGRAPHIC EXPOSURE – PRIVATE EQUITY
(as a percentage)



PRIVATE EQUITY PORTFOLIO

COMPOSITION

- Direct interests, primarily in private companies, but also in high-performing investment funds
- Companies operating in all sectors of the economy, with a focus on promising and resilient areas, such as technology, financial services and business services
- Growth and quality companies with stable and predictable revenues

ADVANTAGES

- Expected long-term performance that exceeds that of the stock markets, but presenting greater risk
- Focus on quality partnerships and on long-term value creation, particularly through organic growth, acquisitions and operational efficiency

Equities (continued)

2023 return

Investment results: $556 M
Return: 1.0%

In 2023, the private equity industry was under pressure from rising interest rates and an economic slowdown. Globally, there was a marked decline in transaction volume, coupled with fundraising that was at the lowest level seen in five years.

In this environment, the portfolio underperformed its index, which delivered a 10.5% return, largely reflecting stock market indexes. The slowdown was expected, given the strong results produced in previous years. Performance was limited by:

- Higher financing costs, which affected some private companies
- Some sectors that were harder hit, including health care, as activities returned to normal after years of high volumes related to the pandemic

However, we note that among the portfolio's direct holdings, the vast majority of companies continue to grow fundamentally and are in good health—around 80% of the total value of these holdings—with average profit growth of nearly 15% for the year. Québec companies in particular performed well, making a significant contribution to returns due to robust economic fundamentals.

Among the year's other highlights, the teams rigorously implemented our plan to monetize certain assets, with strategic sales of approximately $9 billion. At the same time, they took part in transactions in support of portfolio companies, in addition to making several new quality investments in Québec. They also continued to focus on post-investment management to maximize value creation.

Key transactions

- **Vooban**
  Québec | Applied artificial intelligence
  Investment in the company to support its growth and expansion ambitions in North America, particularly in Ontario and the United States.
- **Previan**
  Québec | Diagnostic technologies
  Participation in the company's acquisition of Sensor Networks, a U.S. supplier of sensing tools and technologies.
- **Metro Supply Chain**
  Québec | Logistics
  Support for the company's acquisition of SCI Group, its tenth acquisition since it began working with CDPQ in 2018 and one that will enable it to strengthen its position as Canadian leader.
- **USI Insurance Services**
  United States | Insurance
  Sale of approximately two thirds of CDPQ's shares in the company to KKR, an existing shareholder, and to USI, for $1.5 billion.
- **Fund and co-investment portfolio**
  International | Multisector
  Partial sale of CDPQ positions in a diversified portfolio of over 60 private equity funds and co-investments in a series of transactions valued at $1.7 billion.

Other Investments

This asset class includes activities that are complementary to other investment activities in order to contribute to the value added of the total portfolio.

Net assets

$2.0 B

$2.2 B

CONTRIBUTION TO VALUE ADDED OVER 5 YEARS

1 portfolio: Asset Allocation

All the figures in this section are detailed in Table 14 (page 38)

CONSOLIDATED ASSET ALLOCATION ACTIVITIES

Consolidated Asset Allocation activities contribute to CDPQ's value added by implementing strategies that help diversify the total portfolio. These activities are carried out in two ways:

- Management of the Asset Allocation specialized portfolio
- An allocation of capital to the various specialized portfolios, within the upper and lower limits set by our depositors

Results over five years

Results of consolidated activities: $2.2 B

- **Asset Allocation portfolio: -$0.3 B**
- **Allocation to other specialized portfolios: $2.5 B**

Over five years, consolidated asset allocation activities delivered good results, largely due to the allocation of capital to less liquid specialized portfolios.

The active strategies of the Asset Allocation portfolio reduced value, albeit slightly. Although these strategies—particularly the dynamic ones—were able to take advantage of market fluctuations over the period, their contribution was offset by the negative return of portfolio construction strategies, due to unfavourable positioning on rates. We should nevertheless note the good performance by external managers.

CONSOLIDATED ASSET ALLOCATION ACTIVITIES

COMPOSITION

- Asset Allocation specialized portfolio: non-capitalized investments that take positions in key financial market factors (equity markets, credit, rates and currencies)
- Capital allocation through CDPQ's specialized portfolios

ADVANTAGES

- Enhancement of the total portfolio's value added
- Exposure to asset classes that diversify the total portfolio
- Contribution to management of the total portfolio

Results in 2023

Results of consolidated activities: -$0.8 B

– **Asset Allocation portfolio: -$0.7 B**

– **Allocation to other specialized portfolios: -$0.1 B**

Over one year, the results of consolidated activities were mainly attributable to the Asset Allocation portfolio. Active strategies in this portfolio posted a negative result due to:

- Dynamic management in various market segments and a more defensive directional positioning over the year
- The performance of external managers at global macro funds whose allocation is based on macroeconomic expectations in various countries

Allocation activities to other specialized portfolios also made a negative contribution to results, but to a lesser extent.

TABLE 14

SPECIALIZED PORTFOLIO RETURNS IN RELATION TO BENCHMARK INDEXES
(for periods ended December 31, 2023)

		5 years			1 year		
Specialized portfolios	Net assets $B	Investment results $M	Return %	Index %	Investment results $M	Return %	Index %
Fixed Income							
Rates	**35.1**	**(1,264)**	**0.5**	**0.4**	1,947	6.8	6.6
Credit	**96.5**	**6,424**	**2.2**	**0.8**	7,640	8.7	8.2
Short Term Investments	**3.4**	**163**	**1.9**	**1.8**	98	4.8	4.7
Subtotal[1]	**135.0**	**5,941**	**1.7**	**0.8**	9,685	8.1	7.7
Real Assets							
Real Estate	**45.6**	**(715)**	**(0.5)**	**0.8**	(3,037)	(6.2)	(10.0)
Infrastructure	**59.8**	**18,862**	**9.5**	**5.9**	5,066	9.6	0.3
Subtotal	**105.4**	**18,147**	**4.1**	**3.3**	2,029	2.2	(4.3)
Equities							
Quality mandate	**38.1**	**18,049**	**9.9**	**10.1**	4,663	14.5	13.7
Growth mandate[2]	**19.3**	**1,107**	**N/A**	**N/A**	4,834	32.9	34.1
Value mandate	**19.0**	**4,484**	**7.4**	**11.8**	2,397	14.8	14.1
Canada mandate	**20.8**	**10,179**	**10.4**	**11.7**	3,416	19.7	13.4
Growth Markets mandate	**16.9**	**4,324**	**4.6**	**4.1**	815	5.4	6.8
Equity Markets[3]	**114.3**	**46,872**	**9.0**	**10.0**	16,957	17.7	17.4
Private Equity	**79.9**	**41,267**	**14.0**	**12.4**	556	1.0	10.5
Subtotal	**194.2**	**88,139**	**10.9**	**11.2**	17,513	10.1	14.3
Other Investments							
Consolidated Asset Allocation activities[4]	**2.0**	**2,201**	**N/A**	**N/A**	(784)	N/A	N/A
Total[5]	**434.2**	**107,999**	**6.4**	**5.9**	27,985	7.2	7.3

1. The five-year total includes closed specialized portfolios.
2. The Growth mandate presents the results since beginning its activities on July 1, 2021.
3. The portfolio includes the activities of the Strategic mandate.
4. The consolidated Asset Allocation activities include the results of the Asset Allocation specialized portfolio of -$280 million over five years and of -$716 million for one year, as well as allocations to other specialized portfolios representing $2.481 billion over five years and -$68 million for one year.
5. The total includes customized overlay operations, cash activities and terminated activities.

Risk Management

In 2023, in a complex and volatile market environment, CDPQ diligently managed its risks while continuing to develop tools to better assess them.

Highlights

1
The total portfolio's market risk rose slightly, to above that of the benchmark portfolio, while staying within set limits.

2
CDPQ carefully managed liquidity and raised its minimum primary liquidity level, staying above this threshold throughout the year.

3
With its portfolio reaching maturity, CDPQ placed particular emphasis on optimizing performance by managing the associated risks, especially at the operational level.

CHANGES IN RISK MEASUREMENT

As a world-class risk manager, CDPQ applies the highest standards of governance, oversight and monitoring. We seek to promote a risk culture in the organization in many ways, including by encouraging discussion and debate. Numerous initiatives are implemented each year to enhance and strengthen our risk management practices.

Risk management is taken into account in all our activities, processes and investments in order to deliver optimal performance to our depositors. It is based on assessments of many indicators, as well as on collaboration with the Risk Management team and other teams with expertise in this area. Such complementary expertise allows us to draw on cross-functional perspectives to better target risks and manage them proactively.

Whether in the context of transactions, the development of investment strategies or long-term portfolio construction activities, risks are analyzed in depth, from the perspective of variables such as:

- The global economic context
- Financial market changes
- The concentrations, including geographic and sectoral, in the total portfolio

In 2023, CDPQ monitored the risks on its radar at the start of the year, many of which will continue to be watched in 2024. The main ones include:

Economic risks

- A recession caused by high interest rates
- Persistent inflation, accompanied by a lingering restrictive monetary policy
- The impact that a structural slowdown in China's growth has on the global economy
- High levels of government and corporate debt worldwide
- Structural changes in lifestyles, including the rise of telecommuting and its impact on the office sector
- The multiplication of extreme climate events, as well as risks related to the transition to a lower-carbon economy

Geopolitical risks

- The presence of geopolitical tensions around the world (Ukraine, Taiwan and the Middle East)
- Worsening relations between the West and China
- Government intervention in the business environment and the tightening of foreign direct investment standards
- The growing political polarization in the U.S., leading to the risk of paralysis (e.g. on the debt ceiling issue or government funding)

Financial and operational risks

- A possible correction in valuations should markets turn risk-averse in a high-rate context
- The impact of disruptive technologies, including artificial intelligence, on the business environment and business practices
- Growing threats to information security, particularly in a context of high geopolitical tensions

Market risk

CDPQ seeks to build a high-performance and well-diversified portfolio while targeting an optimal risk-return profile, consistent with our risk assessment and market valuations, that meets the needs of our clients.

In 2023, the market environment was characterized by high volatility, against a backdrop of persistent inflation and higher interest rates. This placed pressure on certain asset classes and portfolio companies. Against this context, absolute risk—estimated from historical data since 2006—rose slightly in one year. While our incorporation of new economic scenarios had some impact on the increase, investment decisions made by CDPQ during the year also played a role.

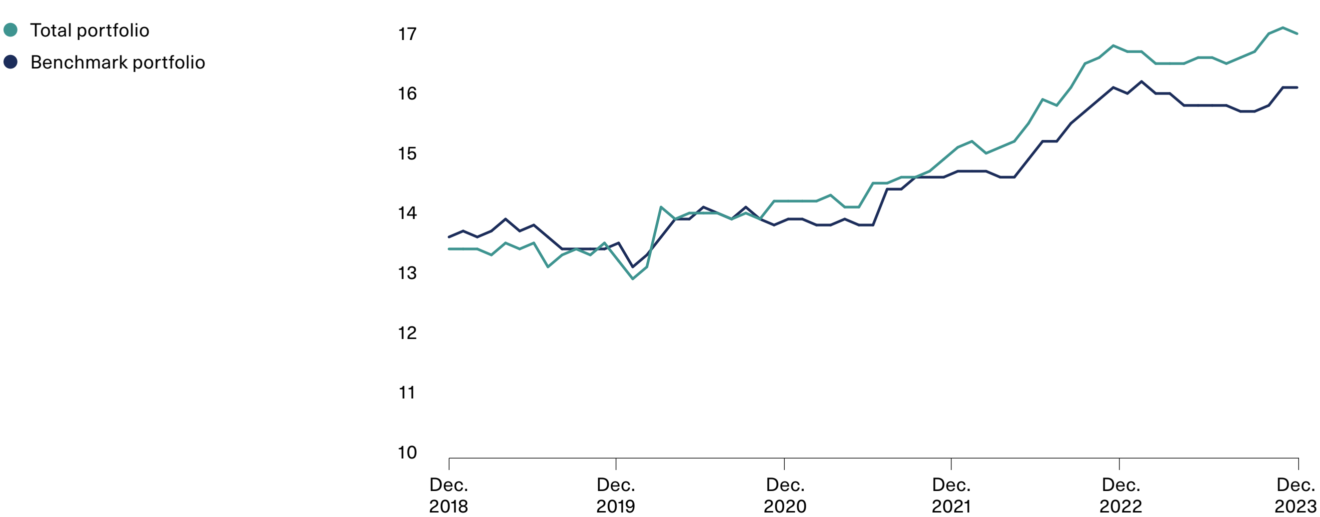
As a result, the absolute risk of the total portfolio grew from 16.8% to 17.1%. Adverse market events fuelled the risk measure, albeit to a lesser extent than in 2022. Despite a complex global economic and geopolitical environment, concerns over a possible recession and risk aversion, equity markets enjoyed a remarkable rise in 2023. At the same time, fixed income securities benefited from high rates, helping to erase part of the decline in value we recorded in this asset class in 2022. However, the year was difficult for the real estate industry, which is in the midst of a major transformation, with the real estate portfolio recording a negative return that was due, in part, to rising interest rates.

Over five years, market risk increased, partly as a result of our evolving investment strategy and adjustments made to our depositors' investment policies. As shown in Figure 15, during this period:

- The absolute risk of the total portfolio rose from 13.5% to 17.1%
- The absolute risk of the benchmark portfolio rose from 13.7% to 16.2%

FIGURE 15

CHANGE IN ABSOLUTE RISK[1]
(as a percentage)



1. The risk figures preceding January 2020 were adjusted to reflect the changes in the risk calculation methodology that occurred in 2020.

ABSOLUTE RISK RATIO MEASUREMENT

Among the items monitored to measure market risk, CDPQ calculates the absolute risk ratio for the total portfolio compared with the absolute risk for the benchmark portfolio. A ratio of 1 indicates that risk-taking is identical, while a ratio greater than 1 signals greater risk-taking to generate value added. An absolute risk limit, using this ratio, governs market risk for the total portfolio.

TABLE 17

MARKET RISK – ABSOLUTE

(as at December 31 – as a percentage)

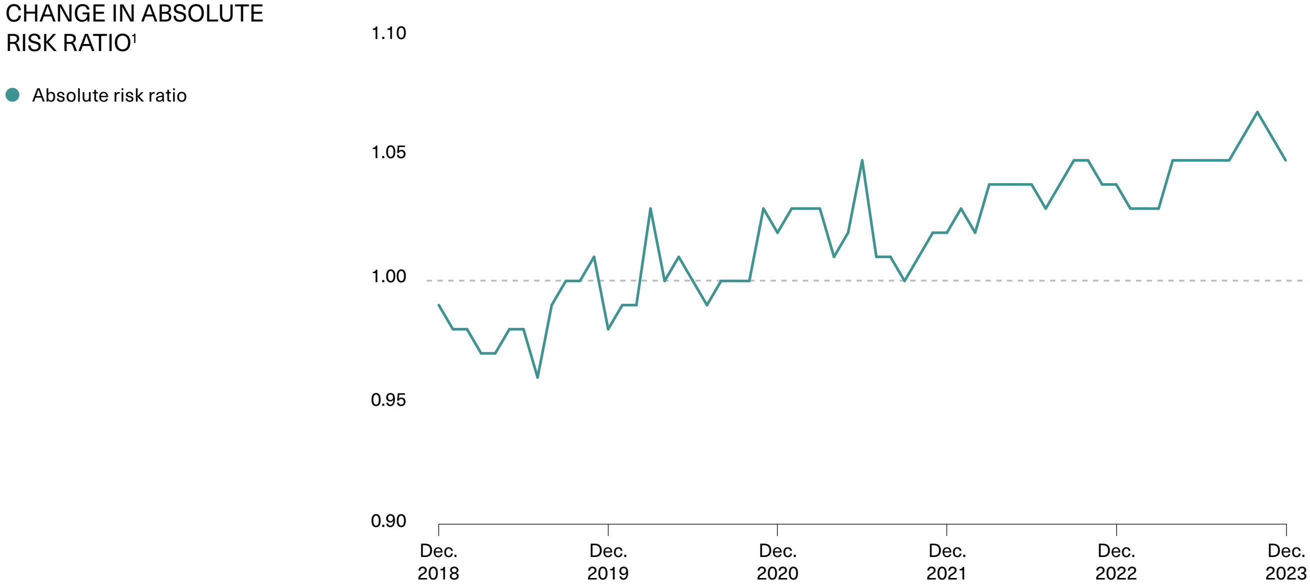
Asset class	**2023**	2022
Fixed Income	**13.5**	14.1
Real Assets	**16.9**	16.3
Equities	**25.6**	25.7
Other Investments	**1.3**	0.7

Figure 16 presents the ratio of the total portfolio's absolute risk compared to that of the benchmark portfolio during the period. From 0.99 at the end of 2018, the ratio rose to 1.05 at the end of 2023. It is important to note that absolute risk remained well within set limits.

Table 17 shows the changes in market risk over the past year in our major asset classes. We note that risk has not changed much in these asset classes. The increase in risk in the Other Investments asset class stems mainly from greater exposure to interest rates.

FIGURE 16

CHANGE IN ABSOLUTE RISK RATIO[1]



1. The risk figures preceding January 2020 were adjusted to reflect the changes in the risk calculation methodology that occurred in 2020.

Credit risk

Credit risk was down slightly in 2023 following profit-taking on tactical positions in the Credit portfolio. To assess this risk, the teams take into account:

- Potential capital loss risk: a quantitative measurement including the probability of default by an issuer, correlations and recovery assumptions
- Internal ratings given to each investment file: the ratings are assigned by a committee—chaired by the Risk Management team with investment team members taking part—based on fundamental analyses

It should be noted that the committee monitors the ratings closely, including any differences with credit agency ratings, and may review them when necessary.

Concentration risk

Overall, concentration risk rose slightly year-over-year. The contribution to market risk for CDPQ's 30 largest issuers stood at 22.9% in 2023, compared with 22.5% in 2022. It should be noted that high valuations resulting from the considerable returns generated by Infrastructure and Private Equity in recent years have increased the concentration of certain investments.

To manage concentration risk, CDPQ emphasizes geographic and sectoral diversification, which is a central aspect of our strategy. Although there are concentration limits per issuer, larger positions can sometimes be taken in certain investments with attractive return prospects.

Counterparty risk

In 2023, the counterparty risk posed by the use of derivative financial instruments, as well as by repurchase and securities lending activities, was stable compared with the previous year. CDPQ uses various means to mitigate this risk, including:

- Negotiation of legal agreements
- Daily exchange of collateral securities
- Establishment of exposure limits for each counterparty

Liquidity risk

In 2023, CDPQ carefully managed liquid assets according to our strategic orientations and in response to changes in the market environment. The minimum primary liquidity level was raised, and liquidity was maintained above this threshold throughout the year. We also kept additional flexibility in order to stay well positioned to seize opportunities should market conditions deteriorate.

MINIMUM AMOUNT OF LIQUID ASSETS

CDPQ has various sources of liquid assets, which are:

- Primary liquidity: highly liquid assets that can be used immediately without loss of value
- Secondary liquidity: assets that are somewhat less liquid, but can be converted quickly if needed, in addition to being resilient

Each year, CDPQ establishes a minimum amount of liquid assets to:

- Meet our potential commitments
- Rebalance the total portfolio
- Maintain the desired flexibility in varying market conditions, including to seize investment opportunities

For more information, see Note 11 to the Consolidated Financial Statements on page 149.

REVIEW OF OVERSIGHT AND PROCESSES

Governance and risk management are based on the 12 guidelines listed in Note 11 to the Consolidated Financial Statements on page 149. CDPQ has adopted a number of initiatives to continuously strengthen them, with the firm belief that risk management must be based on rigorous oversight and processes.

Influence of the Risk Management function on investment

The Risk Management team seeks to contribute to strategic decisions throughout the investment cycle and in day-to-day activities, while providing governance of risk processes. It exercises influence through:

- An active presence and value-added involvement on various committees, including:
  - Investment-Risk (Co-chair)
  - Strategy and Execution
  - Operational Risk (Chair)
  - Committees related to investment, research and currencies
- A key role in analyzing and preparing the annual global strategy to fully identify the risks stemming from execution priorities and determine the potential impacts of new initiatives on portfolio risk
- Oversight ensuring sound diversification and compliance with the strategic plan for each portfolio
- The integration of business unit risk managers on each investment team
- An independent assessment of portfolio risk for reporting purposes

Review of investment policies

In 2023, CDPQ continued to develop its strategy to be in a strong position in an investment environment that still presents many challenges. This led to a revision of the Equity Markets portfolio policy, including to reflect the reduced target allocation for growth markets. To achieve this, upstream risk analyses were carried out, and oversight was developed that was tailored to the changes in orientation.

Reputation risk assessment process

As a global investment group, CDPQ is exposed to reputation risk stemming from our investments, independent of their size. This is why we continually strengthen our reputational risk management process to incorporate the views of specialists from the teams involved in investment decision-making.

Strategic risk monitoring

Concerns about the market environment and the upsurge in geopolitical tensions during the year gave rise to strategic risk monitoring projects, including:

- An update to the analysis of the risk of accelerated decoupling between the West and China, including in connection with rising tensions over Taiwan
- Integrated monitoring of the real estate sector
- Close monitoring of the U.S. banking industry, which is threatened with instability

Operational risk mitigation

CDPQ faces operational risks related to both its current activities and the transformations that are carried out to adapt to our business environment. The organization has evolved considerably over the past few years, as evidenced by the maturity of our portfolio, our expanded global presence, the larger stakes taken and the increasingly complex range of professions required to carry out our actions.

The Operational Risk Committee identifies the risks to be monitored, prioritizes them and determines the means to mitigate them. It relies on an evolving map of operational risks, which is used to measure their impacts and probabilities.

In 2023, CDPQ took several measures to mitigate this type of risk, including:

- Strengthening the risk management practices and tools associated with controlling positions and majority investment structures
- The implementation of a governance framework to ensure the ethical and responsible use of artificial intelligence in all our activities, whether investment-related or not
- An overhaul of our Code of Ethics, as well as training and awareness-raising for our personnel on issues such as conflicts of interest, the gift policy and the fight against corruption
- Initiatives to attract and retain talent, including developing the pillars of our organizational culture, launching our employer brand, and implementing programs focused on internal mobility and career development
- Sustained efforts to limit technological risks and continue strengthening incident detection and management capabilities, particularly in the area of cybersecurity

Lastly, in January 2024, CDPQ announced that it would be integrating its real estate subsidiaries Ivanhoé Cambridge and Otéra Capital. As such, governance initiatives have been implemented and specific measures taken to mitigate any potential short- and medium-term execution risks associated with this project.

Technology risks

With the growing number of cyberattacks in the world and the emergence of disruptive technologies, technological risks are on the rise. These risks can affect both the operations of CDPQ and those of its portfolio companies. A number of processes have been put in place to prevent these risks:

- Technological risk analysis for both the organization and its portfolio companies, including cybersecurity and disruptive technology risks
- Development of risk reduction plans, sometimes alongside our risk analyses
- Performance of sectoral analyses, and periodic reviews of the risks in the total portfolio

Developments in technology risk are closely monitored in order to support the investment teams and play an advisory role for companies, both for prevention and in response to incidents.

For further information, see the Governance section of our Sustainable Investment Report at www.cdpq.com.

CYBERSECURITY

Cybersecurity is a priority for CDPQ. In this area, we rely on recognized frameworks and rigorous security measures. These are continuously controlled and tested by our teams and independent third parties. Several lines of defence, both internal and external, are in place to ensure their effectiveness.

In 2023, the cybersecurity improvement program was conducted throughout the year, resulting in:

- A review of security standards and conditions relating to personal data, to protect it and to meet the requirements of the Act to modernize legislative provisions as regards the protection of personal information (Law 25)
- Ongoing modernization of technologies to protect our technology environment and better counter cyberattacks
- Enhanced surveillance technologies to more effectively detect threats and further reduce response times
- Implementation of a cross-functional program to prevent incidents caused by risky behaviour on the part of personnel, particularly in connection with phishing and sensitive data exfiltration

It should be noted that the management of cybersecurity-related risks also applies to the service providers that host CDPQ data. To become authorized providers, they must have implemented several strict requirements that meet CDPQ's security standards and shown that they are effective.

IMPROVED RISK MANAGEMENT METHODOLOGIES AND TOOLS

In 2023, CDPQ continued to refine our methodologies and quantitative analysis tools, to:

- Develop risk assessment methodologies adapted to portfolio assets and to the market environment
- Better support the investment teams with effective risk management tools

Risk measurement and stress testing

In addition to value at risk (VaR), CDPQ measures market risk using stress tests, several of which were carried out in 2023. Methodological improvements were made to the scope of our investments in equity markets, to take better account of market conditions.

For VaR calculations, new adjustments were made to the rates adaptation methodology to make the model more robust and better suited to the higher rate environment.

Overall risk profile

During the year, the teams frequently updated this monitoring document, which provides a comprehensive view of the degree and trend of different types of risk, including strategic, reputational, financial and operational. This overall risk profile enables them to:

- Identify the main current and potential risk issues and communicate them to the Investment and Risk Management Committee
- Determine the main actions taken, or to be taken, to manage them appropriately

ESG risk assessment

CDPQ produces analyses to prevent the risks associated with ESG factors, whether in new transactions or for assets already in the portfolio. These analyses are focused on the more material aspects, giving due consideration to the sectors in which portfolio companies operate and the organization's sustainable investing priorities.

CDPQ's ESG rating methodology was updated in 2023. Developed in-house, it is based on a grid by the Sustainability Accounting Standards Board and is aligned with the new standards of the International Sustainability Standards Board. Among other things, this methodology makes it possible to improve accounting for material ESG issues by establishing sectoral risk levels, and to rate all issuers in a harmonized way across various asset classes.

As part of its operational due diligence process, CDPQ also examines our external managers' practices for integrating ESG factors, as well as monitoring how they change over time. During the year, the teams worked on improving the existing rating methodology for external managers. This takes the form of a grid that assesses their maturity according to various ESG factors, including climate as well as diversity, equity and inclusion. Tools have also been created to optimize knowledge transfer to investment teams.

Environment

To measure the climate risk, CDPQ calculates the carbon intensity of assets, in addition to assessing various types of physical climate risk over different time horizons. Such risks are considered for each new investment in real assets. The teams also look at climate change transition risks, and assess them using qualitative and quantitative analyses. In addition, CDPQ takes biodiversity into account in its ESG analyses when it is material, and depending on the nature of the project.

Social

In terms of social factors, particular attention is paid to portfolio companies' diversity, equity and inclusion practices, as well as to their tax planning strategies. Social issues such as human rights, working conditions, supply chain management and community relations are also taken into account, according to their materiality in the ESG analyses.

Governance

CDPQ analyzes the governance of our portfolio companies, including Board composition, the compensation of senior management, ethics and business conduct, disclosure, as well as technology risk management and cybersecurity.

The progress made by CDPQ on sustainable investing priorities and climate targets is presented in our Sustainable Investing Report at www.cdpq.com.

Compliance

CDPQ's compliance activities include a component on monitoring the portfolios' investment policies, as well as those of depositors, and another on the application of the Code of Ethics.

Highlights

1
Programs were applied to ensure oversight of depositors' investment policies and CDPQ's specialized portfolio investment policies, and to optimize the procedures for complying with the Act respecting CDPQ.

2
CDPQ and its subsidiaries, Ivanhoé Cambridge, Otéra Capital and CDPQ Infra, have developed new, harmonized Codes of Ethics to reflect best practices and make it easier for those subject to them to understand their obligations.

3
CDPQ has ensured that its personal information protection program complies with Law 25, in particular by implementing new guidance and providing training to all staff members.

ACT RESPECTING CDPQ AND INVESTMENT POLICIES

CDPQ implements compliance programs to ensure:

- Compliance with our incorporating act
- Adherence to the limits and restrictions set out in the depositors' investment policies and the investment policies of its specialized portfolios
- Implementation of appropriate action plans

Twice a year, certificates of compliance attest to adherence to the policies.

CODES OF ETHICS

In 2023, CDPQ and its subsidiaries, Ivanhoé Cambridge, Otéra Capital and CDPQ Infra, finalized the overhaul of their Codes of Ethics for personnel, as well as the Codes for their Board of Directors members. The exercise harmonized the ethics and compliance practices of CDPQ and its subsidiaries, making them easier to understand. The new Codes entrench CDPQ's values as well as its disciplined ethics and compliance culture. They constitute the cornerstone of the organization's ethics and compliance program, which aims for the highest standards in this area.

The Codes set out clear expectations for the individuals covered by them. At the beginning of each year, these individuals must complete a declaration to renew their commitment to complying with the Code and provide the documents required to analyze their external interests and personal investment portfolios. Any real, potential or apparent conflict of interest must be disclosed, as well as any situation where there is a reasonable likelihood of a breach of CDPQ's Code or policies.

To carry out personal transactions involving covered securities, personnel must use the pre-authorization system provided for this purpose, which is accessible at all times. However, members of CDPQ's Executive Committee and Investment-Risk Committee are not authorized to conduct transactions involving covered securities and must provide for discretionary management of their personal portfolios or undertake not to conduct such transactions. In addition to personal transactions, the Codes set out rules governing invitations and gifts, activities external to duties, the confidentiality of information and managing conflicts of interest.

In 2023, CDPQ carried out several activities to heighten the awareness of personnel on various aspects of the Codes of Ethics, including:

- An ethics week, featuring a talk by an organizational ethics expert, a meeting with the CDPQ, Ivanhoé Cambridge, Otéra Capital and CDPQ Infra ethics and compliance officers, and an information booth staffed by members of the Ethics and Compliance team
- A tour of all CDPQ sectors to teach personnel about the new Code, rules on personal transactions and sound management of privileged information
- Three mandatory training sessions for new recruits on the Code of Ethics, respect in the workplace and preventing corruption
- One training session offered to all CDPQ and subsidiary personnel on the main rules in the Codes of Ethics (personal transactions, gifts, confidentiality of information and conflicts of interest)

- A one-to-one meeting with every incoming manager to discuss various aspects of the Code
- Creation of intranet pages with more information on the topic, and publication of video clips throughout the year to address specific ethics topics and questions to reinforce how to handle situations involving ethics
- Training for CDPQ's nominee directors on fraud and corruption prevention and detection best practices

In 2024, in the context of integrating the Ivanhoé Cambridge and Otéra Capital subsidiaries within CDPQ, the three entities' Codes of Ethics will be consolidated.

CDPQ's Code of Ethics for personnel and the Code of Ethics for Board Directors are posted in the Governance section of CDPQ's website at www.cdpq.com.

AUDIT OF COMPLIANCE

The Auditor General of Québec conducted an audit of compliance with the policies and directives of CDPQ and its subsidiaries Ivanhoé Cambridge and Otéra Capital in the context of investment activities, and filed a report in March 2022. Nearly all of the measures set out in the action plan to respond to the Auditor General of Québec's recommendations have been completed.

ACCESS TO INFORMATION

CDPQ processes requests for access to information in accordance with the Act respecting access to documents held by public bodies and the protection of personal information (the Access Act). In 2023, CDPQ processed 79 requests for access to documents, including:

- 57 for CDPQ
- 3 for CDPQ and CDPQ Infra
- 19 for CDPQ Infra

All of the requests were handled within the legally prescribed time limit. Of these:

- 20 were accepted
- 21 were accepted in part
- 9 were referred to another entity
- 26 were refused
- 3 were withdrawn

The requests received concerned the personnel and payroll in the organization's international offices, representation expenses, activities associated with the Réseau express métropolitain (REM), and several other subjects of an administrative or budgetary nature. Five requests were subject to an application for review by the Commission d'accès à l'information. Responses to requests for access are available on CDPQ's website.

Lastly, in accordance with the Regulation respecting the distribution of information and the protection of personal information, CDPQ posts on its website the specific information covered by this regulation: leases, training contracts, advertising and promotion contracts, mobile telecommunications contracts, training expenses, total travel expenses, and the CEO's travel expenses, official expenses and executive vehicle expenses.

LANGUAGE POLICY

CDPQ must be exemplary in its use of the French language. In all its activities, CDPQ complies with the requirements of the Charter of the French Language, the government's language policy and its internal language policy, which stipulate French as the everyday language of work for all covered individuals in its offices in Québec. CDPQ considers the quality and use of French in its spoken and written communications to be of paramount importance. To that end, CDPQ provides its personnel with various tools that foster correct French usage, as well as a number of reference works, including a style guide and lexicon that it compiled to define terms specific to its investing activities.

During 2023, information promoting the French language, including linguistic capsules, was published on the intranet, and several related activities were conducted. Covered individuals were made aware of the changes introduced by the reform of the Charter of the French Language, and several initiatives were implemented to meet the law's requirements. Teams are also encouraged to use the tools and references provided on the website of the Office québécois de la langue française as well as other language tools available to them.

In addition, the language committee, which is tasked with reviewing all issues pertaining to implementation of the language policy and steering all measures to promote exemplary French usage, met five times during the year.

PERSONAL INFORMATION PROTECTION PROGRAM

CDPQ has deployed several initiatives to ensure that its personal information protection program complies with the Act to modernize legislative provisions as regards the protection of personal information (Law 25). These include the mapping of the personal information processed, which includes a registry of processing activities and a classification by sensitivity level. CDPQ subsequently adopted and deployed new guidelines and a number of specific and general training sessions for personnel on the new rules and procedures to follow in this area.

Note that the Personal Information Management and Access Committee meets each month, and extraordinarily when necessary, to rule on the assessment of privacy risk factors in collecting personal information.

VIOLATIONS REPORTING MANAGEMENT

Me Bruno Duguay, Vice-President and Chief Ethics and Compliance Officer, is charged with receiving and analyzing reports of inappropriate situations related to the Code of Ethics. Reports can be made through the Ethics Line or by telephone (www.ethique.cdpq.com or 1 866 723-2377).

DISCLOSURE OF WRONGDOINGS

In addition to the mechanisms for reporting breaches of the Code of Ethics, CDPQ has a procedure for disclosing wrongdoings to communicate situations of public interest, in accordance with the Act to facilitate the disclosure of wrongdoings relating to public bodies. No such disclosures were received in 2023.

The following table lists disclosures of wrongdoings sent to CDPQ in 2023 under this law.

COMPONENTS OF SECTION 25 OF THE ACT TO FACILITATE THE DISCLOSURE OF WRONGDOINGS RELATING TO PUBLIC BODIES

	Number
Disclosures received by the designated officer	0
Disclosures the processing or examination of which was ended under paragraph 3 of section 22	0
Well-founded disclosures	0
Disclosures broken down according to the categories of wrongdoings set out in section 4:	
1. A contravention of a Québec law, of a federal law applicable in Québec or of a regulation made under such a law	0
2. A serious breach of the standards of ethics	0
3. A misuse of funds or property belonging to a public body, including the funds or property it manages or holds for others	0
4. Gross mismanagement within a public body, including an abuse of authority	0
5. Any act or omission that seriously compromises or may seriously compromise a person's health or safety or the environment	0
6. Directing or counselling a person to commit a wrongdoing described in any of paragraphs 1 to 5	0
Times that information was forwarded under the first paragraph of section 23	0

CDPQ in Québec

Our constructive capital at work for the local economy

More than anything else, ensuring the financial future of millions of people and the dynamism of our companies and communities is what drives us. That's why we draw on all of our teams to generate optimal returns for our depositors and to contribute to Québec's economic development.

Total assets in Québec

$88 B

IN 2023, A $10-BILLION INCREASE IN 1 YEAR

$100 B

OUR AMBITION FOR 2026

$8 B

OUR AMBITION FOR 2028 FOR FUNDS ENTRUSTED TO EXTERNAL QUÉBEC MANAGERS, WHICH MORE THAN DOUBLES THE CURRENT LEVEL

Key transactions in each of our priority areas

Sustainable growth

We propel companies' growth ambitions and support the next generation while promoting a greener economy, the consideration of ESG factors and the development of sustainable buildings and infrastructure.

$15 B

TOTAL INVESTMENTS IN LOW-CARBON ASSETS IN QUÉBEC

10

NUMBER OF QUÉBEC PORTFOLIO COMPANIES WE SUPPORTED WITH INCORPORATING ESG FACTORS IN 2023

Boralex

An additional investment was made in this renewable energy leader specializing in wind, solar, hydroelectricity and storage, bringing our stake to 15%.

Northvolt

Nearly $200 million in convertible debt financing for this company operating in the sustainable battery sector, to contribute to completing the Québec-based Northvolt Six project, a fully integrated battery factory in Saint-Basile-le-Grand and McMasterville.

Global reach

We help create homegrown champions operating in North America and around the world to generate economic benefits for Québec.

48

NUMBER OF ACQUISITIONS OUTSIDE QUÉBEC BY OUR PORTFOLIO COMPANIES IN 2023

17

NUMBER OF QUÉBEC PORTFOLIO COMPANIES RANKED IN THE TOP 3 IN THEIR INDUSTRY, 8 OF WHICH ARE NEW IN THE LAST 5 YEARS

Solotech

Return as a shareholder of this global leader in audiovisual and entertainment technologies with a major investment—the largest in the company in the past 10 years—aimed at expanding its international presence.

Previan

Additional investment in the company in connection with its acquisition of Sensor Networks—a U.S. supplier of tools and technologies—which was designed to strengthen its position in North America and fast-track its growth in international markets.

Technological change

We back the growth of innovative businesses and accelerate the digital transformation of companies in more traditional industries.

$12 B

ASSETS IN QUÉBEC RELATED TO PROMISING TECHNOLOGY SECTORS AND THE NEW ECONOMY

$2 B

VENTURE CAPITAL ASSETS IN QUÉBEC

Workleap

A $125-million investment was made to accelerate the acquisition-based growth strategy of this leading company, which offers software designed to improve the employee experience at 16,000 companies in over 100 countries.

Cogeco Communications

An additional investment was made in this Québec-based leader, which is ranked among the 10 largest cable distributors in North America, following the purchase of a block of shares held by Rogers Communications, bringing our ownership stake to $350 million.

For a complete picture of the transactions carried out by CDPQ in 2023, visit www.cdpq.com.

Capital, expertise and networks

We create value by offering flexible financing solutions, as well as by leveraging our teams' diversified expertise and our ability to create connections through our vast network. We provide our companies and partners with personalized support, along with initiatives and programs tailored to their realities.

A tailored offer for high-performance mid-market companies in Québec

Ambition ME

This financing and support initiative aims to propel mid-market companies with strong potential into the next stage of their growth. Visit the Ambition ME page on www.cdpq.com to obtain more information on our offering and to discover our success stories.

Vooban

Investment in this Québec City-based applied artificial intelligence company to support its growth and expansion ambitions in North America, particularly in Ontario and the U.S.

St-Méthode Bakery

Acquisition of a majority stake, alongside various partners, in this food company based in the Chaudière-Appalaches region, aimed at supporting its growth projects in the Canadian and U.S. markets.

14

NUMBER OF MID-MARKET QUÉBEC PORTFOLIO COMPANIES THAT HAVE BECOME LARGE COMPANIES OVER THE PAST 5 YEARS

Targeted support to help local SMEs thrive

Les Cheffes de file

This community of practice celebrated its fifth anniversary in 2023. It aims to accelerate the growth of women-owned companies with annual revenues ranging from $5 million to $50 million. Visit Les Cheffes de file web page at www.cdpq.com to find out more about these ambitious entrepreneurs.

"The people at CDPQ clearly want to see Québec companies grow. Les Cheffes de file allows me to forge relationships not only with other women entrepreneurs, but also with experts from CDPQ and its network, which I particularly like."

Catryn Pinard, President and CEO, Nationex

"We generate ideas. I can pick up the phone and talk to another member of Les Cheffes de file. I know we all face the same challenges and I appreciate having someone else's perspective when I'm looking for solutions."

Alexandra Oberson, President and Co-Owner, Oberson

120

WOMEN ENTREPRENEURS IN THE COMMUNITY, UP FROM 50 FIVE YEARS AGO

Repères numériques

This training program seeks to facilitate the emergence of a digital business culture within organizations and to support their development in a continuously changing environment. Visit the Repères numériques web page at www.cdpq.com for more information.

"You have to stay agile so you can shift gears when you need to. And it's a group effort that requires buy-in from all employees to maximize your chances of success. Repères numériques gives us time to really reflect and engage our teams in the process."

Patrick Gharzani, CEO, SBB Structures

62

COMPANIES FROM 13 QUÉBEC REGIONS HAVE PARTICIPATED SINCE THE 2021 LAUNCH

19

EVENTS ORGANIZED IN 2023, INCLUDING WORKSHOPS, TRAINING AND EXCLUSIVE CONFERENCES

Mobilizing all our strength to amplify our impact

For the CDPQ group as a whole, Québec is a priority, whether we are building projects that energize neighbourhoods, bringing communities together, fostering sustainable mobility or expanding access to capital and creating more networking opportunities for local companies.

Ivanhoé Cambridge

Ivanhoé Cambridge develops projects and invests in high-quality real estate properties and companies that leverage sustainable performance to benefit people's lives and cities around the world.

2023 highlights

Cité interuniversitaire de Montréal

An agreement in principle was signed with the Government of Québec and the Société québécoise des infrastructures to conduct a feasibility study on converting part of the former Royal Victoria Hospital site into a world-class inter-university campus.

Eaton Centre's Ninth Floor

Work to reopen the ninth floor of the Eaton Centre, a jewel of Montréal's architectural and cultural heritage. The venue includes a restaurant and various event spaces.

Strategic site in Brossard

In partnership with Prével and TGTA, a site adjacent to the new REM station and the Panama Station bus terminal in Brossard was acquired with a view to creating a mixed use development focusing on public transportation.

Visit the www.ivanhoecambridge.com website for more information on Ivanhoé Cambridge's activities in Québec and around the world.

Otéra Capital

A leader in the area of commercial real estate financing, Otéra Capital proposes innovative solutions for transforming urban centres and generating long-term value for its clients and partners in Québec and around the world.

2023 highlights

Le Sherbrooke project

In partnership with three other institutions, $145 million in financing, out of a total loan of $318 million, for the construction of a 25-storey multi-residential building in downtown Montréal.

Sustained regional presence

A portfolio of six regional shopping centres was refinanced and a $68-million land loan was granted to develop our positioning for the financing of 2,700 housing units in Outaouais.

5,192

Number of residential loans granted in Québec by our MCAP subsidiary, over 1,600 of which went to first-time buyers, for a total of $1.4 billion.

Visit www.oteracapital.com for more information on Otéra Capital's activities in Québec and in its main markets.

CDPQ Infra

CDPQ Infra develops major infrastructure projects focused on people's needs and rooted in communities. The subsidiary serves as the principal contractor for the REM, a sustainable public transportation network for Greater Montréal, which will be the world's longest automated metro line.

2023 highlights

South Shore Branch commissioned

The first passengers boarded the REM when it was commissioned on July 31, 2023. The South Shore Branch connects Brossard with downtown Montréal and has five stations. The millionth passenger mark was reached within the first few weeks.

Finalizing the infrastructure

Major progress was made on the other REM lines, for an overall completion rate of 85%. This will facilitate the start of dynamic testing on the rest of the network in spring 2024.

HFR project

Cadence, a world-class consortium that includes CDPQ Infra, qualified as one of three others selected for the procurement process for the High Frequency Rail (HFR) project between Québec City and Toronto.

Visit www.cdpqinfra.com for more information on CDPQ Infra and the status of the REM project.

Espace CDPQ

Canada's largest dedicated venture capital community, Espace CDPQ pools networks, expertise and resources for the benefit of local companies. It aims to boost access to investment capital for innovative and high-potential SMEs based in Québec.

2023 highlights

25

Total number of partner funds, both in residence and visiting, including seven new funds welcomed to the community.

$18 B

Assets under management for all Espace CDPQ partner funds, including CDPQ's Venture Capital and Technology team.

16

Number of co-investments in Québec-based companies of the 20 carried out by Espace CDPQ partner funds during the year. There are a total of 288 active investments in Québec.

Visit www.espacecdpq.com for more information on Espace CDPQ's activities.

Investments in Québec

Overview by investment activity

In 2023, CDPQ's assets in Québec totalled $88 billion, reflecting notable progress toward reaching our goal of $100 billion in 2026. The $10-billion increase in one year is attributable to our investments' good performance and to sustained transaction activity. In a slowing global environment, our teams drew upon their knowledge and market proximity to carry out $4.7 billion in new investments and commitments.

CDPQ's public and private investments in Québec are focused on the following investment activities:

- Equities: private equity and equity markets
- Infrastructure
- Real estate
- Real estate debt
- Financing and fixed income

As noted in the previous pages, CDPQ leveraged its capital and its teams' expertise and networks to meet Québec companies' objectives for sustainable growth, international reach and technological change. It also took part in various major transformative projects and supported the climate transition. This section provides an overview of each investment activity at the end of fiscal 2023.

Table 18 presents CDPQ's 20 largest investments in Québec in the Private Equity, Equity Markets and Infrastructure portfolios. Table 19 on page 57 details the assets related to these activities involving small and medium-sized enterprises (SMEs), as well as large Québec companies.

TABLE 18

TOP 20 INVESTMENTS IN QUÉBEC – PRIVATE EQUITY, EQUITY MARKETS AND INFRASTRUCTURE
(as at December 31, 2023)

- Alimentation Couche-Tard
- AtkinsRéalis
- Bank of Montreal
- BCE
- BRP
- CAE
- CDPQ Infra (REM)
- CGI
- CN
- Cogeco Communications
- Dollarama
- Hopper
- iA Financial Group
- Lightspeed
- National Bank of Canada
- Nuvei
- Plusgrade
- Stella-Jones
- Trencap (Énergir)
- WSP

EQUITIES: PRIVATE EQUITY AND EQUITY MARKETS

CDPQ invests in both listed and unlisted Québec companies through two portfolios:

- Private Equity, which includes:
  - Direct investments in private companies as well as publicly traded companies in connection with initial public offerings and major transactions
  - Investments in small cap public companies
  - Activities with investment funds
- Equity Markets, which has a high proportion of Québec-based public companies, in line with CDPQ's key role in the development of local companies:
  - 87% of the total assets of the Canada mandate, compared to 25% in the S&P/TSX, the most frequently cited Canadian index

Through its activities in Québec's equity market, CDPQ supports SMEs as well as large companies. As at December 31, 2023, CDPQ's assets in Private Equity and Equity Markets in Québec totalled $34.4 billion (see Table 19).

INFRASTRUCTURE

In 2023, CDPQ's Infrastructure assets in Québec totalled $8.5 billion (see Table 19). These investments included:

- Direct stakes in listed and unlisted companies
- Investment in the CDPQ Infra subsidiary

INVESTMENT FUNDS AND EXTERNAL MANAGEMENT

In recent years, CDPQ has increased its stake in venture capital and leveraged buyout funds. In 2023, it continued to work closely with Luge Capital, a venture capital company focusing on financial technologies, which CDPQ helped create in 2017. Along with other investors, CDPQ took part in a $71-million fundraising round led by Luge Capital to mark the first closing of its second fund (Luge Capital Fund II), with the goal of raising $100 million.

Through its partnerships with specialized funds, CDPQ extends the scope of its investments and gains access to a pool of promising companies, from which potential candidates for direct investment often emerge. This strategy came into play in various transactions in past years, such as those involving Hopper, Lightspeed and AlayaCare.

Increased support for the asset management industry

In 2023, CDPQ announced plans to more than double the funds entrusted to external Québec managers to reach $8 billion by 2028, thereby promoting the growth of the Québec asset management industry. This renewed ambition is in line with the announcement during the year to increase our commitment to the Québec Emerging Managers Program (QEMP).

TABLE 19

ASSETS IN QUÉBEC – PRIVATE EQUITY, EQUITY MARKETS AND INFRASTRUCTURE
(as at December 31 – in billions of dollars)

	2023	2022
Small- and medium-sized businesses		
Private Equity	**3.0**	3.3
Subtotal	**3.0**	3.3
Large businesses		
Private Equity	**11.5**	10.0
Equity Markets	**19.9**	16.3
Infrastructure	**8.5**	6.7
Subtotal	**39.9**	33.0
Total	**42.9**	36.3

Investments in Québec (continued)

REAL ESTATE

Ivanhoé Cambridge develops and invests in high-quality real estate properties, projects and companies worldwide. It owns numerous buildings in Québec, with a portfolio of 80 properties at the end of 2023, including:

- 61 logistics buildings
- 6 residential buildings (approximately 735 units)
- 6 office buildings
- 4 shopping centres
- 3 prestigious hotels (approximately 1,710 rooms)

In total, Ivanhoé Cambridge's logistics buildings, shopping centres and office buildings in Québec occupy more than 1.2 million m² (12.7 million sq. ft.). Table 20 details the top 10 real estate investments in Québec.

Table 21 outlines real estate assets in Québec, which stood at $5.3 billion as at December 31, 2023.

REAL ESTATE DEBT

A partner in the transformation of urban centres, Otéra Capital offers innovative financing solutions for commercial real estate.

Table 22 presents the real estate assets in Québec, which amounted to $4.7 billion as at December 31, 2023. These activities, linked to our fixed income activities, included:

- 154 buildings in 12 regions
- 13 new loans and refinancings

TABLE 20

TOP TEN PROPERTIES IN QUÉBEC – REAL ESTATE PORTFOLIO
(as at December 31, 2023)

- Appartements La Suite Ste-Foy, Québec City
- Édifice Jacques-Parizeau, Montréal
- Fairmont Le Château Frontenac, Québec City
- Fairmont The Queen Elizabeth, Montréal
- Galeries d'Anjou, Montréal
- Le 1500, Montréal
- Montreal Eaton Centre, Montréal
- Place Montréal Trust, Montréal
- Place Ste-Foy, Québec City
- Place Ville Marie (PVM), Montréal

TABLE 21

ASSETS IN QUÉBEC – REAL ESTATE[1]
(as at December 31 – in billions of dollars)

	2023	2022
Offices	**1.8**	1.8
Retail	**1.2**	1.2
Logistics	**1.2**	1.1
Residential	**0.4**	0.3
Other	**0.7**	0.6
Total	**5.3**	5.0

1. The comparative data have been adjusted to conform to the categories presented.

TABLE 22

ASSETS IN QUÉBEC – REAL ESTATE DEBT
(as at December 31 – in billions of dollars)

	2023	2022
Offices	**1.1**	1.4
Retail	**0.7**	0.7
Logistics and industrial	**0.7**	0.6
Multiresidential	**1.3**	1.1
Other	**0.9**	0.8
Total	**4.7**	4.6

FINANCING AND FIXED INCOME

Since its inception, CDPQ has played an essential financing role in Québec, in both the private and public sectors.

As at December 31, 2023, assets in Québec private and public-sector fixed income securities totalled $34.6 billion, as shown in Table 23.

Private sector

CDPQ dedicates a large portion of its financing activities to the private sector, which totalled $16.7 billion in 2023, up from the previous year. This support for private companies, which are major growth drivers, allows us to generate returns for our depositors and to contribute to the vitality of Québec's economy.

In 2023, CDPQ supported numerous private and publicly traded companies. The Fixed Income and Private Equity teams work closely to develop financing packages tailored to these companies' projects and needs. This teamwork results in the integration of a financing component in certain equity investments.

Public sector

Historically, CDPQ has been and remains a major holder of Québec public sector bonds. This includes securities issued by various entities:

- Government of Québec
- Crown corporations
- Municipalities
- Para-governmental corporations

As at December 31, 2023, CDPQ's public sector assets totalled $17.9 billion.

A LARGE NETWORK OF SUPPLIERS THROUGHOUT QUÉBEC

To carry out their activities, CDPQ and its subsidiaries use the services of approximately 1,700 Québec-based suppliers. In 2023, expenditures in Québec by CDPQ and its subsidiaries, including CDPQ Infra, totalled more than $2.3 billion. Pursuant to its Policy on Contracts for the Acquisition or Leasing of Goods and Services, CDPQ favours Québec suppliers, provided that they meet its cost and quality criteria.

TABLE 23

ASSETS IN QUÉBEC –
FINANCING AND FIXED INCOME
(as at December 31 – in billions of dollars)

	2023	2022
Private sector: corporate securities	**16.7**	16.3
Québec public sector		
Government of Québec	**11.9**	10.7
Hydro-Québec	**5.3**	4.8
Other government corporations	**0.6**	0.6
Municipalities and para-governmental corporations	**0.1**	0.1
Subtotal	**17.9**	16.2
Total	**34.6**	32.5

Governance

Governance

SOLID GOVERNANCE

At CDPQ, we firmly believe that our actions must be guided by sound governance principles. As a global investment group rooted in Québec, we apply best practices across all our activities, wherever we do business, in keeping with our core values of integrity and responsibility. We are always mindful of the fact that we work on behalf of our clients, the depositors, and that they represent millions of Quebecers.

Our governance commitment is also evident in the requirements governing our portfolio companies, as the adoption of best practices is a regular topic of discussion with them.

In addition, we have a robust legal framework in place, forming the basis of our independence and our governance structures. We rely on this framework to optimize our performance and our risk management.

SEPARATE DECISION-MAKING BODIES

CDPQ is governed by three governance bodies: the Board of Directors, the Executive Committee and our subsidiaries' management teams and their Boards of Directors. These bodies are made up of experienced world-class managers with widely varying expertise. These managers are all expected to act with professionalism, accountability and rigour while implementing the strategies and action plans that underpin our mission: to generate optimal returns for our depositors, in accordance with their investment policies, while contributing to Québec's economic development.

In January 2024, CDPQ announced that it would be integrating its real estate subsidiaries Ivanhoé Cambridge and Otéra Capital. This process will run for 18 to 24 months, at the end of which their governance structures will be incorporated into CDPQ.

Board of Directors

Executive Committee

Subsidiaries' management teams

Composition of the Board of Directors

The Board must comprise 9 to 15 members. At least two thirds of them, including the Chairman, must qualify as independent members under the Act respecting CDPQ. The Chairman is appointed for a mandate not to exceed five years, while the Board members are appointed for terms of no more than four years. These mandates may be renewed twice. The Board members continue to serve until they are replaced or their mandates are renewed.

As at December 31, 2023, 11 of the 13, or more than 84%, of Board members were independent.

Jean St-Gelais
Chairman
CDPQ
Independent member

Committees: Governance and Ethics, Human Resources
Member since May 12, 2021
Chairman since October 25, 2021
Current mandate expires on: October 24, 2026
Other Boards of Directors: Beneva Group and its subsidiaries, La Capitale Foundation

Jean-François Blais
Corporate Director
Independent member

Committees: Audit, Investment and Risk Management (Chair)
Member since May 20, 2020
Current mandate expires on: May 19, 2024
Other Boards of Directors: Desjardins Financial Security, Loto-Québec

Ivana Bonnet-Zivcevic
Corporate Director
Independent member

Committee: Human Resources (Chair)
Member since December 6, 2017
Current mandate expires on: January 25, 2026

Florence Brun-Jolicoeur
Senior Consultant, Strategy
Aviseo
Independent member

Member since October 9, 2023
Current mandate expires on: October 8, 2027

Composition of the Board of Directors (continued)

Alain Côté

Corporate Director

Independent member

Committees: Audit (Chair), Investment and Risk Management

Member since August 28, 2019

Current mandate expires on: October 3, 2027

Other Boards of Directors: Aéroports de Montréal, Chamber of Commerce of Metropolitan Montreal Foundation, Goodfellow

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René Dufresne

President and Chief Executive Officer

Retraite Québec

Member since June 13, 2022

Current mandate expires on: June 12, 2026

Other Board of Directors: Retraite Québec

Charles Emond

President and Chief Executive Officer

CDPQ

Member since February 1, 2020

Current mandate expires on: February 6, 2029

Other Board of Directors: Orchestre symphonique de Montréal

Olga Farman

Managing Partner, Québec Office

Norton Rose Fulbright Canada

Independent member

Committee: Governance and Ethics

Member since June 13, 2022

Current mandate expires on: June 12, 2026

Other Boards of Directors: Administration portuaire de Québec, Beneva Group and its insurance subsidiaries, Fondation du Musée de la civilisation

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Nelson Gentiletti

Corporate Director

Independent member

Committee: Investment and Risk Management

Member since June 13, 2022

Current mandate expires on: June 12, 2026

Other Boards of Directors: Cascades, Grandio Group, Transcontinental, Valuence Merger Corp.

Lynn Jeanniot

Corporate Director

Independent member

Committee: Human Resources

Member since December 17, 2019

Current mandate expires on: December 16, 2027

Maria S. Jelescu Dreyfus

Chief Executive Officer

Ardinall Investment Management

Independent member

Committee: Investment and Risk Management

Member since November 13, 2019

Current mandate expires on: November 12, 2027

Other Boards of Directors: Cadiz, Girls Inc. of New York City, Global CCS Foundation, New America Alliance, Pioneer Natural Resources Company, XiO

Wendy Murdock

Corporate Director

Independent member

Committees: Audit, Governance and Ethics (Chair)

Member since March 27, 2016

Current mandate expires on: October 3, 2027

Other Boards of Directors: AvidXchange, Iron Mountain, USAA Federal Savings Bank, USAA Savings Bank

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Marc Tremblay

Corporate Director

Independent member

Committees: Human Resources

Member since October 9, 2023

Current mandate expires on: October 8, 2027

Other Boards of Directors: CHUM Foundation, Société des alcools du Québec

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The Board members' biographical profiles can be found on CDPQ's website at www.cdpq.com.

Organizational structure

CDPQ's Board of Directors consists of the Chairman, the President and Chief Executive Officer, senior executives of CDPQ's depositor organizations, and independent members.

The Executive Committee includes the President and Chief Executive Officer, together with senior officers from CDPQ's business units (see Figure 24). As at December 31, 2023, CDPQ employed 1,644 people, of whom 1,463 worked in Québec.

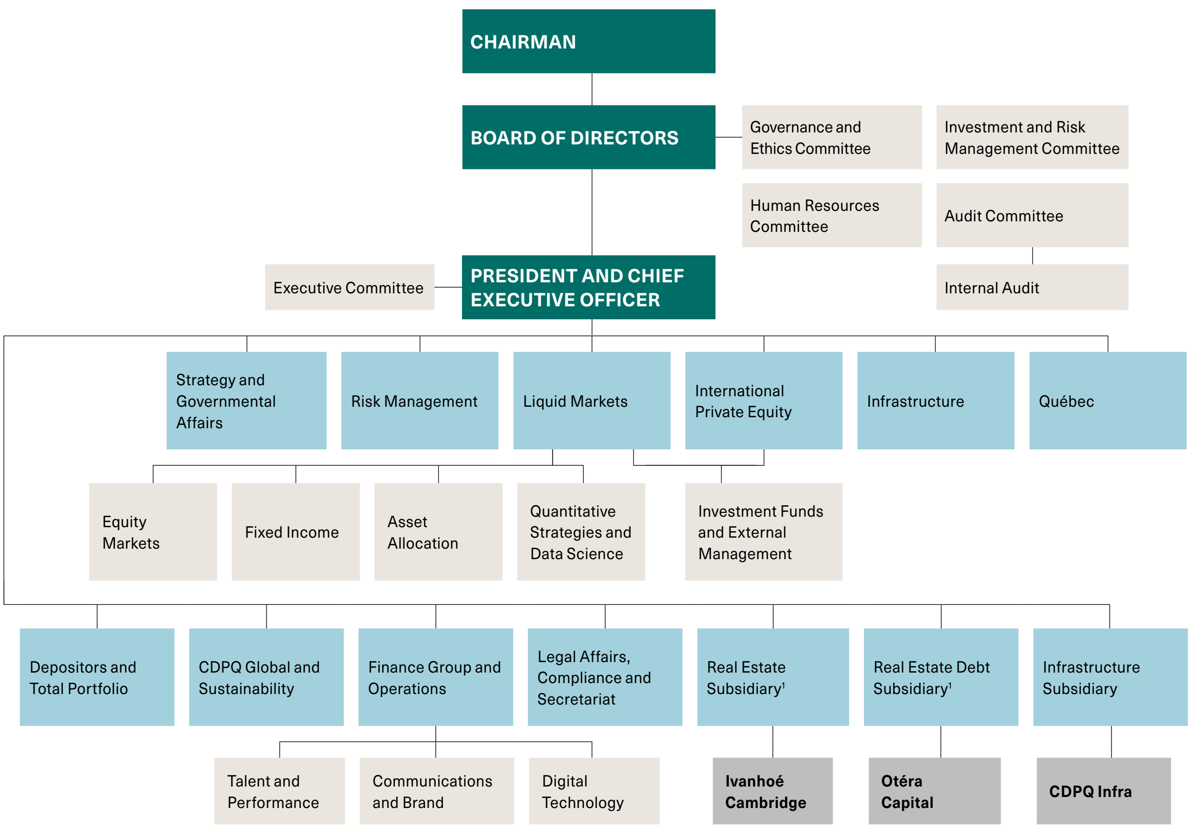
To support its constructive capital approach and seize promising business opportunities worldwide, CDPQ has offices in various countries. As at December 31, 2023, 181 employees were working in CDPQ's international offices.

At the same date, CDPQ had a real estate subsidiary, Ivanhoé Cambridge, with 599 employees, as well as a real estate debt subsidiary, Otéra Capital, with 186 employees. Its infrastructure subsidiary, CDPQ Infra, had 111 employees. These subsidiaries are overseen by their own Boards of Directors (see Figures 25 and 26, page 67).

In addition, Espace CDPQ, a hub for venture capital investors, had 12 employees at year-end.

FIGURE 24

ORGANIZATIONAL STRUCTURE
(as at December 31, 2023)



1. On January 24, 2024, CDPQ announced the integration of its subsidiaries—Ivanhoé Cambridge and Otéra Capital—through a process that began at the end of January 2024 and will conclude 18 to 24 months later.

REAL ESTATE AND REAL ESTATE DEBT SUBSIDIARIES

CDPQ's real estate operations are divided into real estate and real estate debt. Real estate investments, which take the form of equities and debt, primarily involve the logistics, residential and office building sectors, as well as shopping centres, in key cities worldwide. The Real Estate portfolio consists of the assets of Ivanhoé Cambridge, a global real estate industry leader. Real Estate Debt, which is linked with fixed income activities, comprises the activities of Otéra Capital, a major international institutional player in commercial real estate debt and a leader in Canada.

Figure 25 presents the organizational structure of the real estate and real estate debt subsidiaries as at December 31, 2023. As noted previously, these subsidiaries will be integrated into CDPQ through a process that began at the end of January 2024 and will conclude 18 to 24 months later.

As part of this integration, CDPQ will acquire all the interests held by minority shareholders in the share capital of Ivanhoé Cambridge and Otéra Capital, thereby becoming the sole shareholder. Upon closing of the transaction at the end of April 2024, the governance of the real estate subsidiaries will be integrated into CDPQ.

For more information, please visit www.ivanhoecambridge.com and www.oteracapital.com.

INFRASTRUCTURE SUBSIDIARY

CDPQ Infra is CDPQ's infrastructure subsidiary and serves as the principal contractor for major public works projects. Figure 26 shows CDPQ Infra's organizational structure as at December 31, 2023.

For more information on CDPQ Infra's operations, please visit www.cdpqinfra.com.

FIGURE 25

ORGANIZATIONAL STRUCTURE – REAL ESTATE AND REAL ESTATE DEBT SUBSIDIARIES
(as at December 31, 2023)

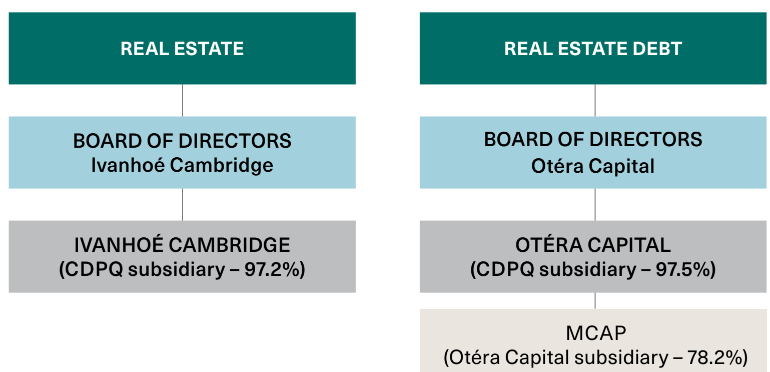
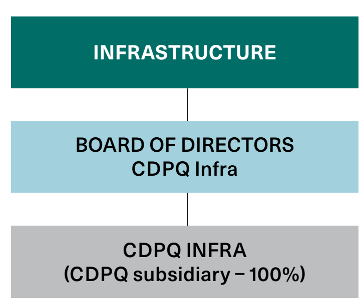


FIGURE 26

ORGANIZATIONAL STRUCTURE – INFRASTRUCTURE SUBSIDIARY
(as at December 31, 2023)



Executive Committee[1]

Pierre Beaulieu
Executive Vice-President,
Digital Technology

Marc-André Blanchard
Executive Vice-President
and Head of CDPQ Global
and Global Head of Sustainability

Sarah-Émilie Bouchard
Executive Vice-President, Strategy,
Governmental Affairs
and Chief of Staff

Ani Castonguay
Executive Vice-President,
Communications
and Chief Brand Officer

Marc Cormier
Executive Vice-President
and Head of Fixed Income

Vincent Delisle
Executive Vice-President
and Head of Liquid Markets

Charles Emond
President and
Chief Executive Officer

Rana Ghorayeb
President and
Chief Executive Officer,
Otéra Capital[2]

Ève Giard
Executive Vice-President,
Talent and Performance

Emmanuel Jaclot

Executive Vice-President
and Head of Infrastructure

Michel Lalande

Executive Vice-President,
Legal Affairs, Compliance
and Secretariat

David Latour

Executive Vice-President
and Chief Risk Officer

Martin Longchamps

Executive Vice-President
and Head of Private Equity

Nathalie Palladitcheff

President and
Chief Executive Officer,
Ivanhoé Cambridge[3]

Maarika Paul

Executive Vice-President
and Chief Financial
and Operations Officer

Kim Thomassin

Executive Vice-President
and Head of Québec

Philippe Tremblay[4]

Executive Vice-President,
Depositors and Total Portfolio

The Executive Committee members' biographical notes can be found on CDPQ's website at www.cdpq.com.

1. Composition in April 2024.
2. Rana Ghorayeb will hold the position of Executive Vice-President and Head of Real Estate at the end of April 2024.
3. Nathalie Palladitcheff decided to leave her position at the end of April 2024.
4. Philippe Tremblay was appointed to his role in January 2024.

Report of the Board of Directors and Board Committees

MANDATE OF THE BOARD

The mandate of the Board includes ensuring that CDPQ takes the necessary measures to attain the objectives stated in its mission, and that the organization is managed in compliance with the provisions of its incorporating act and regulations. Supported by its committees, the Board carries out its duties diligently, ensuring that CDPQ meets the highest standards of corporate governance.

For a complete description of the Board's mandate, consult the Governance section at www.cdpq.com.

GOVERNANCE

The Board fulfills its governance role through various measures, including:

- Operating rules concerning governance of the Board and its committees
- Competency and experience profiles for Board appointments
- Compliance with the requirements under the Act respecting CDPQ, including those on independence and diversity
- Orientation and continuing education program for Board members
- Process for evaluating the functioning of the Board and its committees
- Committee activity reports presented at each Board meeting
- Oversight of the management practices of certain CDPQ subsidiaries
- Private meetings of members of the Board, and with the President and Chief Executive Officer and some members of management

RULES ON ETHICS

The Board carries out its duties with integrity, objectivity and transparency, in the interests of CDPQ and its clients and in a manner that inspires trust. It is committed to promoting CDPQ's organizational values and the principles of responsible management and sound governance.

Like CDPQ's personnel, the members of the Board are subject to a Code of Ethics that reflects the highest standards of ethical conduct, including on maintaining the confidentiality of information, managing conflicts of interest and personal transactions.

For a complete description of the ethics rules that apply to Board members, consult the Governance section at www.cdpq.com.

MAIN RESPONSIBILITIES

The Board's responsibilities, in collaboration with its committees, include the following:

- Approve the teams' strategic orientations, annual budgets and execution priorities and review management's reports on the oversight and evolution of these priorities
- Approve the consolidated financial statements and the Annual Report
- Review the returns of the investment business units and approve news releases on financial results
- Approve measures to assess CDPQ's effectiveness and performance
- Approve risk management framework policies and monitor their application
- Approve investment proposals in accordance with the oversight policies, taking into account, among other things, the impact of each one on the level and concentration of risk in the specialized portfolio in question and in the total portfolio
- Recommend to the Government of Québec, in collaboration with the Governance and Ethics Committee, the appointment of members and the renewal of their mandates
- Designate, in collaboration with the Governance and Ethics Committee, members to the Boards of certain subsidiaries
- Review the composition of the committees for which it is responsible
- Approve competency and experience profiles for Board appointments

- Approve the rules on ethics applicable to members of the Board and employees of CDPQ and some of its subsidiaries
- Approve human resources policies
- Approve the total compensation conditions of the President and Chief Executive Officer
- Approve, on the recommendation of the President and Chief Executive Officer, the appointments and compensation of members of management under his direct authority and the compensation of the President and Chief Executive Officer of CDPQ Infra
- Approve all major changes to the organizational structure
- Approve the compensation standards and scales as well as other employment conditions of CDPQ managers and employees
- Approve other policies recommended to it by the committees, including on governance and ethics, internal control, risk management and human resources management

BOARD COMMITTEES

The Board carries out its duties directly or through the following committees: Audit, Governance and Ethics, Investment and Risk Management, and Human Resources. For a complete description of the mandates of the Board's committees, consult the Governance section at www.cdpq.com.

For more information on the responsibilities that the committees have discharged, consult their activity reports on pages 75 to 78.

APPOINTMENTS

During the year, the Government of Québec, after having consulted the Board, appointed Florence Brun-Jolicoeur, Senior Consultant, Strategy at Aviseo, and Marc Tremblay, Corporate Director, as independent members. The government also confirmed the renewal of the mandates of Alain Côté, Corporate Director, Lynn Jeanniot, Corporate Director, Maria S. Jelescu Dreyfus, Chief Executive Officer of Ardinall Investment Management, and Wendy Murdock, Corporate Director.

In addition, with the approval of the Government of Québec, the Board appointed Charles Emond as President and Chief Executive Officer of CDPQ for a five-year term ending February 6, 2029. The Order-in-Council is dated February 7, 2024. Mr. Emond has held this position since February 1, 2020.

DIVERSITY

The Board believes that the diversity of outlooks generated by different genders, experiences, generations and ethnocultural origins improves the quality of decisions and fosters a capacity for innovation, creativity, commitment and performance. In that regard, the Board ensures that its composition, both in terms of diversity of profiles and the complementarity of competencies and experience among its members, enables it to effectively perform its role. The Board also annually reviews the list of the various types of competencies required of members and of the Board as a whole.

Diversity is an important aspect of sound governance. This is why Board and Executive Committee members keep a close eye on the advancement of women within the organization, as well as on their representation in our portfolio companies and investment partners.

The number of women on the Board must represent at least 40% of the total number of members. As at December 31, 2023, 46% of the members of the Board were women.

Table 27 summarizes the various profiles of Board members. In particular, it presents the main areas of expertise and experience of its members as well as their age range, number of years on the Board and place of residence.

OFFICIAL LANGUAGE

All the members of the Board are fluent in French. Meetings of the Board and its committees are conducted in French, which is also the official language of documents, meeting minutes and presentations tabled at these meetings.

TABLE 27

DIVERSITY ON THE BOARD OF DIRECTORS

	Age			Mandate	Place of residence			Diversity		Top 5 specialties or expertise									
Member name[1]	≤ 45[2]	46 to 65	≥ 66	Years on the Board as at December 31, 2023	Québec	United States	France	Male/female	Other[3]	Investment	Depositors	Strategic planning	Risk management	Economic and political issues	Finance/ accounting/audit	Talent management and compensation	Governance	Sustainability/ESG	Technology
Jean-François Blais		•		3	•			M		•		•	•		•				•
Ivana Bonnet-Zivcevic			•	6			•	F	•			•	•		•	•	•		
Florence Brun-Jolicoeur	•			<1	•			F				•	•		•		•	•	
Alain Côté			•	4	•			M		•			•		•		•		•
René Dufresne		•		1	•			M		•	•	•		•	•				
Olga Farman	•			1	•			F	•			•	•	•		•	•		
Nelson Gentiletti		•		1	•			M	•	•			•		•			•	•
Lynn Jeanniot		•		4	•			F				•	•	•		•	•		
Maria S. Jelescu Dreyfus	•			4		•		F	•	•			•	•				•	•
Wendy Murdock			•	7		•		F		•			•		•		•	•	
Jean St-Gelais		•		2	•			M				•		•		•	•	•	
Marc Tremblay		•		<1	•			M				•	•	•		•	•		

1. Charles Emond, as President and Chief Executive Officer, is a Board member by virtue of office. He has held his position since February 1, 2020 and lives in Québec.
2. The Board has a member who was aged 35 or under at the time of her appointment, as set out in the Act respecting CDPQ.
3. These members voluntarily reported to belonging to one of the diversity groups representing the various components of Québec society.

ORIENTATION AND CONTINUING EDUCATION PROGRAM

The Board recognizes the importance of providing its members with the necessary training and support to carry out their roles in accordance with the provisions of the Act respecting CDPQ, the mandates of the Board and its committees, and in line with best practices. CDPQ deploys an orientation process as soon as a new member is appointed to facilitate the director's integration and to allow them to become familiar with the role, the requirements of the related duties and the strategic orientations of the organization. This process includes:

- A manual for members of the Board of Directors, which contains information on the laws and regulations applicable to CDPQ, the mandates of the Board and its committees, the operating rules, the Code of Ethics for Directors, the directors' expertise and experience profiles, the meeting schedule and the evaluation process
- Meetings with the Chairman of the Board, the committee chairs and members of senior management
- Training on risk management, depositors, financial aspects and human resources

At Board and committee meetings and training sessions, members attend presentations given by various CDPQ teams and, from time to time, by outside persons on topics relevant to their activities and strategic orientations. CDPQ also encourages members to participate in training sessions offered by various external organizations and distributes recommended publications to them.

TABLE 28

COMPENSATION PAID TO MEMBERS UNDER ORDER-IN-COUNCIL[1]
(in dollars)

Member name	Annual compensation paid (A)	Compensation paid as Committee Chair (B)	Attendance fees paid (C)	Total compensation for the financial year (D=A+B+C)
Jean-François Blais	19,947	6,235	23,817	49,999
Ivana Bonnet-Zivcevic[2]	19,947	6,235	16,345	42,527
Florence Brun-Jolicoeur[3]	4,553	–	1,868	6,421
Alain Côté[2, 4, 5]	19,947	6,235	29,421	55,603
René Dufresne[6]	–	–	–	–
Olga Farman	19,947	–	14,477	34,424
Nelson Gentiletti	19,947	–	17,279	37,226
Gilles Godbout[7]	15,394	–	15,411	30,805
Lynn Jeanniot[2]	19,947	–	16,345	36,292
Maria S. Jelescu Dreyfus	19,947	–	17,279	37,226
Diane Lemieux[8]	–	–	–	–
Wendy Murdock	19,947	6,235	20,081	46,263
Jean St-Gelais	195,000	–	–	195,000
Marc Tremblay[3]	4,553	–	3,736	8,289
Total	379,076	24,940	176,059	**580,075**

1. In accordance with the terms of the Order-in-Council, the compensation of independent members is composed of annual compensation ($19,947), annual compensation for chairing a committee ($6,235) and attendance fees per Board or Committee meeting ($934). The attendance fee for each special Board or Committee meeting of short duration, held by teleconference, is half of the attendance fee allowed for a regular meeting. The compensation of the Chairman of the Board of Directors is set by the government at $195,000.
2. These members received attendance fees for attending a committee meeting as a guest.
3. These members were appointed to the Board on October 9, 2023. Their compensation is prorated to the number of days in the position.
4. This member received attendance fees for attending Audit Committee meetings of Ivanhoé Cambridge and Otéra Capital, and Audit and Risk Management Committee meetings of CDPQ Infra.
5. This member received a taxable benefit of $874 for a parking spot.
6. This member did not receive compensation because he is not independent.
7. This member stepped down from the Board on October 8, 2023. His compensation is prorated to the number of days in the position.
8. This member stepped down from the Board on August 25, 2023. She did not receive compensation because she was not independent.

In 2023, members received training on various subjects, including:

- Audit and, in particular, international sustainability reporting standards
- The economic and geopolitical environment
- Cybersecurity
- Diversity, equity and inclusion
- Risk management
- Governance and ethics
- Sustainable investing and ESG criteria
- Technology and artificial intelligence

COMPENSATION OF DIRECTORS AND THE CHAIRMAN OF THE BOARD OF DIRECTORS

The compensation of directors and the Chairman of the Board of Directors is determined by an Order-in-Council of the Government of Québec. Their compensation for 2023 is provided in Table 28 on page 73. Board members are also entitled to be reimbursed for their travel and living expenses.

The Chairman of the Board is also entitled to be reimbursed for representation expenses related to the duties of his position, to a maximum of $15,000 per year.

MEMBER ATTENDANCE AT MEETINGS

In accordance with the Act respecting CDPQ, the Board held six regular meetings in 2023. The Governance and Ethics Committee and the Human Resources Committee held six regular meetings, the Audit Committee held seven and the Investment and Risk Management Committee held eight.

The Board and its committees also held special meetings when certain matters required immediate attention.

Members justify their absences from meetings of the Board or a committee to the Secretariat.

Table 29 presents the number of meetings attended by each of the members in 2023 compared to the number of meetings of the committee(s) of which that person is a member.

TABLE 29

MEMBER ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2023

	Board of Directors		Audit Committee	Governance and Ethics Committee	Investment and Risk Management Committee		Human Resources Committee	
Member name	6 reg.	3 spec.	7 reg.	6 reg.	8 reg.	2 spec.[1]	6 reg.	2 spec.[1]
Jean-François Blais	6	3	7	–	8	2	–	–
Ivana Bonnet-Zivcevic	6	3	–	–	–	–	6	2
Florence Brun-Jolicoeur[2]	1/1	1/1	–	–	–	–	–	–
Alain Côté[3]	6	3	7	–	8	2	–	–
René Dufresne	6	2	–	–	–	–	–	–
Charles Emond	6	3	–	–	–	–	–	–
Olga Farman	6	3	–	1/1	–	–	5/5	1/1
Nelson Gentiletti	6	3	–	–	8	2	–	–
Gilles Godbout[4]	5/5	2/2	5/5	5/5	–	–	–	–
Lynn Jeanniot	6	3	–	–	–	–	6	2
Maria S. Jelescu Dreyfus	6	3	–	–	8	2	–	–
Diane Lemieux[5]	3/4	1/2	–	–	–	–	–	–
Wendy Murdock	6	3	7	6	–	–	–	–
Jean St-Gelais[6]	6	3	–	6	–	–	6	2
Marc Tremblay[2]	1/1	1/1	–	–	–	–	1/1	1/1

1. A joint meeting of the Investment and Risk Management Committee and the Human Resources Committee was held during the year.
2. These members were appointed to the Board on October 9, 2023.
3. Until he was appointed a member of the committee, Alain Côté, as Chair of the Audit Committee, was invited to attend Investment and Risk Management Committee meetings.
4. This member stepped down from the Board on October 8, 2023.
5. This member stepped down from the Board on August 25, 2023.
6. Jean St-Gelais, as Chairman of the Board, can attend any Board Committee meetings.

AUDIT COMMITTEE

Mandate

The Committee sees that the financial statements accurately reflect CDPQ's financial position. It plays an essential role in the sound financial governance of CDPQ, particularly in the oversight of the internal audit and co-auditors function, as well as financial reporting and communication.

Number of meetings

- 7 regular meetings

Composition (as at December 31, 2023)

- Chair: Alain Côté
- Members: Jean-François Blais and Wendy Murdock

This committee consists of specialists with accounting, finance or audit expertise. All members have the experience and knowledge required to read and understand the financial statements and fulfill the role.

The Chairman of the Board attends the Committee's meetings.

Main activities during the year

- Reviewed the consolidated financial statements with the Finance group and the co-auditors
- Reviewed the process used to prepare the financial statements and investment valuations, performance calculations, and treasury items, including liquidity, leverage and financing
- Reviewed reports on the financial certification process
- Held discussions with the co-auditors concerning their reports following the interim review as at June 30 and the audit as at December 31
- Reviewed the news releases announcing financial results
- Reviewed preparatory work on the Annual Report
- Reviewed the quarterly results, operating expenses and budget monitoring
- Discussed, with the co-auditors, their plan for auditing the financial statements and their internal quality control procedures
- Reviewed and monitored application of the Policy – Independence of External Auditors and approved their fees
- Approved the internal audit plan and reviewed those of certain subsidiaries operating in Québec
- Reviewed Internal Audit's progress reports prepared under the Internal Audit Plan to address such matters as internal control mechanisms, risk management processes and the optimal use of resources
- Reviewed the Internal Audit Charter
- Reviewed the external quality assessment of the Internal Audit function
- Monitored implementation of the action plan resulting from the audit carried out by the Auditor General of Québec on the compliance of investment activities and other financial transactions
- Reviewed the plan to ensure optimal use of resources, and monitored and analyzed the effects of all the activities under the plan
- Reviewed reports on compliance with the Act respecting CDPQ, depositors' investment policies and the specialized portfolios' investment policies
- Reviewed reports on legal proceedings involving CDPQ or its subsidiaries
- Monitored major projects (changes in financial reporting systems, implementation of a governance, risk and compliance tool, cost disclosure practices)
- Monitored the business continuity plan
- Reviewed measures to assess CDPQ's effectiveness and performance
- Reviewed the insurance coverage
- Reviewed international tax management activities
- Monitored application of the Financial Security Policy
- Reviewed policies (contracts for the acquisition or lease of goods and services, internal control, external information disclosure, governance and management of information and technology assets)
- Evaluated the Vice-President, Internal Audit
- Reviewed the succession plan for the Executive Vice-President and Chief Financial and Operations Officer
- Held private meetings with the Executive Vice-President and Chief Financial and Operations Officer, the co-auditors and the Vice-President, Internal Audit, without the presence of members of management
- Reviewed the activities of the audit committees of subsidiaries operating in Québec, with attendance by the Chairman of the Committee at meetings of the Audit Committees of these subsidiaries

Use of external experts

The Committee did not use the services of external experts in 2023.

GOVERNANCE AND ETHICS COMMITTEE

Mandate

The Committee ensures that CDPQ adheres to the highest standards of governance and ethics. The committee is also responsible for monitoring the structure, the composition and the operations of the Board and its committees to ensure their effectiveness.

Composition (as at December 31, 2023)

- Chair: Wendy Murdock
- Members: Olga Farman and Jean St-Gelais

Number of meetings

- 6 regular meetings

Main activities during the year

- Made recommendations on appointments and renewals of mandates to the Boards of CDPQ and some of its subsidiaries
- Reviewed the composition of the Board and its committees to ensure that the requirements of the Act respecting CDPQ are met and that these bodies can fully assume their responsibilities
- Reviewed the rules on the operations of the Boards of Directors of CDPQ and some of its subsidiaries
- Evaluated the functioning of the Board and its committees
- Reviewed the competency and experience profiles for Board appointments
- Reviewed the reporting on training activities attended by Board members and developed the 2023 training plan
- Reviewed the rules on ethics applicable to members of the Board and employees of CDPQ and some of its subsidiaries, and reviewed reports on the application of the rules
- Reviewed the governance rules between CDPQ and a subsidiary
- Reviewed the report on philanthropic and institutional sponsorship activities, and reviewed the Policy – Donations and Sponsorships
- Reviewed sustainable investing activity reports and the Sustainable Development Action Plan 2023–2028
- Assessed the impact of amendments to the Charter of the French Language
- Reviewed compliance reports on transactions involving securities of companies that have ties with Board members
- Implemented and maintained structures and procedures to allow the Board to act independently of management, including ensuring that discussions are held, at each regular meeting, without the presence of members of management

Use of external experts

The Committee did not use the services of external experts in 2023.

INVESTMENT AND RISK MANAGEMENT COMMITTEE

Mandate

The Committee ensures compliance with CDPQ's risk identification and management process. In this role, it reviews risk management orientations and policies and studies investment proposals, in accordance with the oversight policies.

Composition (as at December 31, 2023)

- Chair: Jean-François Blais
- Members: Alain Côté, Nelson Gentiletti and Maria S. Jelescu Dreyfus

The Chairman of the Board attends the Committee's meetings.

Number of meetings

- 8 regular meetings
- 2 special meetings

Main activities during the year

- Reviewed the market risk limits for specialized portfolios and the total portfolio, as well as the proposed changes to the benchmark indexes and the performance objectives for the specialized portfolios and major mandates
- Reviewed the Integrated Risk Management Policy
- Reviewed the minimum liquidity amount and the contingency plan
- Periodically reviewed the overall risk profile
- Studied and monitored the investment proposals under the authority of the Committee, taking into account:
  - The analysis presented by the team responsible for the transaction
  - The analysis of the project risks and, more specifically, its impact on the degree and concentration of risk in the relevant specialized portfolio and the total portfolio
  - Compliance of the investment with risk management policies and guidelines
- Monitored market conditions
- Studied the specialized portfolio reviews, including monitoring the strategy, portfolio characteristics and key issues, as well as post-trade analyses
- Reviewed compliance reports on adherence to depositors' investment policies, specialized portfolios' investment policies and CDPQ's obligations to depositors
- Reviewed the risk map and the report on activities to mitigate operational and reputational risks
- Reviewed the succession plan for the Executive Vice-President and Chief Risk Officer

Use of external experts

The Committee did not use the services of external experts in 2023.

HUMAN RESOURCES COMMITTEE

Mandate

The Committee reviews the orientations and strategies used by CDPQ to manage its human resources, including performance evaluation, succession planning and executive compensation, as well as its general talent management practices and policies.

Composition (as at December 31, 2023)

- Chair: Ivana Bonnet-Zivcevic
- Members: Lynn Jeanniot, Jean St-Gelais and Marc Tremblay

Number of meetings

- 6 regular meetings
- 2 special meetings

Main activities during the year

- Reviewed the objectives, performance evaluation and total compensation conditions for the President and Chief Executive Officer
- Reviewed the performance evaluation and total compensation conditions for the members of CDPQ's senior management, as well as the Presidents and Chief Executive Officers of Ivanhoé Cambridge, Otéra Capital, and CDPQ Infra
- Reviewed the appointments of two executives reporting to the President and Chief Executive Officer
- Reviewed the active succession management approach and the senior management succession and development plan
- Reviewed the compensation and performance management programs
- Reviewed the results of the engagement survey to obtain a measure of employee engagement and gather feedback, and reviewed initiatives to follow up on the results
- Reviewed senior management's commitment to diversity, equity and inclusion
- Reviewed the report and followed up on priority talent management targets by reviewing key indicators, including attraction of talent, employee turnover and engagement rates, diversity and health
- Reviewed the competencies and experience mandate and profile for the position of President and Chief Executive Officer
- Reviewed the reporting on supplementary pension plans
- Reviewed the approach to developing the organizational culture and the new employer brand, and their deployment strategies

Use of external experts

In implementing the variable compensation program, the Committee used the services of Hugessen Consulting, an independent consulting firm recognized for its expertise in the compensation of pension fund personnel.

The Committee took Hugessen Consulting's recommendations into account in its decision-making, and also drew on information other than the firm's recommendations.

Report of the human resources committee on total compensation

COMMITTEE'S WORK ON COMPENSATION

During 2023, the Committee, with advice from Hugessen Consulting, ensured that the Compensation Policy met its strategic objectives of paying for long-term performance, offering competitive compensation and linking the interests of members of management and depositors. The Committee reviewed how CDPQ's Compensation Policy was applied. It analyzed the variable compensation proposals and ensured that they were aligned with the Compensation Policy and market practices.

Accordingly, the Committee analyzed the amount to be awarded under the variable compensation program and recommended it to the Board for approval.

Moreover, the Committee received an update on market trends with regard to salary reviews. It discussed the salary conditions of CDPQ's employees for 2024 and recommended them to the Board for approval.

FRAMEWORK

CDPQ's Compensation Policy was adopted in accordance with the regulation governing the internal management of CDPQ (the Internal Bylaw). This bylaw:

- Defines the maximum levels of total employee compensation and the reference markets.
- States that the data reflecting the reference-market profile shall be compiled by a recognized independent firm through an annual survey that must be administered and analyzed according to a methodology and rules that are generally accepted in the field.
- Stipulates that CDPQ's payroll must not exceed 100% of the salary-scale midpoint.

Reference markets and compensation levels[1]

For the position of President and Chief Executive Officer, the reference market sample consists of the seven largest Canadian pension funds, as listed in Table 33 on page 87. For this position, total compensation must be between the median and third quartile (75th percentile) of the reference market, depending on whether CDPQ's performance has been average or superior.

For investment-related positions, the Canadian institutional investment market serves as the reference. A representative sample must include institutions, insurance companies, trust companies, pension funds, investment advisors, brokerage firms and fund managers or their counterparts in similar industries. The current sample comprises the 33 organizations listed in Table 35 on page 88. For these positions, total compensation must fall below the upper decile (90th percentile) of the reference market. For the executive vice-presidents in investment roles, a reduced sample of that described above is used. It groups together 18 firms whose assets under management are greater than $25 billion. The list is provided in Table 34 on page 87.

For non-investment positions, the Québec market serves as the reference, and must include public-sector jobs. It therefore includes a representative sample of large public- and private-sector Québec firms and financial-sector companies. The current sample comprises the 54 organizations listed in Table 36 on page 88. For these positions, total compensation must be below that of the third quartile (75th percentile) of the reference market.

1. For compensation purposes, the first quartile ranges from the 1st to the 25th percentile, the second quartile from the 26th to the 50th percentile, the third quartile from the 51st to the 75th percentile and the fourth quartile from the 76th to the 100th percentile.

The reference markets for positions located outside Canada were established according to principles similar to those listed previously.

In 2023, CDPQ retained the services of Willis Towers Watson for benchmarking its reference markets and engaged McLagan's services regarding positions outside Canada.

The results of this exercise showed that compensation, salary scales and potential variable compensation were generally aligned with the market, regardless of location.

STRATEGIC OBJECTIVES OF THE COMPENSATION POLICY

CDPQ must rely on highly skilled employees to fulfill its mission, which is to receive moneys on deposit as provided by the Act respecting CDPQ and manage them with a view to achieving an optimal return on capital within the framework of depositors' investment policies, while at the same time contributing to Québec's economic development.

The Compensation Policy therefore has the following three objectives:

1. **Pay for performance:** variable compensation aligned with the returns delivered to depositors. This goal is structured around the three following themes:
   - Long-term focus, to reward consistent, optimal performance over several years.
   - Good risk-return balance, to encourage measured risk-taking conducive to sustainable, long-term returns for depositors, while taking into account their risk tolerance.
   - Overall evaluation, to strike a balance between employees' individual and collective contributions to the organization's success and achievement of its mission, with respect to:
     - Financial results related to the performance of specialized portfolios and CDPQ's total portfolio measured over five years.
     - Attainment of CDPQ's business objectives, including by contributing to Québec's economic development, climate change and diversity.
2. **Offer competitive compensation:** to attract, motivate and retain talent with experience and expertise who will enable CDPQ to achieve its strategic objectives, within the guidelines in the Internal Bylaw, as described above.
3. **Link the interests of members of management and depositors**: to orient their individual and team efforts toward CDPQ's long-term success.

CDPQ's Compensation Policy complies with the Principles for Sound Compensation Practices issued by the Financial Stability Board and endorsed by the G20 nations: effective compensation governance; alignment of compensation with long-term, measured risk-taking; and regular review of compensation practices.

Components of total compensation

CDPQ's employees receive total compensation based on four components:

1. Base salary
2. Variable compensation
3. Pension plan
4. Benefits

1. Base salary

Under the Internal Bylaw, the payroll must not exceed the salary-scale midpoint. Within these parameters, annual base salaries are set according to the salary conditions prevailing on the reference markets.

Each year, the Human Resources Committee submits the payroll budget increase to the Board for approval.

For 2023, the Board of Directors approved the following recommendations made by CDPQ's senior management:

- Maintain 2023 salary scales close to the median of the reference markets, as measured by recognized external firms.
- Grant a budget for salary increases that is close to the median of the market increase forecasts.

2. Variable compensation

In the financial sector, and particularly in the investment industry, variable compensation is an essential component of total compensation because it aligns financial incentives with depositors' performance objectives.

At CDPQ, variable compensation serves to recognize the sustained, long-term performance achieved by reaching individual and collective goals, and contributing to the fulfillment of strategic orientations. It is an important part of employee total compensation and has a direct influence on the positioning of total compensation in comparison with the reference market.

The amount of variable compensation is never guaranteed: it always depends on the results of a global evaluation of the three components shown in Figure 30.

This result considers individual performance, team performance, financial results associated with the performance of the asset class portfolios and CDPQ's performance over a five-year horizon. This period allows placing greater focus on seeking sustained performance aligned with the long-term investment strategy.

For all portfolios, the objective is to outperform their benchmark index. The three less-liquid portfolios, namely Real Estate, Infrastructure and Private Equity, as well as the Equity Markets portfolio, each also have an absolute-return target.

In addition to the quantitative indicators, other indicators are used as metrics for team performance in delivering the business plan, and contributing to the organization's strategic and cross-functional priorities. These indicators include executing strategies associated with Québec and climate change, which demonstrates these aspects' importance to fulfilling the organization's mission.

<u>Deferred variable compensation</u>

The deferred variable compensation component is designed to better align the interests of employees with the most influence on CDPQ's financial and organizational performance with depositors' interests over the long term. It requires these employees to defer a portion of their variable compensation for a period of three years. The value of the deferred variable compensation varies—upward or downward—along with CDPQ's average absolute overall return during the three-year period.

At the end of each three-year period, as required by the Income Tax Act, the deferred amount, plus or minus the average return credited for the period, will be paid to each participant as a deferred variable compensation payment with restrictions. Figure 31 on page 82 illustrates this mechanism.

FIGURE 30

VARIABLE COMPENSATION COMPONENTS

BASED ON ACHIEVEMENT OF INDIVIDUAL OBJECTIVES	→	Individual performance
BASED ON ACHIEVEMENT OF BUSINESS OBJECTIVES AND/OR RETURNS ON THE SPECIALIZED PORTFOLIOS OF EACH UNIT	→	Portfolio return and/or business plan achievement
BASED ON ACHIEVEMENT OF CDPQ'S RETURN AND BUSINESS OBJECTIVES	→	CDPQ overall return and business plan execution

Senior executives have three years to defer at least the equivalent of their base salary.

For the President and Chief Executive Officer, as well as senior executives, the deferred variable compensation must represent 55% of their total variable compensation. For all vice-presidents, intermediate and senior investment personnel, it must represent 35%. Lastly, for managers and high-level professionals, it is 25%.

CDPQ also offers eligible employees the option of deferring an additional portion of their variable compensation in a co-investment account. Since 2020, this offer has been extended to personnel outside Canada, where permitted by law.

For International Private Equity employees in international offices who hold eligible positions, a portion of their variable compensation is made up of long-term performance units. To be equitable and take into account the performance units that are granted, the potential variable compensation for eligible employees is lower than that of other investment teams.

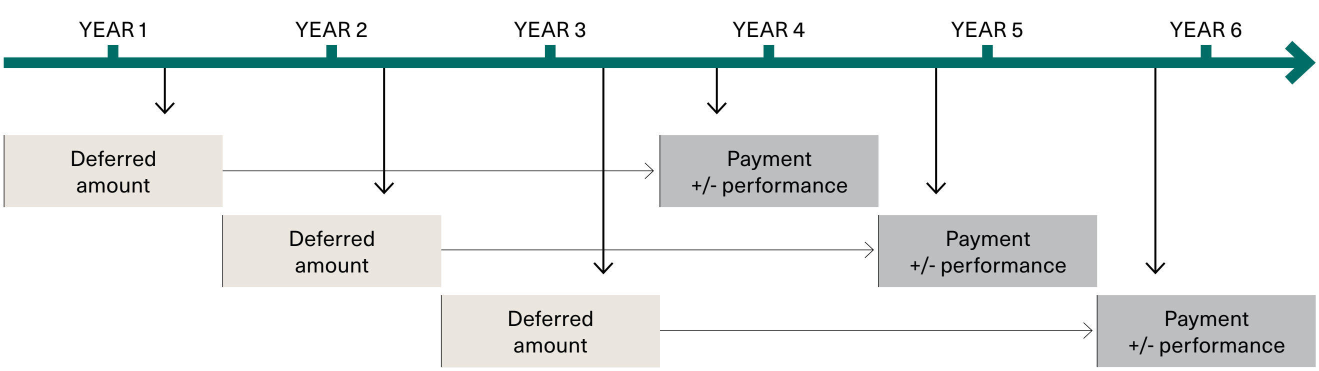
The purpose of the performance units is to support the International Private Equity business unit's direct investment strategy over a long-term horizon. This component is aligned with compensation practices in the sector and in the countries in which CDPQ operates. It reflects CDPQ's strategy to have direct investments represent a significant share of its Private Equity portfolio. It also provides CDPQ with the opportunity to internalize expertise developed in direct investment rather than pay higher fees to external fund managers.

The value of the performance units awarded will rise and fall according to the absolute return of the designated portfolio during a five-year performance period.

At the end of this period, the units acquired will be settled based on the achievement of performance objectives established at the time they were granted and converted into performance factors that have a threshold and a maximum. When the performance over five years is below the threshold, no amounts are payable.

FIGURE 31

DEFERRED VARIABLE COMPENSATION



Results since 2019

In recent years, CDPQ has invested in many companies and projects to generate optimal returns for its depositors and contribute to Québec's economic development. The Human Resources Committee presents highlights from the teams' achievements to provide context on the basis for variable compensation awarded:

- In sharply contrasting market environments over the period, our net assets increased by $124.7 billion to $434.2 billion as at December 31, 2023.
- Over five years, CDPQ has generated an annualized return of 6.4%, outpacing its benchmark portfolio's performance of 5.9%, for investment results of $108.0 billion, yielding $11.7 billion in value added. Note that since strategic initiatives were implemented in 2020, the value added has increased over both five and ten years, representing $28.4 billion over the latter period.
- This long-term performance meets depositors' needs and ensures the financial health of their funds.
- CDPQ stayed the course with investment strategies that have paid off in recent years, while making strategic changes in some asset classes, with concrete results over five years:
  - In Fixed Income, credit activities drove performance in this class, which created $5.2 billion in value added.
  - Infrastructure delivered $8.8 billion in value added, with contributions from renewable energy assets, ports and telecommunications.
  - In Private Equity, the portfolio generated $3.5 billion in value added thanks to a careful selection of portfolio direct investments in key sectors.
  - In Real Estate, repositioning toward promising sectors such as logistics is bearing fruit, with substantial value added since the portfolio pivoted.
  - The Equity Markets portfolio is now more diversified subsequent to the adjustments made over the period, and is better equipped to handle different market environments.
- CDPQ's total assets in Québec have increased $24 billion over the last five years, reaching $88 billion at the end of 2023, which constitutes substantial progress toward its goal of reaching $100 billion in 2026. Highlights included:
  - New investments and commitments of $21.6 billion over five years, which enabled expanding the global reach of local businesses, accelerating their technological change, and fostering sustainable growth for them and the overall economy.
  - The implementation of structuring infrastructure projects—as shown by the progress on REM work and commissioning of the South Shore Branch—and real estate projects, with an agreement in principle reached in 2023 to study creating an inter-university campus in Montréal.
  - Support for initiatives to foster SME growth, contribute to the development of entrepreneurship and the next generation, and to foster access to capital for innovative Québec businesses through Espace CDPQ.
  - 2023 announcement of the ambition to more than double the funds entrusted to external Québec managers to $8 billion by 2028, and thereby promote the growth of the province's asset management industry.
- CDPQ has continued to diversify its portfolio, a key component of its strategy which proved critical during the shifting market conditions noted over the period.
- Having exceeded the intermediate targets of its first climate strategy, launched in 2017, in 2021, CDPQ announced an ambitious new strategy to accelerate the transition and limit the impacts of climate change. It has made progress since then and is poised to achieve its targets. Highlights as at December 31, 2023 included:
  - $53 billion in low-carbon assets held, very close to the target of $54 billion by 2025.
  - A 59% reduction in the carbon intensity of the portfolio since 2017.
  - Holdings of $5 billion in transition assets, including in the framework of the envelope to decarbonize the highest-emitting sectors.
  - Exit from the oil production sector completed.

- Lastly, CDPQ showed its leadership in sustainable investment through its initiatives and participation in major world forums, and received international recognition. Of note for 2023:
  - Ivanhoé Cambridge became the first real estate investor to issue a senior unsecured sustainable bond in Canada, in the amount of $300 million.
  - CDPQ ranked first in the world, alongside three other international investors, in the Global SWF's 2023 GSR Scorecard, a benchmark in assessing the governance, sustainability and resilience practices of 200 sovereign wealth and pension funds worldwide.
  - First Canadian pension fund to receive the Terra Carta Seal from the Sustainable Markets Initiative.

Variable compensation as at December 31, 2023

Variable compensation for CDPQ's employees in Québec and the international offices totalled $196.0 million as at December 31, 2023. This amount reflects an average decrease of nearly 3.1% per person, compared to 2022, due to the variation in returns over five years and the number of persons eligible.

The opinion presented by Hugessen Consulting to CDPQ's Board of Directors stated:

"We reviewed CDPQ's returns and benchmark indexes for 2023, as well as the factors that contributed to its return, and we are satisfied with them. The value-added calculations, the 2023 return multiples, the 2019–2023 average return multiples and the 2023 variable compensation multiples are consistent with CDPQ's variable compensation program. In our opinion, the total amount of variable compensation determined under the program in 2023 is reasonable in the prevailing market conditions and given CDPQ's performance in 2019, 2020, 2021, 2022 and 2023."

Taking into account the variable compensation both paid and deferred, the total compensation for CDPQ's employees in 2023 was within the framework provided for under the Regulation, for an annualized return of 6.4% over five years, which outpaces our benchmark portfolio at 5.9%, generating nearly $12 billion in value added.

More specifically, CDPQ engaged the services of Willis Towers Watson to confirm that employee total compensation is around the median of the reference market for the position held. Each year, this firm also conducts a study of the total compensation of senior executives. This confirms that their total compensation, including variable compensation awarded, respects the terms of the Internal Bylaw.

3. Pension plan

Depending on their positions, all employees based in Canada are members of and contribute to one of two defined benefit pension plans: the Government and Public Employees Retirement Plan (RREGOP) or the Pension Plan of Management Personnel (PPMP). In addition, managers and professionals in strategic positions participate in the Régime additionnel de retraite (RAR), and senior executives participate in the Supplemental Pension Plan for Designated Officers (SPPDO). Under these two plans, they are entitled, as of the normal age of retirement, to receive a total annual pension equal to 2% of their eligible earnings for each year or fractional year of plan membership, taking into account the annual tax limits imposed by the Canada Revenue Agency for each year they were not RAR or SPPDO members.

Some senior executives will receive a higher percentage of annual pension or have additional years of service recognized under the SPPDO, depending on the circumstances of their promotion or hiring.

4. Benefits

Employees enjoy a range of competitive benefits such as group insurance, including medical, dental and life insurance. Moreover, certain senior executives have specific benefits in the form of allowances and annual health assessments.

REVIEW OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER'S PERFORMANCE AND TOTAL COMPENSATION

Performance review

At the start of the year, the Committee made a recommendation to the Board of Directors on a series of objectives for the President and Chief Executive Officer. The President and Chief Executive Officer was responsible for the execution of key business priorities in the four following areas:

1. Organization and culture: Elicit strong engagement from all teams, in particular by developing the organization's culture, deploying an employer brand, and ensuring that talent is attracted, retained and developed, with an emphasis on promoting diversity and inclusion.

2. Performance: Position the portfolio to generate optimal performance based on the level of risk expected by depositors.
3. Québec: Rally all teams around the ambition of achieving the goal of $100 billion in assets in Québec by 2026, and continue to foster the growth of Québec companies and develop investment and networking opportunities.
4. Stakeholders: Continue to work closely with depositors, build and develop the organization's major strategic relationships around the world, and promote the organization and its sustainable investment leadership.

Review of total compensation

The compensation and other employment conditions of the President and Chief Executive Officer are based on parameters set by the government after consultation with the Board of Directors. Charles Emond's annual base salary was maintained at $550,000 in 2023.

The President and Chief Executive Officer's annual variable compensation was determined on the basis of the three components shown in Figure 32.

Like all other members of senior management covered by the variable compensation program, the President and Chief Executive Office is required to defer a minimum of 55% of his variable compensation, which will be payable after a three-year period. This amount will increase or decrease based on CDPQ's absolute performance over this period.

This year, the component linked to CDPQ's overall return corresponds to the return over the five-year period from 2019 to 2023. The annualized return for this period is 6.4%, with nearly $12 billion in value added generated in relation to the benchmark portfolio.

As for the component based on the organization's objectives, under Mr. Emond's leadership, CDPQ has:

- Generated a one-year return of 7.2%, which is in line with the 7.3% generated by its benchmark portfolio and meets depositors' needs, against the backdrop of a highly volatile bond market and historic concentration of gains in a few equities in the main stock indexes.
- Seen its Québec assets make substantial progress toward the goal of holding $100 billion in Québec by 2026—with an increase of $10 billion in 2023—by leveraging its constructive capital and its teams' expertise and global network to foster the growth of its portfolio companies, and announced plans to more than double the assets entrusted to Québec managers with the aim of reaching $8 billion by 2028.
- Advanced structuring projects, notably the REM, with the commissioning of the South Shore Branch, and made significant progress on the West Island and North Shore branches, as well as on the feasibility study on converting a portion of the old Royal Victoria Hospital site into a world-class inter-university campus.
- Maintained strong leadership in sustainable investment through its initiatives, which led to new investments in low-carbon or transition-related assets, a sustained decrease in the portfolio's carbon intensity, and a complete exit from the oil production sector, as well as through its presence at leading world forums, and receipt of international awards.

FIGURE 32

VARIABLE COMPENSATION COMPONENTS OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

CDPQ OVERALL RETURN	→	Based on the level of attainment of CDPQ's return and business objectives
ACHIEVEMENT OF THE CORPORATE STRATEGY	→	Based on the level of attainment of the organization's objectives
INDIVIDUAL PERFORMANCE	→	Based on the level of attainment of individual objectives

In conclusion, under Mr. Emond's leadership, CDPQ has generated the long-term returns its depositors need under volatile market conditions. He has succeeded in mobilizing his teams around a new employer brand and strong organizational culture, and maintained strong engagement. He has embodied CDPQ's ambition in Québec through the contribution of all his teams, generating major benefits for local businesses.

In this context, the Committee and the Board believe that Mr. Emond has delivered excellent performance that has largely exceeded the objectives set for him.

The Board of Directors awarded him $3,884,000 in variable compensation, of which $2,136,200 has been deferred and will be payable in 2026, increased or decreased by CDPQ's absolute average return over the three-year period of 2024 to 2026.

The other employment conditions to which Mr. Emond was entitled are aligned with CDPQ's policies and comply with the parameters set out in the Internal Bylaw. He received $40,000 in annual perquisites and was a member of CDPQ's Employee Group Insurance Plan.

Mr. Emond is a member of the basic pension plan under the Pension Plan of Management Personnel (PPMP). In 2023, contributions to the mandatory basic plan represented an annual cost to CDPQ of $22,215. Like the other members of senior management, he has participated in the Supplemental Pension Plan for Designated Officers (SPPDO) since being hired.

In the event that his employment contract is terminated without just and sufficient cause, Mr. Emond will be entitled to severance pay representing 18 months of base salary and target variable compensation, as well as a prorated amount of his variable compensation for the current year and for the previous year, if such variable compensation has not been paid.

No severance will be paid upon the expiration of the contract, if he resigns or if the contract is terminated with just and sufficient cause.

COMPENSATION OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER AND THE MOST HIGHLY COMPENSATED EXECUTIVES FOR 2023

CDPQ's Board of Directors recognizes the importance of qualified leadership and firmly believes that the policies and programs it has endorsed make it possible to:

- Offer competitive compensation in a market where competition for talent is intense and where CDPQ must compete globally to generate the expected returns.
- Achieve the strategic objectives that enable CDPQ to fulfill its mission.

Below, CDPQ discloses the compensation of its President and CEO and the five most highly compensated individuals who hold or held senior management roles at CDPQ in 2023 (see Table 37, page 89).

CDPQ also discloses the compensation of the five most highly compensated executives, including the presidents and CEOs at all subsidiaries in which CDPQ has a stake of 90% or more, i.e. Ivanhoé Cambridge, Otéra Capital and CDPQ Infra (the designated subsidiaries) (see Table 42, page 94).

The designated subsidiaries' compensation policies are based on the same broad principles as CDPQ's, i.e. they recognize sustained long-term performance. All have the same strategic objectives.

Components of designated subsidiaries' total compensation

The total compensation of employees of the designated subsidiaries is based on the same four components:

1. Base salary
2. Variable compensation
3. Pension plan
4. Benefits

1. Base salary

Annual base salaries are set according to the salary conditions prevailing in the reference markets.

Each year, the subsidiary's Board of Directors approves the payroll budget increase.

2. Variable compensation

Variable compensation serves to recognize performance, attainment of objectives and contribution to the achievement of strategic orientations. It is an important part of the total compensation offered to employees, as is the case at CDPQ.

Variable compensation is never guaranteed. It is determined based on a global evaluation of performance over the long term. Depending on the designated subsidiary, it could be based on individual performance, team performance and the performance of the subsidiary and CDPQ.

This variable compensation program recognizes consistent performance and requires some of the variable compensation to be deferred over a three-year period, as is the case for CDPQ. This obligation applies to designated employees at Otéra Capital and CDPQ Infra. Ivanhoé Cambridge's program differs, calling for long-term variable compensation that can fluctuate with performance and is only payable if certain conditions are met.

These mechanisms make it possible to link the interests of members of management to those of depositors by having the amounts vary according to the absolute return generated for depositors.

3. Pension plan

All employees of the designated subsidiaries participate in a defined benefit or defined contribution pension plan, depending on the position held and subsidiary.

4. Benefits

Employees have a competitive benefit package, including group insurance.

TABLE 33

REFERENCE MARKET – PRESIDENT AND CHIEF EXECUTIVE OFFICER

- Alberta Investment Management Corporation (AIMCo)
- British Columbia Investment Management Corporation (BCI)
- CPP Investments
- Healthcare of Ontario Pension Plan (HOOPP)
- OMERS
- Ontario Teachers' Pension Plan (OTPP)
- Public Sector Pension Investment Board (PSP Investments)

TABLE 34

REFERENCE MARKET – INVESTMENT EXECUTIVE VICE-PRESIDENT POSITIONS

- Addenda Capital
- Alberta Investment Management Corporation (AIMCo)
- British Columbia Investment Management Corporation (BCI)
- Connor, Clark & Lunn Financial Group
- CPP Investments
- Desjardins Group
- Fiera Capital Corporation
- Healthcare of Ontario Pension Plan (HOOPP)
- Hydro-Québec Pension Plan
- Intact Investment Management
- Investment Management Corporation of Ontario (IMCO)
- Mawer Investment Management
- OMERS
- Ontario Teachers' Pension Plan (OTPP)
- OPSEU Pension Plan Trust Fund (OPPTF)
- Public Sector Pension Investment Board (PSP Investments)
- Sun Life Financial
- WISE Trust

Report of the human resources committee on total compensation (continued)

TABLE 35

REFERENCE MARKET – INVESTMENT POSITIONS

- Addenda Capital
- Alberta Investment Management Corporation (AIMCo)
- Alberta Teachers' Retirement Fund Board
- ATB Financial
- Axium Infrastructure
- Bell Canada
- British Columbia Investment Management Corporation (BCI)
- Canada Infrastructure Bank (CIB)
- Canadian Medical Association (CMA)
- CBC Pension Plan
- Civil Service Superannuation Board (CSSB)
- CN Investment Division
- CPP Investments
- Definity Financial Corporation
- Desjardins Group
- Empire Life
- Fiera Capital Corporation
- Healthcare of Ontario Pension Plan (HOOPP)
- Intact Investment Management
- Investment Management Corporation of Ontario (IMCO)
- Mawer Investment Management
- OMERS
- Ontario Teachers' Pension Plan (OTPP)
- OPSEU Pension Plan Trust Fund (OPPTF)
- Public Sector Pension Investment Board (PSP Investments)
- Richardson Wealth
- Saskatchewan Healthcare Employees' Pension Plan (SHEPP)
- Sionna Investment Managers
- TELUS Corporation
- TTC Pension Plan
- University Pension Plan (UPP)
- Vestcor
- Wawanesa Insurance

TABLE 36

REFERENCE MARKET – NON-INVESTMENT POSITIONS[1]

- AbbVie Canada
- Agropur Dairy Cooperative
- Air Canada
- Alimentation Couche-Tard
- Bell Canada
- Beneva
- Boralex
- Broadridge Financial Solutions
- Brookfield Asset Management
- BRP
- Business Development Bank of Canada
- CAE
- Canadian Imperial Bank of Commerce
- Cascades
- CGI
- CN
- CN Investment Division
- Cogeco Communications
- Desjardins Group
- Énergir
- Fiera Capital Corporation
- Fonds de solidarité FTQ
- Gildan
- Holt Renfrew
- Hydro-Québec
- iA Financial Group
- IBM Canada
- Innergex
- Intact Financial Corporation
- Intact Investment Management
- Keurig Canada
- Loto-Québec
- Lowe's
- Manulife Financial
- Mastercard Canada
- Molson Coors
- National Bank of Canada
- Northbridge Financial Corporation
- Pfizer Canada
- Pomerleau
- Power Corporation of Canada
- Public Sector Pension Investment Board (PSP Investments)
- Québecor
- RGA Canada
- Rio Tinto
- Saputo
- Société des alcools du Québec
- TELUS Corporation
- TFI International
- TMX Group
- UAP
- Videotron
- Yellow Pages
- WSP

1. Only the non-investment positions of the investment sector organizations listed in this table were considered for the reference market.

TABLE 37

SUMMARY OF THE COMPENSATION FOR 2021–2023 OF THE PRESIDENT AND CEO OF CDPQ AND THE FIVE MOST HIGHLY COMPENSATED INDIVIDUALS WHO HOLD OR HELD MANAGEMENT POSITIONS AT CDPQ

This table summarizes total compensation as awarded. Specifically, it sets out the variable compensation awarded for the year, divided between amounts paid and deferred. Total compensation awarded provides a better understanding of the alignment with CDPQ's performance.

Name and main position	Fiscal year	Base compensation paid[1] A	Variable compensation paid for the year B	Deferred variable compensation for the year[2] C	Variable compensation awarded for the year D=B+C	Pension plan contributions made by CDPQ E	Other benefits paid or granted[3] F	Total compensation awarded for the year G=A+D+E+F
Charles Emond President and Chief Executive Officer	2023	$ 550,000	$1,747,800	$2,136,200	$3,884,000	$ 22,215	$ 51,670	$4,507,885
	2022	$ 550,000	$1,611,450	$1,969,550	$3,581,000	$ 21,016	$ 53,138	$4,205,154
	2021	$ 550,000	$1,710,000	$2,090,000	$3,800,000	$ 19,944	$ 50,000	$4,419,944
Emmanuel Jaclot[4] Executive Vice-President and Head of Infrastructure	2023	$ 502,997	N/A	$2,400,000	$2,400,000	$ 22,215	$ 40,919	$2,966,131
	2022	€ 425,000	€ 149,000	€1,341,000	€1,490,000	€ 13,618	€ 7,940	€1,936,558
	2021	€ 425,000	€ 702,400	€ 858,600	€1,561,000	€ 12,924	€ 5,600	€2,004,524
Vincent Delisle Executive Vice-President and Head of Liquid Markets	2023	$ 465,000	$ 787,500	$ 962,500	$1,750,000	$ 22,215	$ 41,370	$2,278,585
	2022	$ 464,712	$ 675,000	$ 825,000	$1,500,000	$ 21,016	$ 40,788	$2,026,516
	2021	$ 450,000	$ 742,500	$ 907,500	$1,650,000	$ 19,944	$ 41,100	$2,161,044
Kim Thomassin Executive Vice-President and Head of Québec	2023	$ 425,000	$ 600,750	$ 734,250	$1,335,000	$ 22,215	$ 39,068	$1,821,283
	2022	$ 424,808	$ 250,000	$1,000,000	$1,250,000	$ 21,016	$ 38,635	$1,734,459
	2021	$ 415,000	$ 326,200	$ 978,800	$1,305,000	$ 19,944	$ 37,300	$1,777,244
Martin Longchamps[5] Executive Vice-President and Head of Private Equity	2023	$ 450,000	$ 587,250	$ 717,750	$1,305,000	$ 22,215	$ 42,426	$1,819,641
	2022	$ 51,923	N/A	$ 215,000	$ 215,000	$ 2,425	$ 5,081	$ 274,429
	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Marc-André Blanchard Executive Vice-President and Head of CDPQ Global and Global Head of Sustainability	2023	$ 500,000	$ 562,500	$ 687,500	$1,250,000	$ 22,215	$ 41,348	$1,813,563
	2022	$ 500,000	$ 627,750	$ 767,250	$1,395,000	$ 21,016	$ 42,228	$1,958,244
	2021	$ 500,000	$ 672,700	$ 822,300	$1,495,000	$ 19,944	$ 39,700	$2,054,644

1. Base compensation paid corresponds to the base salary actually paid based on the number of pay periods in the year, which may vary from year to year.
2. As mentioned on page 82 of this Annual Report, under the variable compensation program, senior executives must defer a portion of their annual awarded variable compensation. Deferred variable compensation also includes all voluntarily deferred portions.
3. Amounts indicated include employer contributions to group insurance premiums, perquisites and health assessments.
4. For Mr. Jaclot, in addition to total compensation awarded, he received a temporary annual allowance of €280,000 in instalments until May 2023. This allowance was paid in Canadian dollars in 2023 and represents $180,000 for 2023.
5. For Mr. Longchamps, in addition to total compensation awarded, he received a compensatory amount of $900,000.

TABLE 38

SUMMARY OF THE DEFERRED VARIABLE COMPENSATION PAID IN 2023 FOR THE INDIVIDUALS LISTED IN TABLE 37

Name and main position	Previous fiscal year	Deferred variable compensation[1]	Cumulative return at the time of payment	Deferred previous variable compensation disbursed in 2023[2]
Charles Emond President and Chief Executive Officer	2020	$ 1,512,500	$ 176,116	$ 1,688,616
Emmanuel Jaclot Executive Vice-President and Head of Infrastructure	2020	$ 812,900	$ 94,654	$ 907,554
Vincent Delisle Executive Vice-President and Head of Liquid Markets	2020	$ 328,900	$ 38,297	$ 367,197
Kim Thomassin Executive Vice-President and Head of Québec	2020	$ 726,000	$ 84,536	$ 810,536
Martin Longchamps[3] Executive Vice-President and Head of Private Equity	2020	N/A	N/A	N/A
Marc-André Blanchard Executive Vice-President and Head of CDPQ Global and Global Head of Sustainability	2020	$ 275,000	$ 32,021	$ 307,021

1. The amounts appearing in the table refer to the portion of variable compensation awarded in 2020 and deferred over a three-year period that was paid in 2023. As required by the Income Tax Act, these amounts must be disbursed after three years, at the latest.
2. Disbursed previously deferred variable compensation includes the return earned during the three-year period. The returns earned correspond to the weighted average return on CDPQ's depositors' funds expressed as a percentage, as published by CDPQ for each of its fiscal years and each of its six-month periods, compounded over a three-year period.
3. This executive began participating in the variable compensation program in 2022.

TABLE 39

2023 PENSION SUMMARY OF THE INDIVIDUALS LISTED IN TABLE 37

This table details the values recognized for financial statement purposes for the executives who participate in a defined benefit pension plan.[1]

Name and main position	Years of credited service[2]	Annual benefits payable[3] At year-end ($)	Annual benefits payable[3] At age 65 ($)	Supplemental plan Accrued obligation at start of year[4] ($)	Supplemental plan Change due to compensatory items[5] ($)	Supplemental plan Change due to non-compensatory items[6] ($)	Supplemental plan Accrued obligation at year-end[4] ($)
Charles Emond President and Chief Executive Officer	4.9	54,200	275,500	434,200	94,800	60,500	589,500
Emmanuel Jaclot Executive Vice-President and Head of Infrastructure	4.4	57,100	311,700	405,900	(52,000)	64,300	418,200
Vincent Delisle Executive Vice-President and Head of Liquid Markets	3.4	31,800	134,000	213,500	78,700	30,300	322,500
Kim Thomassin Executive Vice-President and Head of Québec	6.9	88,300	254,000	790,200	107,700	101,700	999,600
Martin Longchamps Executive Vice-President and Head of Private Equity	1.1	10,200	145,200	10,400	76,000	10,900	97,300
Marc-André Blanchard Executive Vice-President and Head of CDPQ Global and Global Head of Sustainability	3.3	33,100	102,300	239,300	94,600	31,000	364,900

1. The table above presents the changes in value of the pension plan benefits in compliance with accounting rules. These values are presented for information purposes.
2. This is the number of years of credited service in the basic plan.
3. Annual benefits equal the amount of pension payable under the basic plan and the supplemental plan at year-end or at age 65.
4. The obligations do not include those of the basic plan because employer and employee contributions are remitted to Retraite Québec, which assumes the liability for the benefits. CDPQ's contribution was $22,215 per executive in 2023, as indicated in the compensation summary (Table 37, column E).
5. The change due to compensatory items includes the annual cost of pension benefits, base salary changes in relation to the salary increase assumption used or plan changes.
6. The change due to non-compensatory items includes amounts attributable to the interest accrued on the obligation at the beginning of the year, actuarial gains and losses associated with non-compensatory items and changes in actuarial assumptions.

TABLE 40

SUMMARY OF SEVERANCE PAY IN THE EVENT OF NON-VOLUNTARY TERMINATION FOR THE INDIVIDUALS LISTED IN TABLE 37

Name and main position	Theoretical amount payable[1]
Charles Emond[2] President and Chief Executive Officer	$3,713,000
Emmanuel Jaclot Executive Vice-President and Head of Infrastructure	$1,550,000
Vincent Delisle Executive Vice-President and Head of Liquid Markets	$1,349,000
Kim Thomassin Executive Vice-President and Head of Québec	$1,035,000
Martin Longchamps Executive Vice-President and Head of Private Equity	$1,080,000
Marc-André Blanchard Executive Vice-President and Head of CDPQ Global and Global Head of Sustainability	$1,467,000

1. In the event of dismissal without just and sufficient cause, the severance paid to the executives is equal to one month of base salary and target variable compensation per year of completed service for a minimum of 12 months subject to a maximum of 16 months or as stipulated in their employment contract.
2. In the event of dismissal without just and sufficient cause, this executive's employment contract provides for severance pay equal to 18 months of his annual base salary and target variable compensation.

TABLE 41

REFERENCE MARKETS AND CDPQ TOTAL COMPENSATION FOR 2023 FOR THE INDIVIDUALS LISTED IN TABLE 37[1]

Main position	Maximum total compensation based on reference market[2]	Total compensation awarded in 2023[3]
President and Chief Executive Officer	$6,133,000	$4,507,885
Executive Vice-President and Head of Infrastructure	$3,565,810	$2,966,131
Executive Vice-President and Head of Liquid Markets	$4,313,064	$2,278,585
Executive Vice-President and Head of Québec	$3,807,000	$1,821,283
Executive Vice-President and Head of Private Equity	$3,807,000	$1,819,641
Executive Vice-President and Head of CDPQ Global and Global Head of Sustainability[4]	N/A	$1,813,563

1. Willis Towers Watson, Compensation of the President and Chief Executive Officer Study and Global Market Compensation Study, CDPQ, 2023.
2. As stipulated in the Internal Bylaw, for the President and Chief Executive Officer position, potential total compensation at the 75th percentile of the reference market was used, and for investment positions, the 90th percentile of the reference market was used.
3. These amounts reflect the total compensation awarded in 2023 (Table 37, column G). This compensation was awarded for a 6.4% five-year annualized return (2019 to 2023) and value added of $11.7 billion.
4. Due to the nature of this position, market data are not available.

TABLE 42

SUMMARY OF THE COMPENSATION OF THE FIVE MOST HIGHLY PAID EXECUTIVES, INCLUDING THE PRESIDENT AND CEOS, OF THE SUBSIDIARIES CDPQ HOLDS AT OVER 90% FOR 2023

This table summarizes total compensation as awarded. Specifically, it sets out the variable compensation awarded for the year, divided between amounts paid and deferred. Total compensation awarded provides a better understanding of the alignment with CDPQ's performance.

Name and main position	Base compensation paid A	Variable compensation paid for the year B	Deferred variable compensation for the year[1] C	Variable compensation awarded for the year D=B+C	Pension plan contributions made by the subsidiary E	Other benefits paid or granted[2] F	Total compensation awarded for the year G=A+D+E+F
Nathalie Palladitcheff[3] President and Chief Executive Officer, Ivanhoé Cambridge	$ 550,000	$1,150,000	$1,150,000	$2,300,000	$ 67,344	$ 43,800	$2,961,144
Rana Ghorayeb President and Chief Executive Officer, Otéra Capital	$ 400,000	$ 607,500	$ 742,500	$1,350,000	$ 22,215	$ 37,228	$1,809,443
Jean-Marc Arbaud President and Chief Executive Officer, CDPQ Infra	$ 460,385	$ 845,000	$ 455,000	$1,300,000	$ 15,780	$ 8,765	$1,784,930
George Agethen[4] Co-Head of Asia-Pacific, Ivanhoé Cambridge (Singapore)	S$ 810,000	S$ 760,000	S$ 823,333	S$1,583,333	N/A	S$ 48,760	S$2,442,093
Karim Habra[5] Head of Europe, Co-Head of Asia-Pacific, Ivanhoé Cambridge (Paris)	€ 440,000	€ 420,000	N/A	€ 420,000	€ 50,975	€ 24,082	€ 935,057

1. As noted on page 87 of this report, under the variable compensation program of certain subsidiaries, senior executives are required to defer a portion of their annual variable compensation awarded or to take part in a long-term variable compensation program.
2. Amounts indicated include employer contributions to group insurance premiums, perquisites and health assessments.
3. For Ms. Palladitcheff, in addition to total compensation awarded, she received an amount of $450,000 in 2023 related to a temporary measure.
4. For Mr. Agethen, in addition to total compensation awarded, he received an amount of S$386,000 in 2023 related to a temporary measure.
5. For Mr. Habra, in addition to total compensation awarded, he received an amount of €280,000 in 2023 related to a temporary measure. Following the announcement that he was leaving CDPQ at the beginning of 2024, no deferred variable compensation was attributed to him for 2023.

TABLE 43

SUMMARY OF DEFERRED VARIABLE COMPENSATION PAID IN 2023, INCLUDING THE LONG-TERM VARIABLE COMPENSATION PROGRAM FOR THE INDIVIDUALS LISTED IN TABLE 42

Name and main position	Previous fiscal year	Deferred variable compensation[1]	Cumulative return at the time of payment	Deferred previous variable compensation disbursed in 2023[2]
Nathalie Palladitcheff[3] President and Chief Executive Officer, Ivanhoé Cambridge	2020	N/A	N/A	N/A
Rana Ghorayeb President and Chief Executive Officer, Otéra Capital	2020	$403,200	$ 46,949	$450,149
Jean-Marc Arbaud President and Chief Executive Officer, CDPQ Infra	2020	$409,500	$ 47,682	$457,182
George Agethen[3] Co-Head of Asia-Pacific, Ivanhoé Cambridge (Singapore)	2020	N/A	N/A	N/A
Karim Habra[3] Head of Europe, Co-Head of Asia-Pacific, Ivanhoé Cambridge (Paris)	2020	N/A	N/A	N/A

1. The amounts appearing in the table refer to the portion of variable compensation awarded in 2020 and deferred over a three-year period that was paid in 2023. As required by the Income Tax Act, these amounts must be disbursed after three years, at the latest.
2. Disbursed previously deferred variable compensation includes the return earned during the three-year period. Returns earned correspond to the weighted average of depositors' funds at CDPQ expressed as a percentage, as published by CDPQ, for Otéra Capital and CDPQ Infra.
3. These executives did not receive any deferred variable compensation for the 2020 period.

Sustainable Development Report

Sustainable Development Report

In 2023, CDPQ published its Sustainable Development Action Plan 2023–2028 (SDAP). The plan, which is structured around ten strategic sustainable development actions across all of its activities, is part of Québec's Government Sustainable Development Strategy 2023–2028 (GSDS).

The Sustainable Development Report describes the actions taken under the current SDAP and reports on CDPQ's results. We also publish a Sustainable Investing Report (SIR) to provide more details on our actions as an investor, shareholder and community member. The SDAP 2023–2028 both continues our actions under previous plans and reflects the ambitions of CDPQ and its subsidiaries. The commitments described are directly related to the priorities and strategies set out in our SIR.

For more information on our achievements, please visit www.cdpq.com.

Action 1 – Increase the number of companies in our portfolio that include ESG factors in their business strategies

Indicator	2023 target	2023 results
1.1 Number of Québec companies supported with ESG factor integration annually	10 companies	10 companies

Factoring environmental, social and governance (ESG) considerations into business strategies promotes resilience and performance over the long term. This is why we make our portfolio companies aware of the importance of best practices in this area. To contribute to the development of a strong local economy, we seek to increase the number of Québec companies in our portfolio that take ESG factors into account. In 2023, we supported ten companies in this process, reaching our target.

Action 2 – Support Québec companies owned by women

Indicator	2023 target	2023 results
2.1 Cumulative number of Québec women entrepreneurs involved in Les Cheffes de file	115 women entrepreneurs	120 women entrepreneurs

As at December 31, 2023, the Les Cheffes de file community included 120 Québec women entrepreneurs, exceeding the target. The increase is due to ongoing recruitment, an influx of spontaneous applicants due to advertising, a media watch for potential candidates, partner contacts and referrals from women entrepreneurs who are already in the program.

Throughout the year, workshops on business topics such as cybersecurity, developing international markets and organizational culture were organized for participating entrepreneurs. We also celebrated the initiative's fifth anniversary.

Action 3 – Assess the sustainability of our interactions

Indicator	2023 target	2023 results
3.1 Proportion of our new transactions that have undergone a sustainability assessment in Québec	80%	72%

In the framework of our investment decisions, we use ESG analyses to assess companies' sustainability and better grasp the risks and opportunities they are facing. In 2023, 72% of our new transactions underwent a sustainability assessment in Québec. A standardization process is currently being completed with our subsidiaries. Therefore, as of 2024, 100% of our transactions will undergo a sustainability assessment.

Action 4 – Enhance the sustainability of our global portfolio

Indicator	2025 target	2023 results
4.1 Low-carbon assets	$54 B by 2025	$53 B

Low-carbon assets comply with the most rigorous standards worldwide, based on the taxonomy of the Climate Bonds Initiative (CBI).

As at December 31, 2023, the value of our low-carbon assets totalled $53 billion (see Figure 44). Of these assets, $15 billion are in Québec. They include wind farms, an electric vehicle charging network and several buildings with numerous energy efficiency certifications.

Indicator	2030 target	2023 results
4.2 Reduction in the carbon intensity of our portfolio compared to 2017	60% by 2030	59%

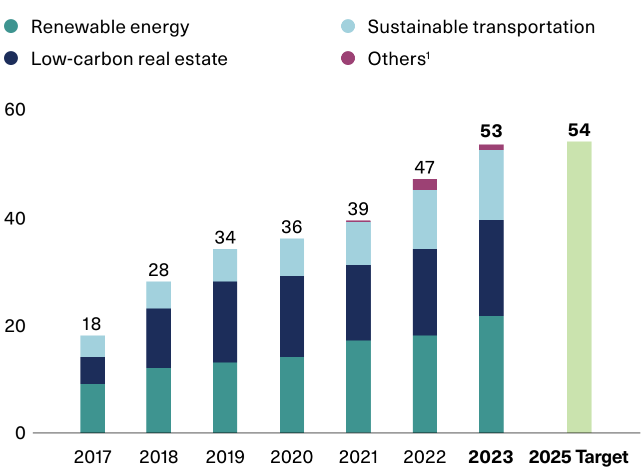
In 2023, the carbon intensity of our portfolio was down 59% from our 2017 starting point (see Figure 45).

The decrease stems directly from our sustainable investments and efforts to decarbonize our portfolio companies.

We are very close to our 2030 target. However, the change in our portfolio's carbon intensity may not necessarily be linear in the coming years. It could be influenced by various factors, including changing asset values and investment opportunities in transition sectors.

FIGURE 44

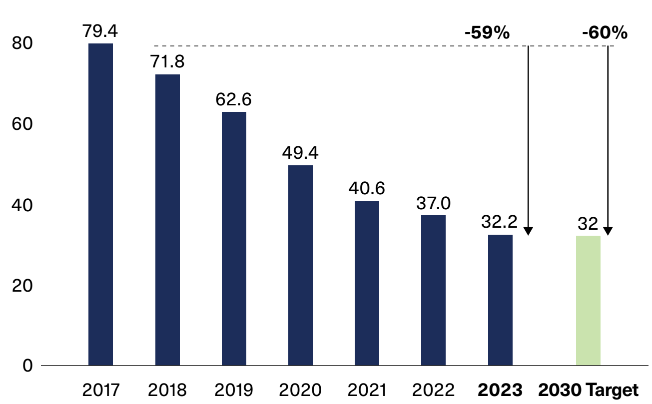
LOW-CARBON ASSETS
(in billions of dollars)



1. Includes the new sectors from CBI's taxonomy.

FIGURE 45

THE PORTFOLIO'S CARBON INTENSITY
(in tCO_2e/M$)



Action 5 – Increase the share of our sustainability-themed donations and sponsorships

Indicator	2025 target	2023 results
5.1 Proportion of our sustainability-themed donations and sponsorships granted	14% by 2025	13%

We granted 13% of our donations and sponsorships to organizations that work on sustainability. They include non-profit organizations that engage in environmental outreach and tree planting, and university research projects on sustainable growth. To expand our support over the coming years, we continue to look for organizations that are taking concrete action in this sector.

Action 6 – Increase the share of our responsible acquisitions

Indicator	2025 target	2023 results
6.1 Proportion of contracts signed as a result of a call for tenders (public or by invitation) with a supplier engaged in a valid sustainable development approach	65% by 2025	79%

Concerned about our suppliers' environmental impact, we privilege suppliers that adopt environmentally responsible practices. This is why we have added sustainability assessment criteria to our calls for tenders. The proportion of contracts signed as a result of a call for tenders (public or by invitation) with a supplier engaged in a valid sustainable development approach was 79% in 2023. We continue to make our teams aware of the importance of selecting suppliers that use best practices, in order to increase this proportion over time.

Action 7 – Reduce greenhouse gas emissions from our three business offices in Québec

Indicator	2025 target	2023 results
7.1 Reduction of greenhouse gas emissions in our three business offices in Québec per square foot compared to 2017	35% (1.79 kg CO_2e/ft^2) by 2025	41% (1.63 kg CO_2e/ft^2)

Our three Québec offices—Édifice Jacques-Parizeau (EJP), Édifice Price and Place Ville Marie (PVM)—meet the most stringent energy efficiency requirements. In 2023, they achieved a 41% reduction (1.63 kg CO_2e/ft^2) from 2017 levels, meaning that we have already reached our target of a 35% reduction from 2017 levels by 2025. We continue to strive to increase our buildings' energy efficiency.

Action 8 – Increase eco-friendly management of renovation projects in our three business offices in Québec

Indicator	2025 target	2023 results
8.1 Average rate of materials reclaimed from renovation projects in our three business offices in Québec	90% by 2025	97%

In 2023, the average rate of materials reclaimed from renovation projects in our three business offices in Québec was 97%, which includes 5 construction projects for EJP and over 27 construction projects for PVM.

Action 9 – Foster waste reclamation in our three business offices in Québec

Indicator	2025 target	2023 results
9.1 Average waste reclamation rate for our three business offices in Québec	65% by 2025	55%

In 2023, the waste reclamation rate was 55%. We have introduced control points to improve the situation over the coming year. This will ensure that all teams are aware of the importance of good recycling and composting practices and help us achieve our target of 65% by 2025.

Indicator	2025 target	2023 results
9.2 IOR+ accreditation for our three business offices in Québec	Obtain IOR+ accreditation for EJP in 2025	Ongoing

The Québec government's Bureau de coordination du développement durable (BCDD) is providing support in 2024 for the departments and bodies. We will therefore analyze the situation to establish the various elements required to achieve the IOR+ (ICI on recycle +) certification for EJP in the coming year, with the assistance of a subject matter expert. The next phase will involve developing an action plan for adapting existing processes to meet the standards for certification.

Action 10 – Increase the modal share of active transportation, public transit and alternatives to the single-occupant commute for employees of CDPQ and of its subsidiaries in Québec

Indicator	2023 target	2023 results
10.1 Modal share of active transportation, public transit and alternative solutions to single-occupant commutes among our employees	Analysis of current situation	Starts in 2024

For this action, the BCDD must conduct a survey of CDPQ's staff on sustainable mobility. Initially scheduled for 2023, the survey will take place in spring 2024. We will use the survey results to develop a picture of our people's travel habits and tailor solutions to their realities.

Financial Report

Change in Assets

NET ASSETS ATTRIBUTABLE TO DEPOSITORS

Net assets attributable to depositors grew from $309.5 billion as at December 31, 2018, to $434.2 billion as at December 31, 2023, an increase of $124.7 billion over five years. This growth was primarily due to investment results of $108.0 billion, in addition to depositors' net contributions of $16.7 billion (see Table 49, page 105).

During 2023, net assets attributable to depositors increased by $32.3 billion to $434.2 billion, compared to $401.9 billion as at December 31, 2022. This increase was due to $28.0 billion of investment results and $4.3 billion in depositors' net contributions.

TOTAL ASSETS

As at December 31, 2023, total assets reached $511.4 billion, compared to $473.8 billion at the end of 2022 (see Table 46). The $37.6-billion increase was due to net acquisitions of investments and gains on financial instruments. The liabilities to total assets ratio fell slightly to 15.1% as at December 31, 2023, compared to 15.2% in 2022. CDPQ's liabilities primarily consist of amounts payable on transactions being settled, securities sold under repurchase agreements, securities sold short and the financing programs issued by our subsidiary, CDP Financial, which are used to finance investments.

ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

CDPQ and its subsidiaries administer and manage assets entrusted to them by clients and on their behalf. These assets are not included in CDPQ's Consolidated Financial Statements. CDPQ and its subsidiaries receive fees in return for such portfolio management services and administrative services, which include the administration of real estate properties and transferred mortgages.

As at December 31, 2023, CDPQ's assets under management and assets under administration totalled $172.7 billion, up $2.2 billion from one year earlier (see Table 47). This growth came primarily from the portfolio administered by MCAP, a subsidiary of Otéra Capital. This company administers $147.6 billion of Canadian residential, commercial and construction mortgages.

TABLE 46

FINANCIAL INFORMATION –
FINANCIAL POSITION
(as at December 31 – in millions of dollars)

	2023	2022
ASSETS		
Investments	**504,902**	466,957
Other assets	**6,547**	6,850
Total assets	**511,449**	473,807
LIABILITIES		
Investment liabilities	**70,451**	68,343
Other liabilities	**6,751**	3,577
Total liabilities	**77,202**	71,920
Net assets	**434,247**	401,887

TABLE 47

FINANCIAL INFORMATION –
TOTAL ASSETS UNDER MANAGEMENT
(as at December 31 – in millions of dollars)

	2023	2022
Total assets	**511,449**	473,807
Assets under management	**22,844**	23,189
Assets under administration	**149,808**	147,253
Assets under management and assets under administration	**172,652**	170,442
Total assets under management	**684,101**	644,249

INVESTMENT RESULTS

Over five years, investment results amounted to $108.0 billion. The Equities asset class contributed the most, generating results of $88.1 billion, including $46.9 billion from the Equity Markets portfolio and $41.2 billion from the Private Equity portfolio. The Fixed Income and Real Assets classes also contributed $5.9 billion and $18.1 billion, respectively.

For 2023, the $28.0 billion in investment results (see Table 48) were mainly attributable as follows: Equities at $17.5 billion and Fixed Income at $9.7 billion. The Real Assets class contributed $2.0 billion to results.

NET CONTRIBUTIONS BY DEPOSITORS

As at December 31, 2023, depositors' net contributions totalled $4.3 billion, mainly due to net contributions of $6.7 billion by the Québec Pension Plan, offset by net withdrawals of $1.7 billion by the Government and Public Employees Retirement Plan.

TABLE 48

FINANCIAL INFORMATION – INVESTMENT RESULTS

(for the period ended December 31 – in millions of dollars)

	2023	2022
Net investment income	**7,530**	7,686
Operating expenses	**(799)**	(924)[1]
Net income	**6,731**	6,762
Net gains (losses) on financial instruments at fair value	**21,254**	(31,374)
Investment results	**27,985**	(24,612)

1. Includes IT development costs of $149 million in 2022 (see Note 9 to the Consolidated Financial Statements).

TABLE 49

FINANCIAL INFORMATION – SUMMARY OF CHANGES IN NET ASSETS

(for the period from 2019 to 2023 – in billions of dollars)

	2023	2022	2021	2020	2019	5 years
Net assets, beginning of year	**401.9**	419.8	365.5	340.1	309.5	**309.5**
Investment results	**28.0**	(24.6)	48.7	24.8	31.1	**108.0**
Net contributions (net withdrawals) by depositors	**4.3**	6.7	5.6	0.6	(0.5)	**16.7**
Net assets, end of year	**434.2**	401.9	419.8	365.5	340.1	**434.2**

Cost Management

To optimize its risk-return profile, CDPQ seeks to diversify its portfolio through exposure to a wide range of asset classes, geographic regions and strategies. The vast majority of its investments are managed internally, but for certain specific activities, forming a team is not an optimal strategy.

Sometimes CDPQ seeks cutting-edge expertise in a targeted sector or in-depth knowledge in a market where we have a limited presence. We may also want to take advantage of low-cost investment opportunities that would be difficult to obtain without these partnerships or strategies that complement our own. It may therefore be to the organization's advantage to partner with external managers that meet our criteria and share our investment philosophy, as well as demonstrate strong management and execution capabilities.

The decision to carry out activities internally or use external managers is based on an in-depth analysis of various options to find the best way to achieve our business objectives while managing the related costs in an optimal manner.

COSTS BY EXPENSE TYPE

CDPQ seeks to optimize its costs in comparison to other institutional fund managers of similar size engaged in similar activities.

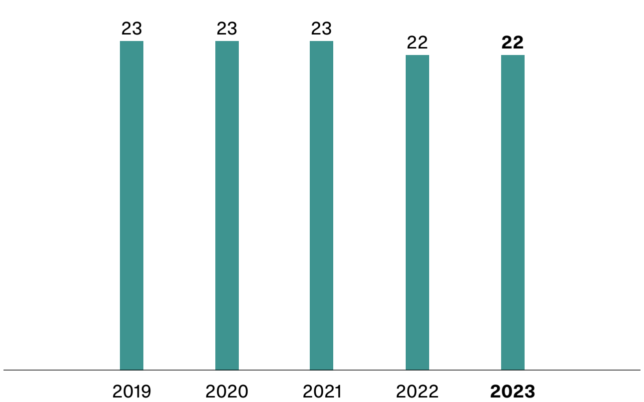
The costs generated by its activities can be broken down into the following categories:

1. Operating expenses
2. External management fees – Equity Markets
3. External management fees – Private Markets and other funds
4. Transaction costs

The costs presented, which include all costs paid, are expressed in dollars and cents per $100 of average net assets (basis points). This allows for better comparisons with previous years due to changes in asset size. These costs are included in the financial results and presented in various parts of the consolidated financial statements. They are shown together in this section.

FIGURE 50

OPERATING EXPENSES AND EXTERNAL MANAGEMENT FEES – EQUITY MARKETS EXPRESSED PER $100 OF DEPOSITORS' AVERAGE NET ASSETS
(for periods ended December 31 – in cents)



1. OPERATING EXPENSES

Operating expenses represent portfolio management and administration costs and costs incurred for internally managed investments. For 2023, they were $799 million, or 19 basis points. As shown in Table 51 on page 108, they were stable compared to 2022.

2. EXTERNAL MANAGEMENT FEES – EQUITY MARKETS

External management fees for Equity Markets totalled $114 million in 2023, or 3 basis points, stable compared to 2022. In recent years, CDPQ has sought to complement our internal expertise in certain markets by entrusting the management of certain securities to external managers.

In 2023, CDPQ's operating expenses and external management fees for Equity Markets stood at $913 million. This amount represents 22 basis points (see Figure 50, page 106), stable compared to 2022 and down from the level recorded in the period from 2019 to 2021. This ratio compares favourably with that of the industry.

3. EXTERNAL MANAGEMENT FEES – PRIVATE MARKETS AND OTHER FUNDS

CDPQ invests in private equity and funds offered by experienced external managers, allowing for the geographical diversification of activities and expanding the investment pool into niche areas. The fees related to these funds are of two types:

- Management fees, which are calculated on the amount of assets held by the fund
- Performance fees, which are incentives payable when the returns generated exceed a target rate of return, thereby ensuring that the interests of the managers and CDPQ are aligned

These costs, consisting of the management fees and performance fees paid, are among the items deducted from fair value and are included in investment results.

In 2023, the external management fees for Private Markets and other funds totalled $1.326 billion, representing 32 basis points. This increase over 2022 stems from the performance of certain external managers and the sale of investments that generated performance fee payments, in particular in Private Equity.

MAJOR CONTRIBUTION TO THE PERFORMANCE OF ASSETS IN PRIVATE MARKETS AND OTHER FUNDS

CDPQ uses external managers to achieve our strategic orientations, which require an agile deployment of capital to implement certain active management strategies. These activities are intended as a complement to the activities of our teams. External managers are selected through a rigorous process that includes performing a complete due diligence review and negotiating management and performance fees.

Manager performance is regularly assessed to ensure that performance objectives are achieved while minimizing the costs to the organization. Performance fees are payable only when managers outperform a target return set by CDPQ. These fees are significant incentives for encouraging superior returns and producing value added.

Cost Management (continued)

4. TRANSACTION COSTS

Transaction costs are attributable to the acquisition, sale and issuance of financial instruments. They include:

- Financial, legal, tax and ESG due diligence costs
- Fees and commissions paid to consultants and external financial institutions
- Brokerage fees and amounts levied by regulatory agencies
- Transfer duties and taxes

These costs may vary from one year to the next based on the amount of capital deployed and the complexity of the transactions. In 2023, they totalled $226 million, or 5 basis points, compared to 6 basis points in 2022.

COST RATIO

For the year ended December 31, 2023, the internal and external management costs of the investments detailed above totalled $2.465 billion (see Table 51), representing 59 basis points. The one-year increase was mainly due to higher performance fees paid on investments under external management. As mentioned above, the ratio of operating expenses and external management fees for Equity Markets was stable compared to 2022.

OPERATIONAL EFFICIENCY

CDPQ periodically reviews its business processes and maintains tight control over costs. It seeks to manage them as efficiently as possible in order to generate optimal returns.

For many years, CDPQ has taken part in work to benchmark its costs by asset class. Annual benchmarking conducted with CEM Benchmarking, an independent provider of cost and performance benchmarking information for pension funds and other institutional asset managers around the world, has confirmed that CDPQ's cost management ranks favourably with that of its peers.

TABLE 51

EXPENSE RATIO
(as at December 31)

Expense category		2023		2022
	$M	BPS[1]	$M	BPS[1]
Operating expenses[2]				
Management and administration of CDPQ portfolios	**799**	**19**	775	19
External management fees – Equity Markets				
Base and performance fees	**114**	**3**	118	3
Subtotal	**913**	**22**	893	22
External management fees – Private Markets and other funds				
Base and performance fees paid and deducted from the fair value of funds	**1,326**	**32**	845	20
Transaction fees				
Acquisition, sale and issuance of financial instruments	**226**	**5**	242	6
Total[3]	**2,465**	**59**	1,980	48

1. Expenses presented in basis points represent expenses paid expressed in cents per $100 of average net assets.
2. Excludes IT development expenses of $149 million in 2022 (see Note 9 to the Consolidated Financial Statements).
3. Excludes subsidiary expenses.

Assessment of effectiveness and performance

In this section, CDPQ presents the results of its assessments of effectiveness and performance. In accordance with the new provisions of the Act respecting CDPQ, which went into effect in June 2022 as part of the harmonization of governance rules applicable to Crown corporations, the Board of Directors must adopt measures to assess the organization's effectiveness and performance. These measurements will be reviewed every three years by an independent firm that will also benchmark them against similar companies.

CDPQ commissioned CEM Benchmarking to produce a report benchmarking its performance against a group of comparable companies based on the following criteria:

- The size of assets under management
- The allocation of assets
- The weight of internal management

For fiscal 2023, the sample consisted of 13 Canadian peers, including CDPQ. It should be noted that the sample size may vary according to the criteria under study. In the current study, this is the case for the five- and ten-year performance indicators, since some data series are incomplete, as well as for the cost management indicators by asset class, due to differences in asset allocations between CDPQ and its peers.

CEM Benchmarking carries out its study once the results for a given fiscal year are available for all peers. For 2023, the indicators presented in this section reflect the results obtained in 2022. It is important, however, to proceed with caution when drawing conclusions from such an exercise, given the differences between peers. For example, peers may have different risk profiles due to their investment policies and the constraints associated with the nature of their clients. It should be recalled that CDPQ manages funds for 48 depositors, while many of our peers manage only one fund.

CDPQ's measures for assessing effectiveness and performance have been adopted by the Board of Directors. The indicators and findings, the vast majority of which are favourable, are presented below.

PERFORMANCE INDICATORS

5-year annualized return

10-year annualized return

Value added over 5 years

Value added over 10 years

These indicators are used to assess CDPQ's performance against the study's peer group, as well as in relation to the achievement of our own objectives for long-term value added.

Finding | The five-year annualized return is slightly less than the peer median, while the ten-year annualized return is in line with the median. It should be noted that depositors seek stable long-term results in order to meet their commitments to their beneficiaries. In terms of added value, CDPQ exceeded its clients' goals for both periods.

COST MANAGEMENT INDICATORS

Annual costs

Overall

- Equity Markets
- Bonds
- Credit
- Real Estate Debt
- Real Estate
- Infrastructure
- Private Equity

Average costs over 5 years

Average costs over 10 years

These indicators measure CDPQ's effectiveness in managing the costs associated with implementing and monitoring our investment strategies and in making optimal use of resources when compared with our peer group. The indicators represent the costs generated by the organization's activities during the fiscal year—overall and by asset class—as well as average costs over five and ten years. These include operating expenses, i.e. fees paid for the management and administration of internally managed portfolios and investments, as well as external management fees paid on the amount of assets held by the fund. They exclude performance fees on less-liquid assets and transaction costs.

Finding I CDPQ's costs for 2023 compare favourably with those of the peer median, both overall and for six of the seven asset classes. Recall that CDPQ is currently in the process of integrating its real estate subsidiaries, which will generate efficiency gains for the organization. And note that overall, our average costs over five and ten years are lower than those of our peers.

EFFECTIVENESS INDICATOR

Workforce per assets under management

CDPQ's workforce per assets under management is compared with that of the peer group, providing an assessment of the effectiveness of human capital in the organization.

Finding I CDPQ compares favourably with our peers for this indicator, as its workforce per assets under management ratio is below the median.

QUALITY INDICATOR

Reporting quality

This indicator comes from the Global Pension Transparency Benchmark study, also produced by CEM Benchmarking. It is a global standard for pension disclosure, comparing 75 pension funds in 15 countries.

Finding I CDPQ is well positioned among its peers in terms of the quality of its reporting. It ranks fourth internationally in the 2023 Global Pension Transparency Benchmark, and second among its Canadian peers.

KEY PRIORITY INDICATORS

Total assets in Québec

Low-carbon assets

These indicators are useful in assessing the achievement of CDPQ's key priorities. The measure employed for this purpose is progress made toward the target relative to the last fiscal year. The first indicator is linked to CDPQ's ambition to increase its Québec assets to $100 billion by 2026. The second stems from the climate targets that CDPQ set in 2021 in our climate strategy, which include holding $54 billion in low-carbon assets by 2025.

Finding I CDPQ is on track to achieve its targets, with notable progress made according to both of the indicators. Over the past year, we have maintained a sustained level of activity in Québec. CDPQ's assets in Québec have grown significantly, in line with our ambition, up from $78 billion in 2022 to $88 billion in 2023. The organization has also continued efforts related to sustainable investing, with low-carbon assets reaching $53 billion in 2023.

CDP Financial

CDP Financial is a wholly owned subsidiary of CDPQ. Its transactions are designed to optimize the cost of financing the operations of both the organization and its subsidiaries, to diversify their sources of financing and to match financed assets in terms of their exposure to currencies and interest rates. To achieve its objectives, CDP Financial has various financing programs on local and international institutional markets that it uses for short-, medium- and long-term borrowing.

SHORT-TERM BORROWING

As at December 31, 2023, short-term financing totalled $9.2 billion, denominated in the following currencies:

- Canadian dollar: CA$0.7 B
- U.S. dollar: US$6.4 B
- Euro: €9.8 M

TERM BORROWING

As at December 31, 2023, the fair value of CDP Financial's outstanding term notes totalled $27.0 billion, compared to $19.7 billion at the end of 2022 (see Figure 52). This change was mainly due to eight new notes in the combined amounts of US$5.1 billion, CA$2.8 billion, AU$0.3 billion and NOK 0.6 billion. A note valued at US$2.0 billion matured in 2023.

In line with its climate change commitments, in 2021 CDPQ established a framework that follows best practices and the Green Bond Principles developed by the International Capital Market Association (ICMA). Proceeds from issuances of green bonds are allocated to a selection of sustainable investments in areas such as renewable energy, clean transportation and energy efficiency. Note that no new green bonds were issued in 2023.

CREDIT FACILITY

During the year ended December 31, 2023, CDP Financial renewed a credit facility with an authorized maximum amount of US$4 billion with a group of ten financial institutions. This credit facility is fully guaranteed, unconditionally and irrevocably, by CDPQ. No amount was drawn on this credit facility during the year.

BREAKDOWN BY CURRENCY

As at December 31, 2023, the financing can be broken down as follows: Debt instruments denominated in U.S. dollars represented 71%, while 20% were denominated in Canadian dollars, 8% in euros, and 1% in other currencies.

HIGHEST CREDIT RATINGS REAFFIRMED

DBRS Morningstar (DBRS), Fitch Ratings (Fitch), Moody's Investors Service (Moody's) and Standard & Poor's (S&P) reaffirmed their highest credit ratings with a stable outlook in 2023 for both CDP Financial and CDPQ (see Table 53).

FIGURE 52

BREAKDOWN OF BORROWINGS – CDP FINANCIAL
(fair market value as at December 31 – in billions of dollars)

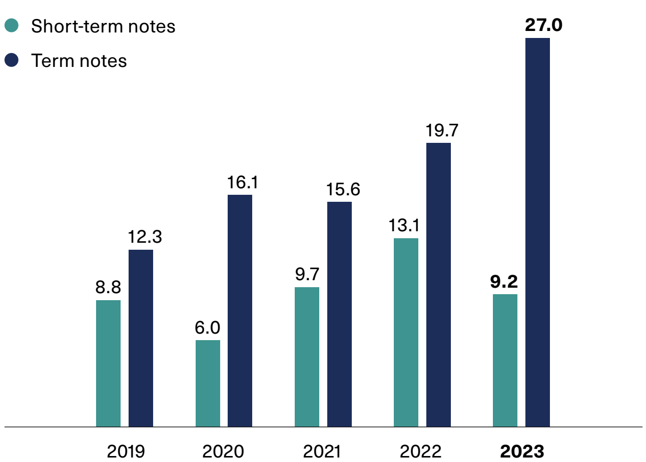


TABLE 53

CREDIT RATINGS

	Short-term	Long-term
DBRS	R-1 (high)	AAA
Fitch	F1+	AAA
Moody's	Prime-1	Aaa
S&P	A-1+ A-1 (high)	AAA

Significant Accounting Policies

CDPQ's consolidated financial statements include the accounts of the General Fund, of the individual funds, and of the specialized portfolios as well as the accounts of our subsidiaries that exclusively offer services related to financing, administrative and management activities. The net assets attributable to depositors presented in the Consolidated Statements of Financial Position reflect the combined net value of the accounts of each depositor. Note 2 to the Audited Consolidated Financial Statements as at December 31, 2023 and 2022 describes the significant accounting policies used by CDPQ.

FINANCIAL REPORTING

CDPQ's consolidated financial statements are prepared in accordance with the prevailing accounting standards, namely International Financial Reporting Standards (IFRS), as stipulated in the Act respecting CDPQ.

EXTERNAL AUDIT

In accordance with the Act respecting CDPQ, the co-auditors audited all of CDPQ's accounting records and issued an unqualified independent auditors' report for each of the 78 financial statements.

Significant IFRS accounting standards applicable to the consolidated financial statements of CDPQ

Investment entities

Under IFRS 10 – *Consolidated Financial Statements*, the subsidiaries that constitute an investment for an investment entity must be presented and measured at fair value. CDPQ, which is qualified as an investment entity, does not consolidate its subsidiaries, particularly its real estate, real estate debt, private equity, infrastructure, fixed income, hedge fund and equity markets subsidiaries. Valuation of these investments is based on a corporate valuation technique in accordance with IFRS.

Fair value measurement

IFRS 13 – *Fair Value Measurement* provides a single source of guidelines for all fair value measurements. Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The main techniques for measuring investments, including measuring CDPQ's non-consolidated subsidiaries, are described in Note 6 to the Consolidated Financial Statements on page 136.

Impact of economic uncertainty on judgments, estimates and assumptions

The financial markets are a source of uncertainty due, among other things, to the geopolitical tensions, inflation and interest rate volatility that continue to disrupt global economic activity. The principal estimates and assumptions, as well as risk analysis and management, take into consideration the uncertainties and factors known at that time. The principal estimates and assumptions include those pertaining to the unobservable inputs used in assessing the fair value of financial instruments not traded in active markets. CDPQ's best estimates are reflected in the results presented. CDPQ continues to monitor the evolution of economic uncertainties and their impacts.

Financial measures

As part of issuing certain information included in the Annual Report, CDPQ uses and presents both measures in accordance with IFRS and other non-IFRS financial measures. CDPQ is of the opinion that these measures provide relevant information, complementary to the analysis of its financial reporting (see General Notes 3 and 6 on page 193).

Adoption of new IFRS

In May 2023, the IASB published *International Tax Reform – Pillar Two Model Rules*, which amends IAS 12 – *Income Tax*. These amendments have no impact on the consolidated financial statements, since CDPQ is exempted from the field of application of Pillar Two rules in jurisdictions that have enacted or substantively enacted this tax legislation. CDPQ will continue to monitor the enactment or substantive enactment of the tax legislation in the jurisdictions in which it operates in order to confirm its exempt status.

Fair Value Measurement

FAIR VALUE MEASUREMENT POLICY

Investment valuation is a process whereby a fair value is assigned to each of CDPQ's investments with a view to preparing the consolidated financial statements. Measurement of investments at fair value is performed periodically in accordance with CDPQ's Investment Valuation Policy, which is approved by the Board of Directors. This general policy is further supported by the valuation directive applicable to private investments and protocols that stipulate the valuation process and methodology for each type of investment. The policy and directive also establish governance for the valuation and reporting process. Application of the policy is the responsibility of the Valuation Committee, which reports to the Executive Committee and is supported by a valuation team. The Valuation Committee approves compliance with the policy and the fair value of CDPQ's investments semi-annually. Accordingly, the Valuation Committee recommends these fair values to the Audit Committee. The policy complies with the standards and practices of Canadian and international valuation bodies and demonstrates a rigorous governance framework for financial instrument valuation processes.

Under the policy, when fair value is determined by external valuators or third parties, the Valuation Committee, with the support of the Valuation team, verifies the qualifications, experience and independence of these parties. It also reviews the valuation techniques, the significant inputs used in calculating fair value, and the results and conclusions to ensure that they are in compliance with recognized valuation standards.

In addition, to ensure the reasonableness of the fair value determined, CDPQ conducts backtesting, and compares the established fair value with values of comparable transactions, including the values of comparable public companies, in addition to using the services of external valuators.

The co-auditors have access to all valuation files as part of the audit of the year-end consolidated financial statements.

CONCEPTUAL FRAMEWORK

IFRS define fair value and provide guidelines on measurement and disclosures related to fair value. Entities are required to maximize the use of relevant observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair value must be established by assuming that the investments are available for sale, that is, that the fair value of investments corresponds to an exit price at the date of the financial statements. The purpose of the accounting standards is to define a single conceptual framework that can be used in all situations requiring fair value measurement.

CDPQ considers that IFRS constitute a coherent framework for fair value measurement. Nevertheless, these standards do not take into account the fact that, in accordance with the very long-term investment horizon adopted by our main depositors, CDPQ has the means and intends to hold certain investments until their optimal value is attained.

As such, the fair value established as at December 31, 2023, for investments in liquid and less-liquid markets reflects the general volatility of the financial markets, and this may differ from the economic value of long-term investments.

Note 6 to the Consolidated Financial Statements, on page 136, describes the fair value measurement techniques.

Consolidated Financial Statements

Management’s Responsibility for Consolidated Financial Reporting

The preparation and presentation of the consolidated financial statements of la Caisse de dépôt et placement du Québec (“CDPQ”) are the responsibility of management. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and incorporated into the CPA Canada Handbook. We ensure that the financial information in the Annual Report is consistent with the information in the consolidated financial statements.

The consolidated financial statements include amounts that are based on management’s best estimates and judgment, with due regard for their relative importance. Moreover, when preparing the financial information, management has made decisions regarding the information to be presented as well as estimates and assumptions that affect the information presented. Future results may differ considerably from our current estimates, as changes to financial markets or other events could have an impact on the fair value of the investments.

In our responsibility for the reliability of financial information, we rely on disclosure controls and procedures and internal controls over financial reporting. In particular, these controls include a clear definition of responsibilities, delegation of powers, allocation of duties, ethical standards, employee hiring and training criteria as well as policies, guidelines and procedures designed to ensure that transactions are duly authorized, assets are properly measured and safeguarded, and proper records are maintained.

Moreover, CDPQ’s internal audit group audits the internal controls on a regular basis. These controls and audits are designed to provide reasonable assurance regarding the reliability of the accounting records used to prepare the consolidated financial statements and to ensure that assets are not used or disposed of in any unauthorized manner, that liabilities are recorded, and that we meet all the legal requirements to which CDPQ is subject, including the *Act respecting the Caisse de dépôt et placement du Québec*.

Each year, we certify the design and effectiveness of the internal control over financial information and the design and effectiveness of the disclosure controls and procedures. We report any significant irregularity to the Audit Committee of the Board of Directors of CDPQ, as necessary.

The Auditor General of Québec and Ernst & Young LLP (the “co-auditors”) have audited the consolidated financial statements of CDPQ for the years ended December 31, 2023 and 2022 and their report covers the nature and scope of the audit and expresses their opinion. The co-auditors have unrestricted access to the Audit Committee to discuss any matter related to their audit.

The Board of Directors and its committees supervise the manner in which management fulfills its responsibility for the establishment and presentation of financial information, maintenance of appropriate internal controls, compliance with the requirements of laws and regulations, management of and control over the main risks, and evaluation of major transactions. Moreover, it approves the consolidated financial statements and the Annual Report.

The Board of Directors approved the consolidated financial statements for the years ended December 31, 2023 and 2022. It is assisted in its responsibilities by the Audit Committee, of which all members are independent directors. This Committee meets with management and the co-auditors, examines the consolidated financial statements, and recommends the approval thereof to the Board of Directors.

CHARLES EMOND, FCPA

President and Chief Executive Officer

Montréal, February 20, 2024

MAARIKA PAUL, FCPA, CBV, ICD.D

Executive Vice-President and
Chief Financial and Operations Officer

Independent Auditors' Report

To the National Assembly

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of la Caisse de dépôt et placement du Québec and its subsidiaries (the Group), which comprise the Consolidated Statements of Financial Position as at December 31, 2023 and 2022 and the Consolidated Statements of Comprehensive Income (Loss), the Consolidated Statements of Changes in Net Assets Attributable to Depositors and the Consolidated Statements of Cash Flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the audit addressed the key audit matter
Fair value measurement of financial assets based on unobservable inputs	
The Group describes its accounting estimates, assumptions and judgments in relation to the fair value measurement of financial instruments in Notes 2 and 6 of the consolidated financial statements. As disclosed in Note 6 of the consolidated financial statements, the Group has $230.7 billion in financial assets classified as Level 3 of the fair value hierarchy. The fair value of these financial instruments is calculated using valuation techniques for which the significant inputs are unobservable. The key unobservable inputs used to measure these financial assets include the earnings before interest, taxes, depreciation and amortization (EBITDA) multiples, credit spreads, discount rates, capitalization rates, discounts to net asset value, and future cash flows. Auditing the fair value of financial assets based on unobservable inputs is complex, requires the auditors to apply considerable judgment, and requires the participation of valuation specialists to assess the valuation techniques and unobservable inputs used by the Group. The use of different assumptions and valuation techniques could result in considerably different fair value estimates given that the unobservable inputs are associated with a higher degree of subjectivity and uncertainty and could be influenced by future market conditions and events.	We have obtained an understanding, evaluated the design, and tested the operating effectiveness of the controls used in the investment valuation process, which include management review controls on the assessment of valuation techniques, significant inputs, and assumptions used in estimating fair value. The audit procedures performed as to the fair value measurement of financial assets based on unobservable inputs varied depending on the nature of the investment selected and included, among other procedures, the following: • With the assistance of our specialists for a sample of investments, we evaluated the appropriateness of the valuation techniques used and tested the mathematical accuracy of the valuation models. • For a sample of investments, we assessed the appropriateness of the unobservable inputs and assumptions used in estimating fair value by comparing them to supporting documentation or available market data and evaluating any significant adjustment made thereto. • For the selected investments, we analyzed the significant adjustments applied to the EBITDA multiples and to future cash flows. We also assessed the determination of credit spreads, discount rates, capitalization rates and discounts to net asset value using information specific to the investments as well as relevant market information. In addition, we assessed the appropriateness of management's choice of comparable public companies. • For a sample of investments sold during the fiscal year, we validated the accuracy of the previous estimates made by management. We also reviewed management's assessment of subsequent events and transactions and assessed whether these events and transactions corroborated or contradicted the year-end estimates.

Independent Auditors’ Report

Other Information

Management is responsible for the other information. The other information comprises the information, included in the Annual Report, but does not include the consolidated financial statements and our auditors’ report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of this auditors’ report. If, based on the work we will perform on the Annual Report, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
As required by the *Auditor General Act* (CQLR, chapter V-5.01), we report that, in our opinion, these accounting standards have been applied on a basis consistent with that of the preceding year.

The engagement partner from Ernst & Young LLP on the audit resulting in this independent auditors' report is Michel Bergeron.

Auditor General of Québec,

Guylaine Leclerc FCPA Auditor

Guylaine Leclerc, FCPA auditor

Canada, Montréal, February 20, 2024

Ernst & Young LLP[1]

Ernst & Young LLP[1]

[1] FCPA auditor, public accountancy permit No. A114960

Canada, Montréal, February 20, 2024

Consolidated Statements of Financial Position

(in millions of Canadian dollars)	**December 31, 2023**	December 31, 2022
ASSETS		
Cash	**1,691**	1,426
Amounts receivable from transactions being settled	**1,569**	2,376
Advances to depositors	**1,171**	727
Investment income, accrued and receivable	**1,411**	1,174
Other assets	**705**	1,147
Investments *(Note 4)*	**504,902**	466,957
Total assets	**511,449**	473,807
LIABILITIES		
Amounts payable on transactions being settled	**4,503**	1,943
Other liabilities	**2,248**	1,634
Investment liabilities *(Note 4)*	**70,451**	68,343
Total liabilities excluding net assets attributable to depositors	**77,202**	71,920
Net assets attributable to depositors	**434,247**	401,887

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board of Directors,

CHARLES EMOND, FCPA
President and Chief Executive Officer

ALAIN CÔTÉ, FCPA, ICD.D
Chair of the Audit Committee

Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31

(in millions of Canadian dollars)	**2023**	2022
Investment income	**10,278**	8,648
Investment expense	**(2,748)**	(962)
Net investment income *(Note 8)*	**7,530**	7,686
Operating expenses *(Note 9)*	**(799)**	(924)
Net income	**6,731**	6,762
Net gains (losses) on financial instruments at fair value *(Note 8)*	**21,254**	(31,374)
Investment result before distributions to depositors *(Note 8)*	**27,985**	(24,612)
Distributions to depositors	**(11,338)**	(8,134)
Net income (loss) and comprehensive income (loss) attributable to depositors	**16,647**	(32,746)

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Net Assets Attributable to Depositors

For the years ended December 31

(in millions of Canadian dollars)	Demand deposits	Term deposits	Distributions payable to depositors	Participation deposits	Net assets attributable to depositors
Balance as at December 31, 2022	1,407	6	986	399,488	401,887
Attributions and distributions					
Net income and comprehensive income attributable to depositors	**–**	**–**	**–**	**16,647**	**16,647**
Distributions to depositors	**8,931**	**–**	**2,407**	**–**	**11,338**
Participation deposits					
Issuance of participation deposit units	**(17,243)**	**–**	**–**	**17,243**	**–**
Cancellation of participation deposit units	**4,184**	**–**	**–**	**(4,184)**	**–**
Deposits					
Net contributions	**4,375**	**–**	**–**	**–**	**4,375**
BALANCE AS AT DECEMBER 31, 2023	**1,654**	**6**	**3,393**	**429,194**	**434,247**
Balance as at December 31, 2021	782	7	1,839	417,169	419,797
Attributions and distributions					
Net loss and comprehensive loss attributable to depositors	–	–	–	(32,746)	(32,746)
Distributions to depositors	8,987	–	(853)	–	8,134
Participation deposits					
Issuance of participation deposit units	(19,708)	–	–	19,708	–
Cancellation of participation deposit units	4,643	–	–	(4,643)	–
Deposits					
Net change in term deposits	–	(1)	–	–	(1)
Net contributions	6,703	–	–	–	6,703
BALANCE AS AT DECEMBER 31, 2022	1,407	6	986	399,488	401,887

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31

(in millions of Canadian dollars)	**2023**	2022
Cash flows from operating activities		
Net income (loss) and comprehensive income (loss) attributable to depositors	**16,647**	(32,746)
Adjustments for:		
Unrealized net (gains) losses on short-term promissory notes, term notes and loans payable	**577**	(1,683)
Net foreign exchange (gains) losses on short-term promissory notes, term notes and loans payable	**(789)**	1,164
Distributions to depositors	**11,338**	8,134
Net changes in operating assets and liabilities		
Amounts receivable from transactions being settled	**807**	(163)
Advances to depositors	**(444)**	284
Investment income, accrued and receivable	**(237)**	(225)
Other assets	**442**	(184)
Investments	**(37,920)**	(2,227)
Amounts payable on transactions being settled	**2,560**	(1,500)
Other liabilities	**614**	(205)
Investment liabilities	**(908)**	11,780
	(7,313)	(17,571)
Cash flows from financing activities		
Net change in short-term promissory notes payable	**(1,856)**	(2,369)
Issuance of short-term promissory notes payable	**16,386**	16,316
Repayment of short-term promissory notes payable	**(18,096)**	(10,793)
Net change in loans payable	**(349)**	1,789
Issuance of term notes payable	**9,819**	7,405
Repayment of term notes payable	**(2,676)**	(2,554)
Net contributions	**4,375**	6,703
	7,603	16,497
Net increase (decrease) in cash and cash equivalents	**290**	(1,074)
Cash and cash equivalents at the beginning of the year	**1,501**	2,575
Cash and cash equivalents at the end of the year	**1,791**	1,501
Cash and cash equivalents comprise:		
Cash	**1,691**	1,426
Cash equivalents *(Note 4)*	**100**	75
	1,791	1,501
Supplemental information on cash flows from operating activities		
Interest and dividends received	**9,324**	7,691
Interest paid	**(2,384)**	(694)

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

(Tabular amounts are shown in millions of Canadian dollars, unless otherwise indicated.)

01
CONSTITUTION AND NATURE OF OPERATIONS

La Caisse de dépôt et placement du Québec (CDPQ), a legal person established in the public interest within the meaning of the Civil Code of Québec, is governed by the *Act respecting the Caisse de dépôt et placement du Québec* (CQLR, chapter C-2) (the Act).

CDPQ is domiciled in Québec, Canada. Its head office is located at 65 Sainte-Anne St., Québec City, Canada and its main office is located at 1000 Place Jean-Paul-Riopelle, Montréal, Canada.

CDPQ's mission is to receive moneys on deposit as provided by the Act and to manage them with a view to achieving an optimal return on depositors' capital within the framework of the depositor investment policies while also contributing to Québec's economic development.

CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared for the purposes of presenting CDPQ's financial position, financial performance and cash flows. CDPQ's consolidated financial statements include the accounts of the General Fund, of the individual funds, and of the specialized portfolios as well as the accounts of its subsidiaries that exclusively offer services related to financing, administrative, and management activities. In preparing the consolidated financial statements, all intercompany transactions and balances have been eliminated.

The investing activities of the depositors in CDPQ's various specialized portfolios are concluded through the participation deposit units of individual funds.

GENERAL FUND

The General Fund comprises cash and cash equivalent activities for CDPQ's operational purposes and management of demand deposits, term deposits, and the financing activities.

INDIVIDUAL FUNDS

The individual funds consist mainly of diversified investments in specialized portfolios. Each individual fund is dedicated to a single depositor who invests in the participation deposits of the individual funds.

The individual funds of depositors are as follows:

Fund 300: Base Québec Pension Plan, administered by Retraite Québec

Fund 301: Government and Public Employees Retirement Plan, administered by Retraite Québec

Fund 302: Pension Plan of Management Personnel, administered by Retraite Québec

Fund 303: Pension Plan for Federal Employees Transferred to Employment with the Gouvernement du Québec, administered by Retraite Québec

Fund 305: Pension Plan of Elected Municipal Officers (PPEMO), administered by Retraite Québec

Fund 306: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Volet à prestations déterminées, administered by the Comité de retraite

Fund 307: Fonds d'assurance automobile du Québec, administered by the Société de l'assurance automobile du Québec

Fund 309: Fonds des opérations courantes de l'autorité, administered by the Autorité des marchés financiers

Fund 310: Régime de retraite des chauffeurs d'autobus de la Société de transport de Laval, administered by the Comité de retraite

Fund 311: Supplemental Pension Plan for Employees of the Québec Construction Industry – General Account, administered by the Commission de la construction du Québec

Fund 312: Supplemental Pension Plan for Employees of the Québec Construction Industry – Retirees Account, administered by the Commission de la construction du Québec

Fund 313: Supplemental Pension Plan for Employees of the Québec Construction Industry – Supplementary Account, administered by the Commission de la construction du Québec

Fund 314: Deposit Insurance Fund, administered by the Autorité des marchés financiers

Fund 315: Dedicated account, administered by La Financière agricole du Québec

Fund 316: Retirement Plans Sinking Fund – RREGOP (RPSF-RREGOP), administered by the ministère des Finances, Government of Québec

CONSTITUTION AND NATURE OF OPERATIONS

INDIVIDUAL FUNDS (continued)

Fund 317: Retirement Plans Sinking Fund – PPMP (RPSF-PPMP), administered by the ministère des Finances, Government of Québec

Fund 318: Retirement Plans Sinking Fund – Others (RPSF-Others), administered by the ministère des Finances, Government of Québec

Fund 319: Régimes de retraite de la Société des casinos du Québec, administered by the Société des casinos du Québec Inc.

Fund 321: Fiducie globale de la Ville de Longueuil, administered by the Comité de placement

Fund 322: Régime de retraite HEC, administered by HEC Montréal

Fund 323: Régime des policiers de la Ville de Longueuil, administered by the Comité de retraite

Fund 324: Fonds commun des cols bleus et pompiers de la Ville de Longueuil, administered by the Comité de retraite

Fund 326: Crop Insurance Fund, administered by La Financière agricole du Québec

Fund 328: Survivor's Pension Plan, administered by the Secrétariat du Conseil du trésor

Fund 329: Fonds d'assurance-garantie, administered by la Régie des marchés agricoles et alimentaires du Québec

Fund 330: Fonds de la santé et de la sécurité du travail, administered by the Commission des normes, de l'équité, de la santé et de la sécurité du travail

Fund 331: Régime de retraite des employés du Réseau de transport de la Capitale, administered by the Comité de retraite

Fund 332: Fonds des cautionnements des agents de voyages – cautionnements individuels, administered by the Office de la protection du consommateur

Fund 333: Compensation Fund for Customers of Travel Agents, administered by the Office de la protection du consommateur

Fund 334: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Volet à coût partagé, administered by the Comité de retraite

Fund 335: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2025, administered by the Comité de retraite

Fund 336: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2030, administered by the Comité de retraite

Fund 337: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2040, administered by the Comité de retraite

Fund 338: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2050, administered by the Comité de retraite

Fund 339: Fonds d'indemnisation des services financiers, administered by the Autorité des marchés financiers

Fund 340: Régimes de retraite de la Ville de Terrebonne, administered by the Comité de retraite conjoint des Régimes de retraite de la Ville de Terrebonne

Fund 342: Régime de retraite de l'Université du Québec, administered by the Comité de retraite du Régime de retraite de l'Université du Québec

Fund 343: Parental Insurance Fund, administered by the Conseil de gestion de l'assurance parentale

Fund 344: Réserve, administered by La Financière agricole du Québec

Fund 345: Fiducie globale des régimes de retraite des employés de la Ville de Lévis, administered by the Comité de retraite

Fund 347: Régime de retraite du personnel des CPE et des garderies privées conventionnées du Québec, administered by the Investment Committee

Fund 349: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fund 2035, administered by the Comité de retraite (created on January 1, 2023)

Fund 350: Régime de retraite pour les employés de la Ville de Saint-Jean-sur-Richelieu, administered by the Comité de retraite (created on January 1, 2023)

Fund 351: Generations Fund, administered by the ministère des Finances, Government of Québec

Fund 353: Superannuation Plan for the Members of the Sûreté du Québec – Participants' Fund (SPMSQ-part.), administered by Retraite Québec

Fund 354: Superannuation Plan for the Members of the Sûreté du Québec – Employers' Fund (SPMSQ-empl.), administered by the ministère des Finances, Government of Québec

CONSTITUTION AND NATURE OF OPERATIONS

INDIVIDUAL FUNDS (continued)

Fund 361: Pension Plan of the non-teaching Staff of the Commission des écoles catholiques de Montréal, administered by the Secrétariat du Conseil du trésor

Fund 362: Régime de retraite pour certains employés de la Commission scolaire de la Capitale, administered by the Secrétariat du Conseil du trésor

Fund 363: Régime de retraite des employés de la Ville de Laval, administered by the Comité de retraite

Fund 367: Territorial Information Fund, administered by the ministère des Finances, Government of Québec

Fund 368: Strategic Partnerships Fund, administered by the Autorité des marchés financiers

Fund 369: Accumulated Sick Leave Fund, administered by the ministère des Finances, Government of Québec

Fund 371: Accumulated Sick Leave Fund – ARQ, administered by the Agence du revenu du Québec

Fund 373: Retirement Plan for Active Members of the Centre hospitalier Côte-des-Neiges, administered by Retraite Québec

Fund 374: Fiducie globale Ville de Magog, administered by the Comité de retraite mixte

Fund 376: Régime de retraite des employées et employés de la Ville de Sherbrooke, administered by the Comité de retraite des employées et employés de la Ville de Sherbrooke

Fund 378: Pension Plan of Peace Officers in Correctional Services – Employees' Contribution Fund, administered by Retraite Québec

Fund 383: Régime complémentaire de retraite des employés réguliers de la Société de transport de Sherbrooke, administered by the Comité de retraite

Fund 384: Régime de retraite des cadres de la Ville de Québec, administered by the Bureau de la retraite

Fund 385: Régime de retraite des employés manuels de la Ville de Québec, administered by the Bureau de la retraite

Fund 386: Régime de retraite des fonctionnaires de la Ville de Québec, administered by the Bureau de la retraite

Fund 387: Régime de retraite du personnel professionnel de la Ville de Québec, administered by the Bureau de la retraite

Fund 388: Régime de retraite des policiers et policières de la Ville de Québec, administered by the Bureau de la retraite

Fund 389: Régime de retraite des pompiers de la Ville de Québec, administered by the Bureau de la retraite

Fund 392: Fonds - Plan de garantie des bâtiments résidentiels neufs, administered by the Régie du bâtiment du Québec

Fund 393: Régime de retraite de la Corporation de l'École Polytechnique, administered by the Comité de retraite

Fund 395: Retirement Plan for the Mayors and Councillors of Municipalities, administered by Retraite Québec

Fund 399: Additional Québec Pension Plan, administered by Retraite Québec

SPECIALIZED PORTFOLIOS

The specialized portfolios consist of common funds in which the individual funds may invest in the form of participation deposits. CDPQ's specialized portfolios are as follows:

- Short Term Investments (740)
- Rates (765)
- Credit (766)
- Infrastructure (782)
- Real Estate (710)
- Equity Markets (737)
- Private Equity (780)
- Asset Allocation (771)

02
MATERIAL ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The accounting policies described below have been applied consistently to all reporting periods presented.

PRESENTATION AND MEASUREMENT BASIS

CDPQ measures all of its financial instruments, including investments in unconsolidated subsidiaries, joint ventures, associates, and structured entities, at fair value through profit or loss (FVTPL). Subsidiaries that solely provide services related to financing, administrative, and management activities are consolidated in accordance with the guidance set out in IFRS 10 – *Consolidated Financial Statements*.

The Consolidated Statements of Financial Position are presented based on liquidity.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved CDPQ's consolidated financial statements and the publication thereof on February 20, 2024.

FUNCTIONAL AND PRESENTATION CURRENCY

CDPQ's consolidated financial statements are presented in Canadian dollars, which is the functional currency.

FOREIGN CURRENCY TRANSLATION

Translation differences on investments and investment liabilities at fair value and on other monetary assets and liabilities are presented under "Net gains (losses) on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income (Loss).

USE OF JUDGMENTS AND ESTIMATES

In preparing CDPQ's consolidated financial statements in accordance with IFRS, management must make judgments, estimates and assumptions that affect the application of the material accounting policies described below and the amounts reported in the Consolidated Statements of Financial Position and the Consolidated Statements of Comprehensive Income (Loss).

USE OF JUDGMENTS AND ESTIMATES (continued)

JUDGMENT

Qualification as an investment entity
Judgment is required when qualifying CDPQ as an investment entity. CDPQ meets the three mandatory criteria of the IFRS 10 definition: 1) Obtain funds from one or more depositors; 2) Commit to its depositors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and 3) Measure and evaluate the performance of its investments on a fair value basis.

IFRS 10 also suggests four typical characteristics be considered in assessing whether an entity qualifies as an investment entity: 1) Have more than one investment; 2) Have more than one depositor; 3) Have investors that are not related parties; and 4) Have ownership interests in the form of equity or similar interests. CDPQ does not satisfy the third typical characteristic of an investment entity because CDPQ and the depositors are, for the most part, related. However, CDPQ nonetheless qualifies as an investment entity, as management believes that having depositors related to the investment entity does not compromise CDPQ's mission of investing for returns from capital appreciation and/or investment income for its depositors.

Fair value hierarchy of financial instruments
Management must use judgment in determining the significance of each input used when establishing the classification into the fair value hierarchy, as explained in Note 6.

Interests in entities
Management must use judgment in determining whether CDPQ has control, joint control, or significant influence over certain entities and over the holding of interests in structured entities, as described in Note 16. Judgment on the relationship between CDPQ and any entity in which CDPQ holds an interest is exercised upon initial investment and must be reassessed when facts and circumstances indicate that there are one or more changes to the elements of control.

CDPQ holds interests in a structured entity when voting or similar rights are not the dominant factor in deciding who controls the entity.

CDPQ controls a subsidiary, including a structured entity, only if the IFRS 10 criteria are met: 1) It has decision-making authority regarding the entity's relevant activities; 2) It has exposure or rights to variable returns from its involvement with the entity; and 3) It has the ability to use its power to affect the amount of the returns. When management determines decision-making authority, several factors are taken into account, including the existence and effect of actual and potential voting rights held by CDPQ that are exercisable, the holding of instruments that are convertible into voting shares, the existence of contractual agreements through which the relevant activities of the entity can be directed, as well as other circumstances that affect decision-making.

CDPQ has joint control over a joint venture when there is a contractual or implicit arrangement whereby decisions about relevant activities require the unanimous consent of the parties sharing control and when these parties have rights to the net assets of the arrangement.

CDPQ has significant influence over an associate when it has the power to participate in the financial and operating policy decisions of the entity. CDPQ is deemed to have significant influence when it holds 20% or more of the voting rights of an entity but does not have control or joint control.

ESTIMATES AND ASSUMPTIONS

The main estimates and assumptions, which are disclosed in Note 6, involve the fair value measurement of investments and investment liabilities classified in Level 3 of the fair value hierarchy. Actual values may differ from the estimated values.

IMPACT OF ECONOMIC UNCERTAINTY ON JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The financial markets are a source of uncertainty, notably due to geopolitical tensions, inflation, and interest rate volatility, all of which continue to disrupt global economic activity.

The key estimates and assumptions as well as the analysis and management of risks take into account the uncertainties and factors known to date. The key estimates and assumptions include those related to the unobservable inputs used to measure the fair value of financial instruments that are not traded in active markets. The reported results reflect CDPQ's best estimates. CDPQ is continuing to monitor developments in the factors causing economic uncertainty and the impacts thereof. The fair value valuation techniques and unobservable inputs used are presented in Note 6e, while a sensitivity analysis is provided in Note 6f.

MATERIAL ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

CDPQ's financial instruments include cash, amounts receivable from transactions being settled, advances to depositors, accrued and receivable investment income, other assets, investments, amounts payable on transactions being settled, other liabilities, investment liabilities, and net assets attributable to depositors.

CLASSIFICATION AND MEASUREMENT

Financial instruments are categorized based on their nature and characteristics. Classification is determined upon initial recognition, which is the date on which CDPQ is subject to the contractual provisions of the instrument. CDPQ's financial assets and liabilities are managed and their performance is evaluated on a fair value basis. Consequently, all of CDPQ's financial assets must be classified at FVTPL while its financial liabilities are designated at FVTPL. Derivative financial instruments and securities sold short must be classified at FVTPL.

Commitments related to the acquisition of corporate debt are classified at FVTPL when one of the following criteria is met: 1) The commitments are designated as financial liabilities at FVTPL or CDPQ has a practice of selling the loans resulting from its commitments; or 2) The corporate debt commitments can be settled net in cash.

Financial instruments are initially and subsequently recognized at fair value. Changes in the fair value of financial instruments are presented under "Net gains (losses) on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income (Loss). When the change in the fair value of financial liabilities designated at FVTPL is attributable to changes in CDPQ's own credit risk, it is presented separately in the Consolidated Statements of Comprehensive Income (Loss) unless doing so creates or enlarges an accounting mismatch, when appropriate. Income and expenses are presented under "Net investment income" in the Consolidated Statements of Comprehensive Income (Loss).

FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined for each financial instrument, which could be a stand-alone asset or liability (e.g., a share or bond) or a group of assets and liabilities (e.g., an ownership interest in an unconsolidated subsidiary or associate). Upon initial recognition, the best evidence of the fair value of a financial instrument is the transaction price, which is the fair value of the consideration received or given. Subsequently, the fair value of a financial instrument is classified using the fair value hierarchy described in Note 6.

CDPQ applies appropriate valuation techniques based on a financial instrument's characteristics, the availability of inputs, and the assumptions that would be used by market participants, focusing on maximizing the use of relevant observable inputs while minimizing the use of unobservable inputs. The valuation techniques are applied consistently. Fair value information is provided in Note 6.

Cash
Cash is the cash deposited with recognized financial institutions and bears interest at market rates.

Investments
Investments include cash equivalents, fixed-income securities, variable-income securities, interests in unconsolidated subsidiaries, and derivative financial instruments.

Cash equivalents include short-term investments. These securities meet the definition of cash equivalents because they are used for cash management purposes, are readily convertible into a known amount of cash, have negligible risk of fair value changes, and have initial maturities of three months or less. These financial instruments bear interest at market rates.

Fixed-income securities include short-term investments, securities purchased under reverse repurchase agreements, corporate debt and bonds, which include fixed-income securities funds. Purchases and sales of fixed-income securities are recorded at the transaction date, except for purchases and sales of corporate debt, which are recorded at the settlement date.

Variable-income securities comprise listed and unlisted equities. In particular, such securities include hedge funds, exchange-traded funds, investment funds, private investment funds, and infrastructure funds. Purchases and sales of equities, hedge funds, and investment funds are recorded at the transaction date, whereas purchases and sales of private investment funds and infrastructure funds are recorded at the settlement date.

Interests in unconsolidated subsidiaries represent CDPQ's investment in controlled entities that are not consolidated under IFRS 10. CDPQ's investment in these entities may be in the form of equity instruments or debt instruments.

MATERIAL ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS (continued)

Investment liabilities

Investment liabilities include securities sold under repurchase agreements, securities sold short, short-term promissory notes payable, loans payable, term notes payable, and derivative financial instruments.

Securities sold short are commitments made by CDPQ to purchase securities from third parties to cover its positions. CDPQ may short-sell equities and bonds.

Derivative financial instruments

In managing its investments, CDPQ conducts transactions involving various derivative financial instruments for discretionary purposes or to manage the risks associated with exchange rate, interest rate, and market fluctuations. Derivative financial instruments whose fair value is favourable are presented under "Investments" in the Consolidated Statements of Financial Position, while those whose fair value is unfavourable are presented under "Investment liabilities" in the Consolidated Statements of Financial Position.

Transactions being settled

Transactions with counterparties for the sale or purchase of securities that have not yet been settled at the reporting date are presented respectively under "Amounts receivable from transactions being settled" and "Amounts payable on transactions being settled" in the Consolidated Statements of Financial Position.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

CDPQ derecognizes financial assets when all of the contractual rights to the assets have expired or when the contractual rights to receive the cash flows from the financial assets have been transferred and when CDPQ has transferred substantially all of the risks and rewards of the financial asset such that it no longer retains control over the asset. If CDPQ considers that it retains substantially all of the risks and rewards of a transferred financial asset, that asset is not derecognized from the Consolidated Statements of Financial Position and, if appropriate, a corresponding financial liability is recorded. Financial assets that have been transferred but not derecognized are disclosed in Note 13. Financial liabilities are derecognized when the related obligation is discharged, cancelled, or expired.

Securities purchased under reverse repurchase agreements and sold under repurchase agreements

CDPQ enters into transactions to purchase and sell securities, i.e., short-term investments and bonds, that it agrees to resell to or repurchase from the counterparty at a future date.

The purchased securities are not recognized in the Consolidated Statements of Financial Position because the counterparty retains the risks and rewards of the securities. The cash amounts disbursed are derecognized, and a corresponding asset is recorded in investments under "Securities purchased under reverse repurchase agreements".

The sold securities are not derecognized from the Consolidated Statements of Financial Position because CDPQ retains the risks and rewards of the securities. The cash amounts received are recognized, and a corresponding liability is recorded in investment liabilities under "Securities sold under repurchase agreements".

Lending and borrowing of securities

CDPQ conducts securities lending and borrowing transactions involving equities and bonds. These transactions are generally guaranteed by the securities received from the counterparties or pledged by CDPQ, respectively. Loaned securities are not derecognized from, and borrowed securities are not recognized in, the Consolidated Statements of Financial Position because CDPQ or the counterparty, respectively, retains the risks and rewards of the securities. Income and expenses resulting from securities lending and borrowing transactions are presented under "Investment income" and "Investment expense", respectively, in the Consolidated Statements of Comprehensive Income (Loss).

FINANCIAL INSTRUMENTS (continued)

NET ASSETS ATTRIBUTABLE TO DEPOSITORS

Net assets attributable to depositors consist of demand deposits, term deposits, distributions payable to depositors, and participation deposits.

Demand deposits and term deposits
Demand deposits bear interest at a variable rate and are repayable on demand. Term deposits bear interest at a fixed or variable rate and are repayable at maturity. Demand deposits and term deposits represent CDPQ's indebtedness towards the depositors in accordance with the *Regulation respecting the terms and conditions of deposits, funds and portfolios of the Caisse de dépôt et placement du Québec* (Regulation).

Distributions payable to depositors
Under the Regulation, distributions payable to depositors represent the net income or net loss arising from the specialized portfolios as well as the net realized gains or losses upon cancellation of the participation units of specialized portfolios held by the individual funds that are recorded at the end of the month and are paid into the demand deposit accounts of depositors at the beginning of the following month. Distributions may also be made through the issuance of participation deposit units of individual funds.

Participation deposits
Participation deposits are expressed in participation units for each individual fund. Each participation unit gives the holder an interest in the individual fund's net assets. The per-unit value of the net assets is determined by dividing the individual fund's net assets by the number of outstanding units. Depositors can purchase or cancel participation deposit units at that value at the beginning of each month. The difference between the proceeds of cancellation and the carrying value at issuance is recovered in the depositor's demand deposit account. In addition, holders of participation deposit units are entitled to receive distributions. Participation deposit units are financial instruments defined as depositor's equity in the Regulation and are subordinate to all other categories of financial liabilities.

NET INCOME AND COMPREHENSIVE INCOME (LOSS)

DIVIDEND AND INTEREST INCOME AND EXPENSE

Dividend income is recognized when CDPQ obtains the right to the dividend, generally on the ex-dividend date. Distributions from funds are recognized as income on the settlement date. Dividend expense from equities sold short is recorded when the shareholders obtain the right to the dividend. Dividend income and expense are presented under "Investment income" and "Investment expense", respectively, in the Consolidated Statements of Comprehensive Income (Loss).

Interest income and expense are recognized as amounts are earned or incurred using the prescribed coupon rate method. Interest income and expense are presented under "Investment income" and "Investment expense", respectively, in the Consolidated Statements of Comprehensive Income (Loss).

MANAGEMENT FEES

Investment management fees are costs incurred for external management purposes. These fees, which include both base fees and fees related to financial asset performance, consist of management fees for stock markets and management fees for private markets. Management fees for stock markets are amounts paid directly to institutional fund managers to manage shares owned by CDPQ. Private market management fees deducted from the fair value of investments are the fees for investment management carried out by external managers.

The base fees and performance-related management fees paid to external managers for stock markets are presented separately under "Investment expense" and "Net gains (losses) on financial investments at fair value", respectively, while management fees deducted from the fair value of investments are presented under "Net gains (losses) on financial investments at fair value" in the Consolidated Statements of Comprehensive Income (Loss).

TRANSACTION COSTS

Transaction costs directly attributable to the acquisition, sale, and issuance of a financial instrument are presented under "Net gains (losses) on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income (Loss). Transaction costs include commissions, stock exchange fees as well as professional and legal fees related to investing and financing activities.

MATERIAL ACCOUNTING POLICIES

NET INCOME AND COMPREHENSIVE INCOME (LOSS) (continued)

OPERATING EXPENSES

Operating expenses consist of all the expenses incurred to manage and administer CDPQ's investments and are presented separately in the Consolidated Statements of Comprehensive Income (Loss).

INCOME TAX

Under federal and provincial income tax legislation, CDPQ is exempt from income tax in Canada. In certain foreign jurisdictions, investment income and capital gains may be subject to tax. Withholding taxes and income tax expense are presented under "Net investment income" and "Net gains (losses) on financial instruments at fair value", respectively, in the Consolidated Statements of Comprehensive Income (Loss).

NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE

Gains and losses realized on investments and investment liabilities represent the difference between settlement value and value at initial recognition. Gains and losses realized on derivative financial instruments represent payments and receipts. Unrealized gains and losses on financial instruments include net changes in fair value for the year as well as the reversal of prior-year unrealized gains and losses that were realized during the year. Realized and unrealized gains and losses are presented under "Net gains (losses) on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income (Loss).

DISTRIBUTIONS TO DEPOSITORS

Under the Regulation, distributions to depositors consist of the annual net income or loss from the specialized portfolios as well as the net gains or losses realized on the cancellation of participation units of the specialized portfolios held by the individual funds. Distributions to depositors are recorded as finance costs and presented separately in the Consolidated Statements of Comprehensive Income (Loss).

03
NEW IFRS STANDARDS

IAS 1 – PRESENTATION OF FINANCIAL STATEMENTS

On January 1, 2023, CDPQ adopted the amended version of IAS 1 - *Presentation of Financial Statements* that applies to annual reporting periods beginning on or after that date.

The amendments require entities to disclose material accounting policy information instead of significant accounting policies. The adoption of the amended standard had no impact on the consolidated financial statements except for the accounting policy disclosures in Note 2.

IAS 12 – INCOME TAXES

In May 2023, the IASB published *International Tax Reform – Pillar Two Model Rules*, which amends IAS 12 – *Income Taxes*. The amendments are in effect for fiscal years beginning on or after January 1, 2023 and introduce a mandatory temporary exception from accounting for and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

These amendments did not have an impact on CDPQ's consolidated financial statements given that CDPQ is exempt from the scope of the Pilar Two rules in the jurisdictions where these tax rules have been enacted or substantively enacted. CDPQ will continue to monitor the enactment or substantive enactment of tax laws in the jurisdiction where it operates in order to confirm its exemption.

04
INVESTMENTS AND INVESTMENT LIABILITIES

A) INVESTMENTS

The following table shows the fair values of the investments:

	December 31, 2023	December 31, 2022
Investments		
Cash equivalents		
Short-term investments	**100**	75
Total cash equivalents	**100**	75
Fixed-income securities		
Short-term investments	**960**	2,889
Securities purchased under reverse repurchase agreements	**15,383**	14,076
Corporate debt	**2,559**	2,066
Bonds		
Governments	**69,890**	61,060
Government corporations and other public administrations	**6,496**	5,921
Corporate sector	**13,174**	14,909
Fixed-income securities funds	**1,247**	1,101
Total fixed-income securities	**109,709**	102,022
Variable-income securities		
Equities		
Listed	**123,003**	106,912
Unlisted[1]	**20,801**	23,859
Total variable-income securities	**143,804**	130,771
Interests in unconsolidated subsidiaries		
Investments in real estate holdings	**57,970**	57,613
Investments in real estate debt	**22,511**	21,038
Private equity investments	**60,018**	59,906
Infrastructure investments	**54,127**	48,500
Investments in fixed-income securities	**40,571**	35,186
Investments in hedge funds	**7,509**	5,787
Stock market investments	**5,347**	4,149
Total interests in unconsolidated subsidiaries	**248,053**	232,179
Derivative financial instruments *(Note 5)*	**3,236**	1,910
Total investments	**504,902**	466,957

1. Hedge funds ($486 million as at December 31, 2022) have been grouped with unlisted equities. Comparative figures have been adjusted to make them compliant with the new presentation.

B) INVESTMENT LIABILITIES

The following table shows the fair values of investment liabilities:

	December 31, 2023	December 31, 2022
Investment liabilities		
Non-derivative financial liabilities		
Securities sold under repurchase agreements	**29,805**	29,551
Securities sold short		
Equities	**690**	2,132
Bonds	**416**	182
Short-term promissory notes payable	**9,151**	13,068
Loans payable	**1,635**	1,992
Term notes payable	**27,039**	19,749
Total non-derivative financial liabilities	**68,736**	66,674
Derivative financial instruments *(Note 5)*	**1,715**	1,669
Total investment liabilities	**70,451**	68,343

05
DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts whose value fluctuates according to an underlying item, which require very little or no initial investment and are settled at a future date. The underlying item may be of a financial nature (interest rate, foreign currency, security, or index) or may be a commodity (precious metal, produce, or other). Certain derivative financial instruments are settled through clearing houses. CDPQ uses, among others, the derivative financial instruments described below.

Forward contracts are commitments for the purchase or sale of an underlying item, the quantity and price of which are determined in the contract and according to the maturity stated therein. Forward contracts have customized terms and conditions negotiated directly between the parties on the over-the-counter market. Futures contracts have terms and conditions determined by an exchange market.

Options are contracts traded on over-the-counter or exchange markets and that give the purchaser the right, but not the obligation, to buy or sell a given amount of an underlying at a strike price stipulated in advance, either at a determined future date or at any time before a specified maturity date.

Swaps are derivatives traded on over-the-counter markets whereby two parties agree to exchange a series of cash flows according to predetermined conditions that include a notional amount, payment dates, and a term to maturity.

Warrants are contracts traded on over-the-counter or exchange markets that enable the purchase of an underlying item, the price of which is determined in the contract, which includes a predetermined maturity date.

The notional amount is the amount to which a rate or price is applied to determine the amounts of cash flows to be exchanged periodically.

DERIVATIVE FINANCIAL INSTRUMENTS

The following table shows the fair values and the notional amounts of the derivative financial instruments held by CDPQ:

	December 31, 2023			December 31, 2022		
	Fair value			Fair value		
	Assets	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
Exchange markets						
Interest rate derivatives						
Futures contracts	**–**	**–**	**165,312**	–	–	122,623
Equity derivatives						
Futures contracts	**–**	**–**	**8,589**	–	–	13,701
Options	**–**	**–**	**–**	6	–	258
Warrants	**–**	**–**	**–**	–	–	2
Total exchange markets	**–**	**–**	**173,901**	6	–	136,584
Over-the-counter markets						
Interest rate derivatives						
Swaps	**–**	**30**	**630**	–	48	1,019
Swaps settled through a clearing house	**–**	**–**	**93,350**	–	–	65,673
Forward contracts	**–**	**8**	**785**	4	6	999
Options	**60**	**83**	**5,050**	214	194	11,059
Currency derivatives						
Swaps	**372**	**165**	**19,565**	394	337	24,499
Forward contracts	**2,300**	**1,185**	**151,637**	1,074	920	144,033
Options	**15**	**–**	**1,573**	18	7	2,533
Credit default derivatives						
Swaps settled through a clearing house	**–**	**–**	**4,292**	–	–	14,826
Options	**3**	**–**	**1,580**	–	6	1,626
Equity derivatives						
Swaps	**453**	**242**	**12,276**	178	149	8,369
Options	**20**	**1**	**9,162**	10	–	1,890
Warrants	**13**	**–**	**14**	3	–	5
Commodity derivatives						
Forward contracts	**–**	**1**	**80**	9	2	468
Total over-the-counter markets	**3,236**	**1,715**	**299,994**	1,904	1,669	276,999
Total derivative financial instruments	**3,236**	**1,715**	**473,895**	1,910	1,669	413,583

06
FAIR VALUE MEASUREMENT

A) POLICY, DIRECTIVE, PROTOCOLS AND PROCEDURES RELATED TO FAIR VALUE MEASUREMENT

CDPQ's valuation procedures are governed by its Investment Valuation Policy, which is approved by the Board of Directors. This general policy is further supported by the valuation directive applicable to private investments and the valuation protocols that stipulate the valuation process and methodology for each type of investment held by CDPQ. The general policy and the directive also establish the governance framework for the valuation and reporting process. Application of the policy is the responsibility of the Valuation Committee, which reports to the Executive Committee, supported by a valuation team. The Valuation Committee approves compliance with the policy and the fair values on a semi-annual basis. Subsequently, the Valuation Committee recommends the fair values to the Audit Committee. For valuations of private investments, consisting of private equity and infrastructure investments as well as specialized financing, the policy provides for an external review, over a period of three years, of substantially all the fair value of these investments. External reviews include valuations by independent valuators, observations of transactions in the market, or valuations by a partner.

When fair value is determined by external valuators or third parties, the Valuation Committee, supported by the valuation team, verifies the qualifications, experience and independence of these parties. It also reviews the valuation techniques, the significant inputs used in calculating fair value, and the results and conclusions to ensure that they are in compliance with recognized valuation standards.

In addition, to ensure the reasonableness of the fair value determined, CDPQ conducts backtesting, compares the established fair value with values of comparable transactions, including the values of comparable public companies, and uses the services of external valuators.

B) FAIR VALUE VALUATION TECHNIQUES

The following paragraphs describe the main valuation techniques used to measure CDPQ's financial instruments.

SHORT-TERM INVESTMENTS, SECURITIES PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS, SECURITIES SOLD UNDER REPURCHASE AGREEMENTS, LOANS PAYABLE, AND TERM NOTES PAYABLE

The fair value of these financial assets and liabilities is determined using a discounted cash flow technique that primarily uses observable inputs such as interest rate curves and credit spreads that make up the discount rates.

CORPORATE DEBT

The fair value of the corporate debt is determined using a discounted cash flow technique that uses observable and unobservable inputs such as interest rate curves and credit spreads. CDPQ may also use prices published by brokers in active markets for identical or similar instruments.

BONDS

The fair value of bonds is determined using prices published in active markets for identical or similar instruments. The fair value of bonds that have no published prices is determined using either a discounted cash flow technique or broker quotes. Discounted cash flow valuations use observable and unobservable inputs such as the interest rate curves and credit spreads that make up the discount rates.

EQUITIES

Listed
The fair value of listed equities, including exchange-traded funds, is determined based on closing prices observed on major stock exchanges, which represent the active market.

The fair value of an ownership interest in a subsidiary or associate whose securities are listed is determined using a business valuation technique based on observable and unobservable inputs.

FAIR VALUE VALUATION TECHNIQUES (continued)

Unlisted

The fair value of private investment equities is primarily determined according to the market approach, which includes techniques based on comparable company multiples and comparable transaction multiples. CDPQ identifies comparable companies based on their industry, size, financial position and strategy and selects an appropriate multiple for each comparable company identified. This technique uses observable and unobservable inputs such as earnings before interest, taxes, depreciation and amortization (EBITDA) multiples and other multiples.

The fair value of infrastructure investment equities is primarily determined using a discounted cash flow technique and corroborated by the market approach. This technique uses observable and unobservable inputs such as discount rates that take into account the risk associated with the investment as well as future cash flows.

CDPQ also uses information about recent transactions carried out in the market for valuations of private equity and infrastructure investments.

FUNDS

The fair value of fixed-income securities funds, hedge funds, investment funds and private investment and infrastructure funds is determined using the net assets provided by the administrator or by the general partner, unless there is an indication that the fair value differs from the net asset value provided. CDPQ ensures that the valuation techniques used by the fund's administrator or general partner to determine net asset fair values are in compliance with IFRS. Furthermore, the net asset fair value is adjusted to reflect certain factors such as purchases and sales of fund units between the date of the most recent financial statements provided by the fund and the valuation date, the quoted price of the underlyings when there are listed securities, or when there are other indications requiring judgment to be made.

INTERESTS IN UNCONSOLIDATED SUBSIDIARIES

The fair value of CDPQ's interests in various unconsolidated subsidiaries is determined using an enterprise valuation technique.

Investments in real estate holdings

The fair value of ownership interests in real estate subsidiaries reflects the fair value of the assets and liabilities held directly by these subsidiaries. In particular, these assets and liabilities include investment property as well as their associated liabilities, real estate funds, and ownership interests held in companies.

The fair value of investment property, which is measured according to the highest and best use, is mainly determined and certified semi-annually by external, recognized, and independent chartered real estate appraisers. Valuations are carried out in compliance with the valuation standards in effect in each market. CDPQ selects the fair value it deems most representative within the ranges provided by the external valuators. The valuation techniques used are based primarily on two recognized methodologies, namely, the discounted cash flow technique and the capitalization of revenue technique. These techniques use observable and unobservable inputs such as lease terms and conditions, operating expenses, residual value and rates of return, discount rates, and capitalization rates. Values observed for comparable transactions are used to determine the representative fair value range and support the fair value determined.

The fair value of real estate funds and ownership interests held in companies is determined based on characteristics specific to these assets, whose value is based on net assets, which may be provided by an administrator or available in a published financial statement. The net asset value is adjusted to reflect external factors or when there are other indications requiring judgment to be exercised.

The fair value of financial liabilities associated with investment property is determined based on the discounted cash flow technique. This technique uses observable and unobservable inputs such as the interest rates and credit spreads that make up the discount rates.

Investments in real estate debt

The fair value of interests in real estate debt subsidiaries reflects the fair value of the assets held directly by these subsidiaries, which mainly include commercial mortgages and an interest in a mortgage lending subsidiary. The fair value of commercial mortgages is determined using the discounted cash flow technique that are divided into risk categories, according to the loan-to-value ratio, for which an appropriate discount rate is determined. Commercial mortgage valuations are reviewed annually by an independent external firm. The fair value of the interest in a mortgage lending subsidiary is determined using the discounted cash flow technique. This technique uses unobservable inputs such as discount rates that take into account the risk associated with the subsidiary as well as future cash flows.

FAIR VALUE VALUATION TECHNIQUES (continued)

Private equity, infrastructure, fixed-income securities, hedge funds, and stock markets
Enterprise value reflects the fair value of assets held directly by these subsidiaries, which include bonds, corporate debt, listed and unlisted equities as well as funds whose valuation techniques are described above.

CDPQ may also use information about recent transactions carried out in the market for valuations of these financial assets.

SECURITIES SOLD SHORT

The fair value of bonds and equities that are sold short is determined using the fair value of the security that is sold short. The techniques for valuing these securities have been described above.

DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative financial instruments is determined according to the type of instrument. The fair value of derivative financial instruments traded on exchange markets and on over-the-counter markets that are settled through a clearing house is determined, respectively, using the prices on the major stock exchanges representing the active market and clearing house prices. The fair value of the other derivative financial instruments traded on over-the-counter markets is determined using recognized and commonly used valuation techniques such as the discounted cash flow technique or other financial models. These techniques require the development and use of assumptions that take into account observable inputs such as the interest rate curves and credit spreads that make up the discount rates as well as foreign exchange rate curves, prices of the underlying items, and volatility.

OTHER FINANCIAL INSTRUMENTS

Other financial instruments include amounts receivable from transactions being settled, advances to depositors, investment income, accrued and receivable, other assets, investments, amounts payable on transactions being settled, and other liabilities. The fair value of these other financial instruments is determined using the discounted cash flow technique. This technique mainly uses observable inputs such as the interest rate curves and credit spreads that make up the discount rates.

NET ASSETS ATTRIBUTABLE TO DEPOSITORS

Demand deposits
The fair value of demand deposits is determined based on their nominal value, as they are repayable at any time at the option of the issuer without penalty.

Term deposits and distributions payable to depositors
The fair value of term deposits and distributions payable to depositors is determined using the discounted cash flow technique. This valuation technique mainly uses observable inputs such as the interest rate curves and credit spreads that make up the discount rates.

Participation deposits
The fair value of depositor participation deposits stems from a valuation of all the financial assets and liabilities held by CDPQ.

C) FAIR VALUE HIERARCHY

CDPQ's financial instruments at FVTPL are classified according to the below-described fair value hierarchy, based on the lowest level of significant input used in measuring fair value.

Level 1: The fair value calculation of the financial instrument is based on observable prices (unadjusted) in active markets that the entity can access at the measurement date for identical assets or liabilities.

Level 2: The fair value of the financial instrument is calculated using valuation techniques for which the significant inputs are observable, either directly or indirectly.

Level 3: The fair value of the financial instrument is calculated using valuation techniques for which the significant inputs are unobservable. This level includes financial instruments whose valuation is based on prices observed for similar financial instruments, substantially adjusted to reflect the characteristics specific to the financial instrument being measured, and available market data.

Classification into the fair value hierarchy levels is determined upon initial measurement of the financial instrument and is reviewed on each subsequent measurement date. Transfers between levels of the fair value hierarchy are measured at fair value at the beginning of each fiscal year.

The determination of the fair value hierarchy levels of financial instruments is influenced by prevailing market conditions on the valuation date. Consequently, the classifications by level can vary significantly from one year to the next.

FAIR VALUE MEASUREMENT

FAIR VALUE HIERARCHY (continued)

The following tables show an allocation of the fair value of financial instruments into the three levels of the fair value hierarchy:

				December 31, 2023
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled	-	1,569	-	1,569
Advances to depositors	-	1,171	-	1,171
Investment income, accrued and receivable	-	1,411	-	1,411
Other assets	-	705	-	705
Investments				
Cash equivalents	-	100	-	100
Short-term investments	-	960	-	960
Securities purchased under reverse repurchase agreements	-	15,383	-	15,383
Corporate debt	-	-	2,559	2,559
Bonds	72,871	17,245	691	90,807
Equities				
Listed	122,967	36	-	123,003
Unlisted	-	3,410	17,391	20,801
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	-	12,357	45,613	57,970
Investments in real estate debt	-	17,490	5,021	22,511
Private equity investments	-	306	59,712	60,018
Infrastructure investments	-	-	54,127	54,127
Investments in fixed-income securities	-	-	40,571	40,571
Investments in hedge funds	-	2,486	5,023	7,509
Stock market investments	-	5,317	30	5,347
Derivative financial instruments	-	3,236	-	3,236
	195,838	83,182	230,738	509,758
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	-	4,503	-	4,503
Other liabilities	-	2,248	-	2,248
Investment liabilities				
Securities sold under repurchase agreements	-	29,805	-	29,805
Securities sold short	1,106	-	-	1,106
Short-term promissory notes payable	-	9,151	-	9,151
Loans payable	-	1,635	-	1,635
Term notes payable	-	27,039	-	27,039
Derivative financial instruments	-	1,715	-	1,715
	1,106	76,096	-	77,202
Net assets attributable to depositors				
Demand deposits	-	1,654	-	1,654
Term deposits	-	6	-	6
Distributions payable to depositors	-	3,393	-	3,393
Participation deposits	-	429,194	-	429,194
	-	434,247	-	434,247

FAIR VALUE MEASUREMENT

FAIR VALUE HIERARCHY (continued)

				December 31, 2022
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled	–	2,376	–	2,376
Advances to depositors	–	727	–	727
Investment income, accrued and receivable	–	1,174	–	1,174
Other assets	–	1,147	–	1,147
Investments				
Cash equivalents	–	75	–	75
Short-term investments	–	2,889	–	2,889
Securities purchased under reverse repurchase agreements	–	14,076	–	14,076
Corporate debt	–	–	2,066	2,066
Bonds	56,855	25,389	747	82,991
Equities				
Listed	106,639	273	–	106,912
Unlisted	–	5,539	18,320	23,859
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	–	9,856	47,757	57,613
Investments in real estate debt	–	16,466	4,572	21,038
Private equity investments	–	405	59,501	59,906
Infrastructure investments	–	–	48,500	48,500
Investments in fixed-income securities	–	–	35,186	35,186
Investments in hedge funds	–	–	5,787	5,787
Stock market investments	–	4,119	30	4,149
Derivative financial instruments	–	1,910	–	1,910
	163,494	86,421	222,466	472,381
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	–	1,943	–	1,943
Other liabilities	–	1,634	–	1,634
Investment liabilities				
Securities sold under repurchase agreements	–	29,551	–	29,551
Securities sold short	2,314	–	–	2,314
Short-term promissory notes payable	–	13,068	–	13,068
Loans payable	–	1,992	–	1,992
Term notes payable	–	19,749	–	19,749
Derivative financial instruments	–	1,669	–	1,669
	2,314	69,606	–	71,920
Net assets attributable to depositors				
Demand deposits	–	1,407	–	1,407
Term deposits	–	6	–	6
Distributions payable to depositors	–	986	–	986
Participation deposits	–	399,488	–	399,488
	–	401,887	–	401,887

FAIR VALUE MEASUREMENT

FAIR VALUE HIERARCHY (continued)

TRANSFERS BETWEEN LEVELS OF THE FAIR VALUE HIERARCHY

As at December 31, 2023, due to changes in the availability of observable inputs given changing market conditions, financial instruments with a value of $603 million were transferred from Level 1 to Level 2 and financial instruments with a value of $5,771 million were transferred from Level 2 to Level 1. In addition, given an increase in underlying investments classified in Level 2 held by unconsolidated subsidiaries, financial instruments with a value of $1,427 million were transferred from Level 3 to Level 2.

As at December 31, 2022, due to changes in the availability of observable inputs given changing market conditions, financial instruments with a value of $9,015 million were transferred from Level 1 to Level 2 and financial instruments with a value of $148 million were transferred from Level 2 to Level 1. In addition, given an increase in underlying investments classified in Level 3 held by unconsolidated subsidiaries, financial instruments with a value of $9,451 million were transferred from Level 2 to Level 3.

D) LEVEL 3: RECONCILIATION BETWEEN OPENING AND CLOSING BALANCES

For financial instruments classified in Level 3 of the fair value hierarchy, reconciliations between the opening and closing balances as at December 31, 2023 and 2022 are as follows:

								2023
	Opening balance	**Gains (losses) recognized in compre-hensive income (loss)[1]**	**Purchases**	**Sales**	**Settlements**	**Transfers[2]**	**Closing balance**	**Unrealized gains (losses) on financial instruments held at year-end[1]**
Corporate debt	**2,066**	**12**	**100**	**(237)**	**(92)**	**710**	**2,559**	**(11)**
Bonds	**747**	**(42)**	**80**	**(92)**	**(2)**	**-**	**691**	**(9)**
Equities	**18,320**	**1,615**	**219**	**(2,763)**	**-**	**-**	**17,391**	**1,457**
Interests in unconsolidated subsidiaries	**201,333**	**5,089**	**13,556**	**(7,744)**	**-**	**(2,137)**	**210,097**	**5,184**

								2022
	Opening balance	Gains (losses) recognized in compre-hensive income (loss)[1]	Purchases	Sales	Settlements	Transfers	Closing balance	Unrealized gains (losses) on financial instruments held at year-end[1]
Corporate debt	2,322	(298)	170	(8)	(120)	–	2,066	(303)
Bonds	699	37	76	(26)	(39)	–	747	(50)
Equities	18,175	1,103	576	(1,534)	–	–	18,320	758
Interests in unconsolidated subsidiaries	161,636	15,056	25,646	(10,456)	–	9,451	201,333	13,365

1. Presented under “Net gains (losses) on financial instruments at fair value” in the Consolidated Statements of Comprehensive Income (loss).
2. Financial instruments with a value of $710 million were transferred from the “Interests in unconsolidated subsidiaries” category to the “Corporate debt” category.

E) LEVEL 3: FAIR VALUE MEASUREMENT BASED ON REASONABLY POSSIBLE ASSUMPTIONS

In certain cases, the assumptions used in the valuation techniques are based on unobservable inputs or observable inputs adjusted significantly to reflect the characteristics specific to the financial instrument being measured. While CDPQ considers its fair value measurements to be appropriate, the use of reasonably possible assumptions could result in different fair values. For a given measurement date, it is possible that other market participants could measure a same financial instrument at a different fair value, with the valuation techniques and inputs used by these market participants still meeting the definition of fair value. The fact that different fair value measurements exist reflects the judgment, estimates and assumptions applied as well as the uncertainty involved in determining the fair value of these financial instruments.

LEVEL 3: FAIR VALUE MEASUREMENT BASED ON REASONABLY POSSIBLE ASSUMPTIONS (continued)

The following tables show quantitative information on the primary valuation techniques and unobservable inputs for the main financial instruments classified in Level 3 of the fair value hierarchy that are subject to the sensitivity analysis in Note 6f as well as those that are excluded from the analysis:

				December 31, 2023
	Fair value	Valuation techniques	Unobservable inputs	Range (weighted average)
Included in the sensitivity analysis				
Fixed-income securities	**2,666**	**Discounted cash flows**	**Credit spreads**	**0.7% to 6.7% (4.3%)**
			Discount rates	**6.0% to 10.8% (8.8%)**
Equities				
Private equity investments	**6,506**	**Comparable company multiples**	**EBITDA multiples**	**9.5 to 18.5 (13.5)**
Infrastructure investments	**7,235**	**Discounted cash flows**	**Discount rates**	**7.9% to 14.5% (10.7%)**
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	**45,613**	**Discounted cash flows**	**Discount rates**	**2.9% to 13.8% (7.5%)**
			Credit spreads	**0.0% to 9.5% (2.5%)**
		Capitalization of revenue	**Capitalization rate**	**3.3% to 13.8% (5.8%)**
		Net real estate assets	**Discounts to net asset value**	**0.0% to 21.6% (3.9%)**
Investments in real estate debt	**1,794**	**Discounted cash flows**	**Discount rates**	**13.5% (n.a.)**
Private equity investments	**26,091**	**Comparable company multiples**	**EBITDA multiples**	**6.5 to 17.5 (12.9)**
Infrastructure investments	**41,048**	**Discounted cash flows**	**Discount rates**	**6.5% to 14.8% (9.3%)**
Investments in fixed-income securities	**26,119**	**Discounted cash flows**	**Discount rates**	**7.4% (n.a.)**
			Credit spreads	**0.1% to 16.8% (4.8%)**
	157,072			
Excluded from the sensitivity analysis				
Financial instruments[1]	**73,666**	**Recent transactions**[2]	**n.a.**	**n.a.**
		Broker quotes[3]	**n.a.**	**n.a.**
		Net assets[3]	**n.a.**	**n.a.**
Financial instruments classified in Level 3	**230,738**			

n.a.: not applicable

1. The fair value of financial instruments presented in this item includes corporate debt, bonds, equities, and interests in unconsolidated subsidiaries.
2. When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, CDPQ did not conduct a sensitivity analysis.
3. When fair value is determined using broker quotes or net asset value, this value is the only reasonable indication of fair value. Consequently, CDPQ is unable to conduct a sensitivity analysis.

FAIR VALUE MEASUREMENT

LEVEL 3: FAIR VALUE MEASUREMENT BASED ON REASONABLY POSSIBLE ASSUMPTIONS (continued)

				December 31, 2022
	Fair value	Valuation techniques	Unobservable inputs	Range (weighted average)
Included in the sensitivity analysis				
Fixed-income securities	2,109	Discounted cash flows	Credit spreads	1.1% to 8.4% (3.7%)
			Discount rates	6.0% to 10.5% (7.7%)
Equities				
Private equity investments	5,152	Comparable company multiples	EBITDA multiples	8.1 to 13.0 (11.4)
Infrastructure investments	6,252	Discounted cash flows	Discount rates	8.8% to 13.3% (10.9%)
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	47,757	Discounted cash flows	Discount rates	4.8% to 13.8% (7.0%)
			Credit spreads	0.0% to 11.0% (2.0%)
		Capitalization of revenue	Capitalization rate	2.8% to 12.4% (5.4%)
		Net real estate assets	Discounts to net asset value	0.0% to 31.5% (5.6%)
Investments in real estate debt	1,688	Discounted cash flows	Discount rates	13.5% (n.a.)
Private equity investments	23,253	Comparable company multiples	EBITDA multiples	8.0 to 17.3 (12.6)
Infrastructure investments	34,730	Discounted cash flows	Discount rates	6.5% to 14.5% (9.1%)
Investments in fixed-income securities	22,591	Discounted cash flows	Discount rates	7.3% (n.a.)
			Credit spreads	0.1% to 15.8% (5.0%)
	143,532			
Excluded from the sensitivity analysis				
Financial instruments[1]	78,934	Recent transactions[2]	n.a.	n.a.
		Broker quotes[3]	n.a.	n.a.
		Net assets[3]	n.a.	n.a.
Financial instrument classified in Level 3	222,466			

n.a.: not applicable

1. The fair value of financial instruments presented in this item includes corporate debt, bonds, equities, and interests in unconsolidated subsidiaries.
2. When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, CDPQ did not conduct a sensitivity analysis.
3. When fair value is determined using broker quotes or net asset value, this value is the only reasonable indication of fair value. Consequently, CDPQ is unable to conduct a sensitivity analysis.

F) SENSITIVITY ANALYSIS OF FAIR VALUE

The following analysis shows the sensitivity of fair value measurements to reasonably possible assumptions for the significant unobservable inputs shown in the preceding tables in Note 6e. CDPQ identified reasonably possible assumptions using its judgment and knowledge of the markets. The following table shows the increases and decreases in fair value that would result from applying reasonably possible alternative assumptions for the main financial instruments classified in Level 3 of the fair value hierarchy that are subject to a sensitivity analysis:

	December 31, 2023		December 31, 2022	
	Increase	**Decrease**	Increase	Decrease
Sensitivity of fair value	**8,913**	**(8,794)**	8,769	(8,547)

There is a correlation between unobservable inputs and the determination of fair value. Therefore, an increase (decrease) in discount rates, credit spreads, capitalization rates, and discounts to net asset value would result in a decrease (increase) in fair value. Furthermore, an increase (decrease) in EBITDA multiples would result in an increase (decrease) in fair value. There is no predictable correlation between unobservable inputs.

07
OFFSETTING FINANCIAL ASSETS AND LIABILITIES

A financial asset and a financial liability must be offset in the Consolidated Statements of Financial Position when CDPQ has a legally enforceable right of set-off and intends either to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously with the counterparty. CDPQ has a legally enforceable right of set-off when this right is exercisable in the normal course of business and in the event of default, insolvency, or bankruptcy.

Amounts receivable from and amounts payable on transactions being settled, securities purchased under reverse repurchase agreements, securities sold under repurchase agreements, and derivative financial instruments traded on over-the-counter markets in accordance with agreements of the International Swaps and Derivatives Association (ISDA) are subject to master netting agreements that do not meet the criteria for offsetting in the Consolidated Statements of Financial Position, as they give a right of set-off that is enforceable only in the event of default, insolvency, or bankruptcy.

Securities purchased under reverse repurchase agreements and securities sold under repurchase agreements settled through a clearing house satisfy the offsetting criteria. Derivative financial instruments traded on exchange markets as well as those settled by clearing houses through brokers also satisfy offsetting criteria.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The following tables show information about financial assets and liabilities that are offset and not offset in the Consolidated Statements of Financial Position and that are subject to master netting agreements or similar arrangements:

						December 31, 2023
	Gross amounts recognized	**Amounts offset**	**Net amounts presented in the Consolidated Statements of Financial Position[1]**	**Amounts subject to master netting agreements**	**Collateral received/ pledged[2]**	**Net amounts**
Financial assets						
Amounts receivable from transactions being settled	**2,959**	**(1,390)**	**1,569**	**(1,207)**	**–**	**362**
Securities purchased under repurchase agreements[3]	**22,984**	**(7,590)**	**15,394**	**(8,211)**	**(7,183)**	**–**
Derivative financial instruments[3]	**3,283**	**–**	**3,283**	**(1,501)**	**(1,607)**	**175**
	29,226	**(8,980)**	**20,246**	**(10,919)**	**(8,790)**	**537**
Financial liabilities						
Amounts payable on transactions being settled	**5,893**	**(1,390)**	**4,503**	**(1,207)**	**–**	**3,296**
Securities sold under repurchase agreements[3]	**37,499**	**(7,590)**	**29,909**	**(8,211)**	**(21,645)**	**53**
Derivative financial instruments[3]	**1,825**	**–**	**1,825**	**(1,501)**	**(186)**	**138**
	45,217	**(8,980)**	**36,237**	**(10,919)**	**(21,831)**	**3,487**

						December 31, 2022
	Gross amounts recognized	Amounts offset	Net amounts presented in the Consolidated Statements of Financial Position[1]	Amounts subject to master netting agreements	Collateral received/ pledged[2]	Net amounts
Financial assets						
Amounts receivable from transactions being settled	2,636	(260)	2,376	(1,182)	–	1,194
Securities purchased under repurchase agreements[3]	16,901	(2,814)	14,087	(7,058)	(7,029)	–
Derivative financial instruments[3]	1,930	–	1,930	(1,259)	(428)	243
	21,467	(3,074)	18,393	(9,499)	(7,457)	1,437
Financial liabilities						
Amounts payable on transactions being settled	2,203	(260)	1,943	(1,182)	–	761
Securities sold under repurchase agreements[3]	32,416	(2,814)	29,602	(7,058)	(22,485)	59
Derivative financial instruments[3]	1,731	–	1,731	(1,259)	(420)	52
	36,350	(3,074)	33,276	(9,499)	(22,905)	872

1. Net amounts presented in the Consolidated Statements of Financial Position or in Notes 4a and 4b.
2. The financial collateral received or pledged cannot include a net amount per counterparty less than zero. The total amounts of financial collateral received or pledged are disclosed in Notes 13 and 14.
3. The amounts presented in this item include amounts receivable and payable presented, respectively, under “Investment income, accrued and receivable” and “Other liabilities”.

08

INVESTMENT RESULT BEFORE DISTRIBUTIONS TO DEPOSITORS

The following table shows the net investment income, net gains (losses) on financial instruments at FVTPL as well as operating expenses:

			2023			2022
	Net investment income	**Net gains (losses)**	**Total**	Net investment income	Net gains (losses)	Total
Cash management activities	**25**	**4**	**29**	16	2	18
Investing activities						
Short-term investments	**3**	**(14)**	**(11)**	6	51	57
Securities purchased under reverse repurchase agreements	**1,102**	**2**	**1,104**	344	8	352
Corporate debt	**219**	**12**	**231**	95	(298)	(203)
Bonds	**3,229**	**2,398**	**5,627**	2,618	(12,364)	(9,746)
Equities	**3,124**	**13,330**	**16,454**	3,259	(18,050)	(14,791)
Interests in unconsolidated subsidiaries	**2,459**	**6,466**	**8,925**	2,229	13,513	15,742
Net derivative financial instruments	**–**	**(711)**	**(711)**	–	(14,508)	(14,508)
Other	**117**	**193**	**310**	81	(63)	18
	10,278	**21,680**	**31,958**	8,648	(31,709)	(23,061)
Investment liability activities						
Securities sold under repurchase agreements	**(1,594)**	**297**	**(1,297)**	(396)	(380)	(776)
Securities sold short	**(174)**	**(120)**	**(294)**	(95)	1,237	1,142
Financing activities						
Short-term promissory notes payable	**(192)**	**(212)**	**(404)**	(29)	(883)	(912)
Loans payable	**(13)**	**8**	**(5)**	(7)	(65)	(72)
Term notes payable	**(687)**	**(147)**	**(834)**	(352)	703	351
Other						
Management fees – stock markets	**(88)**	**(26)**	**(114)**	(83)	(35)	(118)
Transaction costs	**–**	**(226)**	**(226)**	–	(242)	(242)
	(2,748)	**(426)**	**(3,174)**	(962)	335	(627)
	7,530	**21,254**	**28,784**	7,686	(31,374)	(23,688)
Operating expenses *(Note 9)*			**(799)**			(924)
Investment result before distributions to depositors			**27,985**			(24,612)

External audit fees for audit services, audit-related services, and tax services amount to $5 million for the years ended December 31, 2023 and 2022.

09
OPERATING EXPENSES

The following table shows the operating expenses:

	2023	2022
Salaries and employee benefits	**509**	498
Information technology and professional services	**150**	152
Maintenance, equipment and amortization	**26**	21
Data services and subscriptions	**38**	30
Rent	**19**	24
Safekeeping of securities	**20**	21
Other expenses	**37**	29
	799	775
IT development costs[1]	**–**	149
	799	924

1. Following the International Financial Reporting Interpretations Committee's (IFRIC) publication of a final decision on accounting for the costs of configuring or customizing software service cloud computing arrangements, CDPQ no longer capitalizes cloud computing development costs. Accordingly, IT development costs capitalized before January 1, 2022 were recognized in operating expenses during the year ended December 31, 2022. This software continues to be used as part of the CDPQ's ongoing operations.

10
SEGMENT INFORMATION

CDPQ enables its depositors to allocate their funds to specialized portfolios that hold securities of the same type. These portfolios represent operating segments that have been grouped into three separate segments according to management approach, economic characteristics, and performance targets:

- Fixed Income: This segment's objective is to reduce the overall risk level of CDPQ's portfolio and match its depositors' assets and liabilities while providing a significant source of liquidity. This segment consists of the Rates, Credit, and Short Term Investments specialized portfolios.
- Real Assets: This segment's objective is to expose CDPQ to markets for which investment income is indexed to inflation and to partially hedge the inflation risk associated with the liabilities of several depositors. This segment consists of the Real Estate and Infrastructure specialized portfolios.
- Equities: This segment's objective is to increase the depositors' long-term target returns. This segment consists of the Equity Markets and Private Equity specialized portfolios.

The following table shows the allocation of net assets attributable to depositors according to each of CDPQ's segments:

	December 31, 2023	December 31, 2022
Fixed Income	**135,021**	119,431
Real Assets	**105,422**	102,243
Equities	**194,160**	179,931
Other[1]	**(356)**	282
Net assets attributable to depositors	**434,247**	401,887

The following table shows the allocation of the investment result before distributions to depositors for each of CDPQ's segments:

	2023	2022
Fixed Income	**9,685**	(20,130)
Real Assets	**2,029**	10,492
Equities	**17,513**	(12,118)
Other[1]	**(1,242)**	(2,856)
Investment result before distributions to depositors	**27,985**	(24,612)

1. The Other item includes the Asset Allocation specialized portfolio, cash activities, and the customized operations of individual funds, which consist of direct holdings of derivative financial instruments by the individual funds for the customized management of the desired exposure of each depositor.

11
RISK IDENTIFICATION AND MANAGEMENT

RISK MANAGEMENT POLICIES, DIRECTIVES AND PROCEDURES RELATED TO INVESTMENT ACTIVITIES

CDPQ is responsible for managing deposits in accordance with service agreements and depositor investment policies, the investment policies for specialized portfolios, and the integrated risk management policy. To do so, it has implemented various policies, directives and procedures to oversee the management of the risks relating to its operations.

The integrated risk management policy is adopted by CDPQ's Board of Directors. The purpose of this policy is to promote a rigorous risk management culture and practices that help CDPQ carry out its mission on behalf of its depositors. The integrated risk management policy defines market risk, concentration risk, credit risk, counterparty risk associated with derivative financial instruments, and financing-liquidity risk.

Specifically, this policy aims to:

- Establish the guiding principles that support CDPQ's integrated risk management framework and promote a sound risk management culture at all levels of the organization
- Set out the risk management model and governance structure
- Define the roles and responsibilities of stakeholders
- Establish oversight of the main risks to which CDPQ is exposed

CDPQ's governance and risk management are based on the following twelve guiding principles:

- A risk tolerance framework
- The roles of the Board of Directors and senior executives
- A client-centric approach that focuses on the needs of depositors
- A long-term investment strategy
- Liquidity and financing management
- In-depth knowledge of assets and markets
- Independent functions and stakeholder accountability
- Collaboration for comprehensive risk management
- Operational excellence
- Use of derivative financial instruments and counterparty risk management
- Oversight of new investment activities and new financial instruments
- A responsible investment framework

RISK MANAGEMENT POLICIES, DIRECTIVES AND PROCEDURES RELATED TO INVESTMENT ACTIVITIES (continued)

The levels of control and parties responsible for risk management governance are as follows:

1. Investment groups have the primary responsibility for managing the risks related to their operations.
2. Independent teams and internal committees are responsible for supporting investment group employees and setting appropriate control mechanisms.
3. The Board of Directors and its committees ensure a management framework is adopted, and the Internal Audit group ensures execution and compliance with the established risk management framework.

The integrated risk management policy sets out risk limits and authorization levels for CDPQ as a whole as well as limits applicable to cross-functional activities. In addition, CDPQ develops and periodically reviews the specialized portfolio investment policies that are designed to oversee the work of the specialized portfolio managers. A separate investment policy sets out investment strategy, management style, eligible investments, target returns, benchmark index, and concentration and risk limits.

Furthermore, each investment group must adopt an investment strategy. Global strategic planning (GSP) seeks to strengthen the decision-making process by achieving a better matching of return to risk when choosing investments. GSP sets future directions, strengthens the collaboration and information-sharing processes required to make strategic investment decisions, and ensures a better alignment between the directions and strategies. The GSP process is conducted continuously and includes the following steps: 1) Diagnostic and strategic directions; 2) Strategic plans; 3) Review and approval; and 4) Execution and accountability. Investment plans are communicated to the Executive Committee and presented to the Investment-Risk Committee (IRC) and Board of Directors for approval.

CDPQ is exposed to various financial risks. Detailed information about these risks is disclosed in the following sections.

MARKET RISK

Market risk is the risk of financial loss arising from fluctuations in the fair value of financial instruments. Volatility in financial instrument prices stems from changes in market risk factors, in particular interest rates, credit spreads, exchange rates, share prices, and commodity prices.

CDPQ manages market risk according to an integrated approach for all specialized portfolios. The main factors contributing to risk, such as industry sector, geographic region, and issuer, are taken into account. CDPQ's market risk is managed and calculated according to factors that can influence the fair value of investments and investment liabilities.

CDPQ measures its market risk using Value-at-Risk (VaR), which is based on a statistical estimate of the volatility of the fair value of each position and of correlations between market risk factors. VaR is a statistical estimate of the potential financial loss that could be incurred by CDPQ's actual portfolio, based on a predetermined confidence level and a given exposure period. The market VaR is estimated with a 95% confidence level over an exposure period of one year. Moreover, due to the methodology, the effects on the portfolio of the unfavourable events seen over a one-month horizon are repeated several times during the year. To summarize, VaR indicates the level of loss that the actual portfolio of CDPQ could exceed in 5% of cases over the forthcoming year. CDPQ estimates VaR for each instrument held in its specialized portfolios and aggregates the information for CDPQ's actual portfolio.

The historical-simulation method is used to measure VaR. This method is based mainly on the assumption that the future will be similar to the past. It requires that historical data series on all the risk factors needed to estimate the returns on financial instruments be available. In the absence of historical data, alternative methods are used.

The calculation results obtained by applying this methodology do not make it possible to estimate the amount of loss, based on a specific event, that would be incurred by CDPQ's portfolio if this event re-occurred. For example, if future conditions and market risk factors were substantially different from past economic conditions, actual losses could differ substantially from estimated losses. Moreover, these estimates at a given date do not take into account all possible losses resulting from exceptional market events or losses that could arise over and above the 95% confidence level. Consequently, in light of these limitations, CDPQ's actual portfolio losses could exceed the estimates.

A risk factor observation history over a period from 2006 to the reporting date is being used to assess the volatility of returns and the correlation between the performance of financial instruments.

MARKET RISK (continued)

Two risk measures are calculated and analyzed:

- The absolute risk of the actual portfolio represents the total risk associated with the categories of financial instruments that make up CDPQ's actual portfolio.
- The absolute risk of the benchmark portfolio targeted by depositors represents the total risk of the benchmark indexes associated with the categories of financial instruments that make up CDPQ's benchmark portfolio.

The absolute risks of CDPQ's actual and benchmark portfolios are measured regularly and used to calculate the absolute risk ratio, which is subject to certain limitations. The absolute risk ratio is obtained by dividing the absolute risk of the actual portfolio by the absolute risk of the benchmark portfolio.

The absolute risk of CDPQ's actual and benchmark portfolio, including the risk associated with the underlying investments of unconsolidated subsidiaries whose risk is managed by CDPQ, as a percentage of net assets, according to a 95% confidence level and a history of observation over a period from 2006 to the reporting date, as well as the absolute risk ratio, are as follows:

		December 31, 2023				December 31, 2022
	Absolute risk of the actual portfolio %	**Absolute risk of the benchmark portfolio %**	**Absolute risk ratio**	Absolute risk of the actual portfolio %	Absolute risk of the benchmark portfolio %	Absolute risk ratio
Value-at-risk	**17.1**	**16.2**	**1.05**	16.8	16.1	1.04

Moreover, when managing market risk, CDPQ uses stress tests that allow it to evaluate the consequences of specific circumstances on the returns of CDPQ's actual portfolio based on historical, hypothetical or risk factor sensitivity scenarios. Using various types of scenarios, stress tests measure the gains or losses in value of a financial instrument following a change in one or more often-related risk factors, such as share prices, interest rates, rate spreads, exchange rates, commodity prices, and market volatility. The hypothetical scenarios are also continuously enriched to integrate new issues, such as the impact of rising inflation on the global economy.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk is integrated into the VaR measurement.

The CDPQ's currency management strategy is designed to optimize the overall portfolio as well as each of the specialized portfolios by seeking the optimal net exposure to currencies and considering the expected return, risk, and diversification of each long-term currency. Complementing this approach is a fundamental tracking of the macroeconomic dynamics and the factors influencing the return of the currencies.

The main exposures to the currencies of developed countries are subject to strategic and dynamic hedging. Strategic hedging decisions are put in place to optimize the net exposure of the long-term currencies according to the levels of hedging by specialized portfolio and by currency. Dynamic management is used to optimize certain specialized portfolios when the Canadian dollar appears to be significantly undervalued or overvalued compared to its equilibrium value versus that of developed countries according to the valuation models. Dynamic hedging should therefore be less frequent for a given currency, but the duration of the hedge, being unforeseeable, may vary widely and last for a few weeks to several years. The last part of the approach involves active management decisions, i.e., discretionary hedges that can be implemented during particular market situations.

To manage currency risk, CDPQ therefore uses currency derivatives.

CURRENCY RISK (continued)

The net exposure to foreign currencies takes into account the effects of currency derivatives and the underlying investments in currencies of unconsolidated subsidiaries whose currency risk is managed by CDPQ. CDPQ's net exposures to foreign currencies, as a percentage of net assets, including purchases and cancellations of participation units of the specialized portfolios completed at the beginning of each month, are as follows:

	December 31, 2023	December 31, 2022
	%	%
Canadian dollar	**52**	50
U.S. dollar	**23**	25
Euro	**7**	7
Australian dollar	**1**	1
Hong Kong dollar	**1**	1
Pound sterling	**4**	4
Mexican peso	**1**	1
Brazilian real	**2**	2
Indian rupee	**2**	2
Yen	**2**	2
Chinese yuan	**1**	1
Other	**4**	4
	100	100

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk is integrated into the VaR measurement.

Reform of interbank offered rates

CDPQ set up an organization-wide multidisciplinary committee to identify and manage the changes as well as the risks arising from the replacement of interbank offered rates (IBOR). The reform notably includes risks related to the review of contractual clauses and the updating of processes and systems.

As at December 31, 2023, CDPQ was holding non-derivative financial instruments with a value of $794 million ($1,007 million as at December 31, 2022) indexed at the Canadian Dollar Offered Rate (CDOR) maturing after June 28, 2024, and it had transitioned all of its contracts indexed at the London Interbank Offered Rate (LIBOR) in U.S. dollars. As at December 31, 2022, non-derivative financial assets and the notional value of derivative financial instruments indexed at LIBOR in U.S. dollars stood at $6,677 million and $4,248 million, respectively.

PRICE RISK

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors that affect all similar financial instruments traded on the market. This risk is integrated into the VaR measurement.

CONCENTRATION RISK

CDPQ analyzes overall concentration risk for the entire group of specialized portfolios it manages. The integrated risk management policy sets out exposure limits according to category of financial instrument and according to issuer for growth markets and for certain countries. Moreover, the investment policies of the specialized portfolios set out specific limits for each issuer, industry sector, and geographic region.

The concentration limit by issuer is 3% of CDPQ's total assets, except for securities issued by the Canadian or U.S. governments or by their agencies that feature an explicit guarantee by a Canadian province or territory or a ministry or agency thereof or by sovereign issuers rated AAA, which are not included in the concentration limit. Concentration by issuer is monitored daily or upon initiation of a transaction requiring approval of the IRC or the Board of Directors, as appropriate.

Concentration risk includes the impact of derivative financial instruments and excludes interest rate derivatives as well as the government bonds used as part of strategic duration adjustment activities.

CONCENTRATION RISK (continued)

The following table shows the main geographic concentrations as a percentage of total net exposure, established according to the country of the issuers' principal place of business, including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by CDPQ.

	December 31, 2023 **%**	December 31, 2022 %
United States	**38**	40
Canada	**27**	25
Europe	**16**	16
Asia Pacific	**12**	12
Latin America	**4**	4
Other	**3**	3
	100	100

The following table shows the principal industry sector concentrations as a percentage of total net exposure, established according to the industry sector in which the issuers operate, including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by CDPQ.

	December 31, 2023 **%**	December 31, 2022 %
Industry sector		
Real estate	**15**	16
Industrials	**15**	14
Financials	**10**	10
Information Technology	**10**	9
Consumer discretionary	**4**	5
Utilities	**6**	6
Health care	**5**	6
Consumer staples	**3**	3
Real estate debt	**4**	4
Communication services	**5**	5
Energy	**2**	2
Materials	**1**	2
Other	**3**	3
Government sector		
Government of the United States	**6**	6
Government of Canada	**5**	3
Government of Québec	**2**	2
Government corporations and other public administrations in Québec	**1**	1
Other	**3**	3
	100	100

CREDIT RISK

Credit risk is the possibility of incurring a loss in value should a borrower, endorser, or guarantor experience a deterioration in financial position, fail to meet an obligation to repay a loan, or fail to meet any other financial commitment.

Maximum credit risk exposure is measured based on the fair value of financial instruments without taking into account guarantees or other credit enhancements. For the other items, the maximum exposure to credit risk is the total amount guaranteed or committed.

The following table shows the maximum exposure to credit risk:

	December 31, 2023	December 31, 2022
Cash	**1,691**	1,426
Amounts receivable from transactions being settled	**1,569**	2,376
Advances to depositors	**1,171**	727
Investment income, accrued and receivable	**1,411**	1,174
Other assets	**705**	1,147
Investments		
Cash equivalents	**100**	75
Fixed-income securities	**109,709**	102,022
Interests in unconsolidated subsidiaries in the form of debt instruments	**37,883**	35,308
Derivative financial instruments	**3,236**	1,910
	157,475	146,165
Other items		
Commitments and financial guarantees *(Note 18)*	**2,178**	3,215
	159,653	149,380

CDPQ enters into master netting agreements (Note 7), receives guarantees (Note 14), and may also use derivative financial instruments such as credit default swaps to reduce its total credit risk exposure.

In addition, to manage credit risk, CDPQ closely monitors changes in the credit cycle of issuers and uses a credit VaR to calculate the potential financial loss related to possible changes in the credit quality of issuers of fixed-income securities.

CONCENTRATION OF CREDIT RISK

A credit risk concentration analysis measures the fair value of all financial instruments related to a same issuer. The investment policy of the specialized portfolios sets out concentration limits according to credit rating. The credit risk analysis considers the probability of default and the recovery rate on debt securities held by CDPQ and monitors changes in the credit quality of issuers.

The following table shows the credit risk concentration according to the credit ratings of issuers of fixed-income securities and derivative financial instruments that carry credit risk, as a percentage of the total exposure to credit concentration risk:

	December 31, 2023 %	December 31, 2022 %
Credit rating		
AAA - AA	**76**	69
A	**2**	4
BBB	**7**	11
BB or lower	**11**	12
No credit rating	**4**	4
	100	100

The credit ratings of securities issued or guaranteed by governments are obtained from recognized credit rating agencies. For corporate sector securities, credit ratings are determined using an internal rating process that monitors changes in the credit cycle annually when the necessary information is available. Otherwise, CDPQ uses recognized credit rating agencies.

CREDIT RISK (continued)

COUNTERPARTY RISK RELATED TO DERIVATIVE FINANCIAL INSTRUMENTS

Certain over-the-counter financial instruments give rise to counterparty risk because they are negotiated by contract without being traded or settled through a clearing house. Counterparty risk related to derivative financial instruments is the credit risk created by current or potential exposures arising from derivative financial instrument transactions where the counterparty becomes unable to honour the terms of the contracts.

To limit its exposure to the counterparty risk arising from transactions involving over-the-counter derivative financial instruments, CDPQ carries out transactions with financial institutions in accordance with management's criteria regarding the quality of the issuer. Moreover, CDPQ enters into legal agreements based on ISDA standards under which it benefits from the compensating effects between at-risk amounts and the collateral exchanged in order to limit its net exposure to this risk.

This risk is measured by counterparty, pursuant to the applicable legal agreement, from which it is possible to calculate the net exposure created by all of the over-the-counter derivative financial instruments and collateral exchanged. Actual exposure to counterparty risk is measured on a daily basis, whereas potential exposure to counterparty risk is measured on a monthly basis.

As at December 31, 2023 and 2022, the legal agreements and the collateral received helped reduce exposure to the counterparty risk of over-the-counter derivative financial instruments. The maximum exposure to this risk is $171 million as at December 31, 2023 ($305 million as at December 31, 2022).

LIQUIDITY RISK

Liquidity risk is the possibility of CDPQ not always being able to honour its financial liability commitments without having to obtain funds at abnormally high prices or having to sell assets through forced liquidation. It is also the risk of CDPQ not being able to quickly sell investments without having a significant unfavourable effect on the price of the investment in question.

Liquidity is managed across all of CDPQ's cash activities. On a daily basis, liquidity status is determined and compliance with the established rules is analyzed. Managers are responsible for evaluating the liquidity of the markets in which CDPQ obtains financing for its operations.

To ensure that sources of liquidity and potential liquidity requirements are properly aligned, CDPQ has a number of sources of liquidity in addition to its cash and cash equivalents, including receipt of investment income, the sale of bonds, sales under repurchase agreements, and liquid money market securities. In addition, CDPQ may issue short-term promissory notes and term notes as well as a committed credit facility totalling US$4 billion to meet its contractual commitments and financial obligations. As at December 31, 2023, CDPQ has $60 billion in liquidity in the form of government bonds and money market securities ($46 billion as at December 31, 2022).

Furthermore, to manage liquidity risk, CDPQ conducts simulations of scenarios over different horizons and examines events that could lead to a liquidity crisis. CDPQ rigorously and frequently monitors its potential liquidity needs and proactively ensures permanent access to stable and resilient sources of liquidity.

An analysis of undiscounted contractual cash flows of financial liabilities, shown in the table below, is a component of liquidity and financing management. However, this by-maturity allocation is not necessarily representative of the manner in which CDPQ manages its liquidity risk and financing requirements.

LIQUIDITY RISK (continued)

The following tables show the maturities of the undiscounted contractual cash flows of non-derivative financial liabilities, derivative financial instruments, and other items:

					December 31, 2023
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	–	4,503	–	–	4,503
Other liabilities	–	1,013	141	967	2,121
Investment liabilities					
Securities sold under repurchase agreements	–	30,300	–	–	30,300
Securities sold short	–	1,106	–	–	1,106
Short-term promissory notes payable	–	9,319	–	–	9,319
Loans payable	–	1,635	–	–	1,635
Term notes payable	–	3,479	22,648	5,429	31,556
Net assets attributable to depositors					
Demand and term deposits	1,654	6	–	–	1,660
Distributions payable to depositors	–	3,393	–	–	3,393
	1,654	54,754	22,789	6,396	85,593
Derivative financial instruments					
Derivative financial instruments with net settlement	–	588	20	1	609
Derivative financial instruments with gross settlement					
Contractual cash flows receivable	–	(154,229)	(8,369)	(6,461)	(169,059)
Contractual cash flows payable	–	152,895	8,537	6,368	167,800
	–	(746)	188	(92)	(650)
Other items					
Commitments *(Note 18)*	56	22,517	68	421	23,062
Financial guarantees *(Note 18)*	–	1,133	750	295	2,178
	56	23,650	818	716	25,240
	1,710	77,658	23,795	7,020	110,183

LIQUIDITY RISK (continued)

					December 31, 2022
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	–	1,943	–	–	1,943
Other liabilities	–	977	158	545	1,680
Investment liabilities					
Securities sold under repurchase agreements	–	29,876	–	–	29,876
Securities sold short	–	2,314	–	–	2,314
Short-term promissory notes payable	–	13,304	–	–	13,304
Loans payable	–	1,992	–	–	1,992
Term notes payable	–	3,137	16,134	4,450	23,721
Net assets attributable to depositors					
Demand and term deposits	1,407	6	–	–	1,413
Distributions payable to depositors	–	986	–	–	986
	1,407	54,535	16,292	4,995	77,229
Derivative financial instruments					
Derivative financial instruments with net settlement	–	(8)	41	3	36
Derivative financial instruments with gross settlement					
Contractual cash flows receivable	–	(155,857)	(7,727)	(5,867)	(169,451)
Contractual cash flows payable	–	155,642	7,892	5,723	169,257
	–	(223)	206	(141)	(158)
Other items					
Commitments *(Note 18)*	60	23,049	86	421	23,616
Financial guarantees *(Note 18)*	–	1,972	940	303	3,215
	60	25,021	1,026	724	26,831
	1,467	79,333	17,524	5,578	103,902

Moreover, concerning net assets attributable to depositors, the Regulation states that CDPQ may set monthly limits for cancelling participation units, i.e., a depositor is limited to a maximum reimbursement of all their participation units in all of CDPQ's specialized portfolios of $50 million. Any participation units that are not cancelled given the maximum amount permitted are carried forward to the first days of the subsequent months and are cancelled as soon as the limit permits. The purpose of the limits is to ensure optimal management of CDPQ's overall liquidity.

LIQUIDITY RISK (continued)

FINANCING-LIQUIDITY RISK

The following tables show the main terms and conditions and interest rates of the investment liabilities related to CDPQ's financing activities:

				December 31, 2023
	Currency	Nominal value[1]	Maturity	Interest rate %
Loans payable	USD	885	Less than 1 year	4.90
	CAD	750	Less than 1 year	4.75
		1,635		
Short-term promissory notes payable	CAD	754	Less than 1 year	5.12
	USD	6,400	Less than 1 year	5.68
	USD	2,123	Less than 1 year	SOFR[3] + 0.45
	EUR	14	Less than 1 year	3.98
		9,291		
Term notes payable[2]	USD	2,637	July 2024	3.15
	USD	1,780	May 2025	SOFR[3] + 0.40
	USD	264	May 2025	5.25
	USD	3,296	June 2025	0.88
	USD	2,637	February 2026	4.50
	USD	1,319	May 2026	1.00
	CAD	1,250	October 2026	1.50
	USD	1,978	February 2027	1.75
	EUR	2,913	April 2027	1.13
	CAD	1,250	June 2027	3.80
	CAD	2,000	March 2028	3.70
	USD	1,978	July 2028	4.25
	CAD	1,500	September 2029	3.95
	AUD	270	May 2030	4.38
	CAD	750	December 2030	4.20
	NOK	78	April 2038	3.54
	USD	1,648	November 2039	5.60
		27,548		

1. The amounts shown are translated into Canadian dollars and are amounts to be repaid at maturity.
2. As at December 31, 2023, term notes included $2,569 million in green bonds allocated to a selection of investments that are compliant with the eligible project categories established under CDPQ's Green Bond Framework, which is aligned with the Green Bond Principles of the International Capital Market Association.
3. SOFR: Secured Overnight Financing Rate

LIQUIDITY RISK (continued)

FINANCING-LIQUIDITY RISK (continued)

				December 31, 2022
	Currency	Nominal value[1]	Maturity	Interest rate %
Loans payable	USD	1,689	Less than 1 year	1.68
	CAD	303	Less than 1 year	1.89
		1,992		
Short-term promissory notes payable	EUR	14	Less than 1 year	1.03
	CAD	744	Less than 1 year	4.24
	USD	12,453	Less than 1 year	4.38
		13,211		
Term notes payable[2]	USD	2,710	April 2023	1.00
	USD	2,710	July 2024	3.15
	USD	3,387	June 2025	0.88
	USD	1,355	May 2026	1.00
	CAD	1,250	October 2026	1.50
	USD	2,032	February 2027	1.75
	EUR	2,892	April 2027	1.13
	CAD	1,250	June 2027	3.80
	CAD	1,500	September 2029	3.95
	USD	1,694	November 2039	5.60
		20,780		

1. The amounts shown are translated into Canadian dollars and are amounts to be repaid at maturity.
2. As at December 31, 2022, term notes included $2,605 million in green bonds allocated to a selection of investments that are compliant with the eligible project categories established under CDPQ's Green Bond Framework, which is aligned with the Green Bond Principles of the International Capital Market Association.

Short-term promissory notes are issued at fixed or variable rates, with maturities not exceeding 12 months, and are guaranteed by CDPQ's assets. In accordance with the limit prescribed in the short-term promissory notes issuance information document, the nominal value of all such outstanding notes may never exceed US$12 billion for the U.S. program, and the equivalent of CA$4 billion for short-term promissory notes issued in Canada and abroad, excluding the United States.

Term notes payable are issued at fixed or variable rates. They are repayable at maturity and secured by CDPQ's assets.

Furthermore, during the year ended December 31, 2023, CDPQ renewed the credit facility that it arranged with a banking syndicate for a total amount of approximately CA$5 billion, i.e., two US$2 billion tranches that are renewable annually for terms of two and three years, respectively. The credit facility bears interest at a variable rate and is entirely secured, unconditionally and irrevocably, by CDPQ. As at December 31, 2023 and 2022, no amount had been drawn on this credit facility.

12

CAPITAL MANAGEMENT

CDPQ defines its capital as net assets attributable to depositors. CDPQ's capital may fluctuate according to depositor demands for cancellations and issuances of participation deposit units and for deposits and withdrawals of demand and term deposits. CDPQ's capital management objective is to invest contributions and deposits in the best interests of the depositors in accordance with the Act in order to achieve an optimal return while respecting the depositor investment policies.

CDPQ is not subject to external capital requirements.

Furthermore, CDPQ's objective is to maintain its AAA credit rating to ensure access to capital markets at the best cost. Consequently, the Board of Directors has limited the amount of notes that CDPQ may issue on capital markets to 10% of its net assets attributable to depositors, to which is added the fair value of outstanding notes (adjusted net assets).

13

FINANCIAL ASSETS TRANSFERRED BUT NOT DERECOGNIZED

CDPQ enters into securities lending and borrowing transactions as well as securities repurchase agreements whereby it transfers financial assets to counterparties. The transferred securities do not meet derecognition criteria since CDPQ retains most of the risks such as credit risk, interest rate risk, currency risk, and price risk, as well as most of the related rewards such as cash flows.

The following table shows the fair values of the financial assets transferred but not derecognized from the Consolidated Statements of Financial Position as well as the fair values of the associated financial liabilities:

	December 31, 2023	December 31, 2022
Financial assets transferred but not derecognized[1]		
Bonds	**53,872**	47,331
Equities	**22,268**	24,206
	76,140	71,537
Associated financial liabilities		
Loans payable[2]	**1,635**	1,992
Securities sold under repurchase agreements[3]	**37,499**	32,416
	39,134	34,408

1. As part of CDPQ's securities lending and borrowing activities, CDPQ does not recognize financial assets borrowed from third parties in the Consolidated Statements of Financial Position. Accordingly, the amount includes CDPQ's financial assets as well as those borrowed from third parties in an amount of $5,979 million as at December 31, 2023 ($3,751 million as at December 31, 2022).
2. The amount presented corresponds to cash received as collateral on securities lending transactions and derivative financial instrument transactions.
3. The net amount is disclosed in Notes 4 and 7.

14
GUARANTEES

FINANCIAL ASSETS PLEDGED AS COLLATERAL

In the normal course of business, CDPQ may pledge financial assets as collateral during transactions. The counterparties may be authorized, by way of legal contract or market practices, to either sell or repledge certain securities as collateral. Under certain conditions, CDPQ may have to pledge additional collateral if the pledged securities lose value.

The following table shows the fair value of collateral pledged by CDPQ according to transaction type:

	December 31, 2023	December 31, 2022
Securities borrowing	**13,408**	11,735
Securities sold under repurchase agreements[1]	**36,478**	32,493
Exchange-traded derivative financial instruments	**3,673**	3,565
Over-the-counter derivative financial instruments	**1,652**	2,083
Investments pledged as collateral[2]	**5,450**	5,312
	60,661	55,188

1. With respect to securities sold under repurchase agreements, CDPQ may pledge financial assets borrowed from third parties as collateral. Accordingly, the amount includes CDPQ's financial assets as well as those borrowed from third parties. As at December 31, 2023, CDPQ granted a mortgage of $1,200 million to an agent in exchange for a financial guarantee provided by the agent to the Fixed Income Clearing Corporation (FICC) in order to guarantee CDPQ's bonds under repurchase and resale agreement activities carried out with the FICC. As at December 31, 2022, no mortgage of this type had been granted.
2. The amount presented represents investments that CDPQ holds in certain companies to guarantee their external borrowings. This amount cannot exceed the fair value of these investments.

FINANCIAL ASSETS RECEIVED AS COLLATERAL

In the normal course of business, CDPQ may receive financial assets as collateral during transactions. If the fair value of the collateral received decreases, CDPQ may, in certain cases, request additional collateral. CDPQ is authorized to sell or repledge as collateral certain securities in the absence of default by the counterparty.

The following table shows the fair value of collateral received by CDPQ for the following transactions:

	December 31, 2023	December 31, 2022
Securities lending	**25,340**	26,697
Securities purchased under reverse repurchase agreements[1]	**21,664**	16,414
Over-the-counter derivative financial instruments	**2,218**	794
	49,222	43,905

1. As at December 31, 2023, an amount of $793 million received as collateral was sold or repledged as collateral ($1,090 million as at December 31, 2022).

15
RELATED PARTY DISCLOSURES

RELATED PARTY TRANSACTIONS

CDPQ's primary related parties include unconsolidated subsidiaries, joint ventures, associates, and CDPQ's key management personnel.

CDPQ enters into various transactions with related parties. These transactions are concluded under the same conditions as those prevailing in the market with unrelated parties and are measured at fair value. Given the very nature of CDPQ's activities as an investment entity, it may make investments in several investment categories, including investments in unconsolidated subsidiaries, joint ventures, and associates.

RELATED PARTY DISCLOSURES

COMPENSATION OF KEY MANAGEMENT PERSONNEL

CDPQ's key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, either directly or indirectly. These persons are the members of the Board of Directors, the President and Chief Executive Officer, and key members of the Executive Committee.

The following table shows the compensation of CDPQ's key management personnel:

	2023	2022
Salaries and other short-term employee benefits	**12**	12
Post-employment benefits	**1**	1
Other long-term employee benefits	**6**	6
Termination benefits	**-**	2
	19	21

OTHER RELATED PARTIES

CDPQ is governed by the Act, and the Government of Québec appoints the Board of Director members, at least two-thirds of whom must be independent. The Government of Québec also approves the appointment of the President and Chief Executive Officer. Consequently, CDPQ has availed itself of the exemption set out in IAS 24 – *Related Party Disclosures* regarding the disclosure of transactions with a related government and with any entities related to the related government. The transactions carried out with the Government of Québec and its related entities are investment activities involving bonds issued by or guaranteed by the government and are carried out under normal market conditions through external brokers. These bonds are included in the "Governments" and "Government corporations and other public administrations" bond categories of Note 4a. In addition, CDPQ discloses information on the Government sector category in the "Government of Québec" and "Government corporations and other public administrations in Québec" items of Note 11. Furthermore, as part of a public infrastructure project and a real estate project in Québec, through the subsidiaries of CDPQ, the Government of Québec and its related entities entered into agreements related to these projects. These agreements were signed in the normal course of business of the subsidiaries.

16
INTERESTS IN OTHER ENTITIES

SUBSIDIARIES

CONSOLIDATED SUBSIDIARY

CDP Financial Inc. is a wholly owned subsidiary that issues debt securities in order to finance CDPQ's investments at an optimal financing cost.

UNCONSOLIDATED SUBSIDIARIES

The subsidiaries presented in this category are entities controlled either directly or indirectly by CDPQ through subsidiaries in accordance with IFRS 10 criteria.

INTERMEDIATE SUBSIDIARIES

As part of certain investment activities, CDPQ may use intermediate subsidiaries, whose sole purpose is to hold investments for CDPQ. They are therefore not included in the information shown in the following tables, while the main underlying ownership interests in subsidiaries, joint ventures, and associates are shown.

INTERESTS IN OTHER ENTITIES

SUBSIDIARIES (continued)

The following table shows the ownership interests held in the main consolidated and unconsolidated subsidiaries as at December 31, 2023 as well as the comparative ownership interests as at December 31, 2022. Unless otherwise specified, the percentage of voting rights does not differ materially from the ownership interest. The principal place of business is defined as the region or country where the principal business activities such as operations and revenues take place.

	Principal place of business	**2023** **Ownership interest %**	2022 Ownership interest %
Consolidated subsidiary			
CDP Financial Inc	Canada	**100.0**	100.0
Unconsolidated subsidiaries			
Real estate debt			
Otéra Capital Inc[1]	Canada	**97.5**	97.5
Energy			
Azure Power Global Ltd	India[3]	**53.4**	53.4
Mercury Taiwan Holdings Limited[2]	Taiwan	**94.0**	94.0
Southern Star Acquisition Corporation	United States	**79.9**	79.9
Trencap LP (Énergir)	Canada	**80.9**	80.9
Hedge funds			
GMAC ASO Fund Inc	Singapore[4]	**100.0**	100.0
Fixed-income securities funds			
FICG-GM-I Fund LP	Growth markets[5]	**100.0**	100.0
FICG-PG-I Fund LP	Growth markets[5]	**100.0**	100.0
Franklin Emerging Market Debt Opportunities Fund III	Growth markets[6]	**100.0**	100.0
Global Credit Opportunities (Canada) LP	Canada	**100.0**	100.0
HC Direct Lending Fund LP	United States[6]	**100.0**	100.0
Private Debt SMA (C) SLP	United Kingdom[7]	**100.0**	100.0
West Street GCPD Partners LP	United States[6]	**100.0**	100.0
Real estate			
Ivanhoe Cambridge Group Inc	Canada	**97.2**	96.6
Industrials			
CDPQ Infra Inc	Canada	**100.0**	100.0
Einn Volant Aircraft Leasing Holdings Ltd	Ireland[8]	**90.5**	90.5
Indian Highway Concessions Trust	India	**75.0**	75.0
Rail Capital Europe Holdings (Akiem Group SAS)	France	**95.2**	100.0
Spinner US AcquireCo Inc (Student Transportation of America)	United States	**79.9**	79.9
Financials			
NB Credit Opportunities Co-Invest I LP	United States	**100.0**	100.0
Utilities			
Plenary Americas Holdings Ltd. (Plenary Group Canada)	Canada	**100.0**	100.0

1. Otéra Capital Inc indirectly holds 78.2% of MCAP Commercial LP as at December 31, 2023 (77.7% as at December 31, 2022).
2. Mercury Taiwan Holdings Limited holds indirectly 50.0% of Greater Changhua Offshore Wind Farm Se Ltd.
3. Constituted in Mauritius.
4. Constituted in the Cayman Islands in accordance with the structure of the limited partner.
5. Constituted in the United States.
6. Constituted in Canada.
7. Constituted in Luxembourg.
8. Constituted in Bermuda.

INTERESTS IN OTHER ENTITIES

JOINT VENTURES

The following table shows the ownership interests held in the main joint ventures as at December 31, 2023 as well as the comparative ownership interests as at December 31, 2022. Voting rights or other contractual clauses allow CDPQ to exercise joint control that requires unanimous shareholder agreement. The principal place of business is defined as the region or country where the principal business activities such as operations and revenues take place.

		2023	2022
	Principal place of business	**Ownership interest %**	Ownership interest %
Energy			
Apraava Energy Private Limited	India	**50.0**	50.0
Invenergy Renewables Holdings LLC	United States	**43.8**	49.4
Transportadora Associada de Gas SA	Brazil	**35.0**	35.0
Industrials			
Delachaux SA	France	**43.0**	43.0
DP World Australia B.V.	Australia[1]	**45.0**	45.0
DP World Canada Investment Inc	Canada	**45.0**	45.0
DP World Caucedo (Caucedo Investments Inc, Caucedo Services Inc)	Dominican Republic[2]	**45.0**	45.0
STP Asset Trust, STP Project Trust (WestConnex)	Australia	**10.1**	10.1
Streem Group (formerly Ermewa Holding)	France	**48.4**	48.8
Financials			
Constellation Insurance LP	United States	**49.5**	49.5
Greenstone Ltd	Australia	**34.0**	34.0
Health			
Medical Solutions LLC	United States	**36.9**	36.9
Information technology			
FNZ Group Limited	Europe[3]	**44.9**	44.9

1. Constituted in the Netherlands.
2. Constituted in the British Virgin Islands.
3. Constituted in New Zealand.

INTERESTS IN OTHER ENTITIES

ASSOCIATES

The following table shows the ownership interests held in the main associates as at December 31, 2023 as well as the comparative ownership interests as at December 31, 2022. Unless otherwise specified, the percentage of voting rights does not differ materially from the ownership interest. The principal place of business is defined as the region or country where the principal business activities such as operations and revenues take place.

		2023	2022
	Principal place of business	**Ownership interest %**	Ownership interest %
Consumer discretionary			
Clarios International LP (formerly Clarios Power Solutions Holdings LP)	United States[4]	**30.0**	30.0
Energy			
IPALCO Enterprises Inc	United States	**30.0**	30.0
London Array Ltd, London Array Unincorporated JV	United Kingdom	**25.0**	25.0
NSW Electricity Networks Assets Holding Trust, NSW Electricity Networks Operations Holding Trust (TransGrid)	Australia	**22.5**	22.5
Tenedora de Energía Renovable Sol y Viento S.A.P.I. de C.V.[1]	Mexico	**67.1**	67.1
Industrials			
Airport Holding Kft	Hungary	**21.2**	21.2
Alix Partners LLP[2]	United States	**13.5**	15.7
Allied Universal Holdco LLC	United States[4]	**27.7**	27.7
Datamars SA	Switzerland	**30.0**	30.0
DP World Jebel Ali Terminals and Free Zone FZCO	United Arab Emirates	**21.9**	21.9
Eurostar Group[3]	Belgium	**19.3**	19.3
Groupe Keolis SAS	France	**30.0**	30.0
Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. (OPI), OPCEM, S.A.P.I. de C.V. (OPCEM)	Mexico	**45.5**	45.5
QPH Hold Trust, QPH Hold Co PTY Limited (Port of Brisbane)	Australia	**26.7**	26.7
Techem GmbH	Germany	**24.5**	24.5
Veolia Water Technologies & Solutions (formerly Suez Water Technologies and Solutions S.A.)	United States[5]	**30.0**	30.0
Financials			
First Lion Holdings Inc	Canada	**31.5**	31.5
Howden Group Holding Limited	United Kingdom	**23.8**	21.4
Health care			
Sanfer Farma S.A.P.I de C.V.	Mexico	**23.6**	23.6
Sphinx SAS (Sebia SA)[2]	France	**39.3**	39.3
Communication services			
ATC Europe C.V.	Germany[6]	**25.5**	25.5
Cogeco Communications USA Inc.	United States	**21.0**	21.0
Vertical Bridge Reit LLC	United States	**36.7**	37.3
Information technology			
Plusgrade Holdco	Canada	**40.9**	40.9

1. Presented in the "Subsidiaries" category as at December 31, 2022. The voting rights amount to 40.0% as at December 31, 2023.
2. Voting rights amount to 25.0%.
3. Voting rights amount to 23.3%.
4. Constituted in Canada.
5. Constituted in France.
6. Constituted in the Netherlands.

INTERESTS IN OTHER ENTITIES

NON-CONTROLLED STRUCTURED ENTITIES

CDPQ holds interests in non-controlled structured entities, the majority of which represent investment funds or investments in the form of equities held through limited partnerships. The interests held by CDPQ do not give it power over the relevant activities of these entities, as control is established by contractual agreement that is in favour of a general partner or administrator. These entities are held as investments and do not expose CDPQ to greater risks than the interests held in the non-structured entities. Information about structured entities is provided, if applicable, in the risk management section of Note 11 and in the commitments and financial guarantees section of Note 18.

17
RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following tables show changes in liabilities arising from financing activities, including non-cash changes:

			Non-cash changes		
	December 31, 2022	**Cash flows from financing activities**	**Changes in foreign exchange**	**Changes in fair value**	**December 31, 2023**
Short-term promissory notes payable	**13,068**	**(3,566)**	**(386)**	**35**	**9,151**
Loans payable	**1,992**	**(349)**	**(8)**	**–**	**1,635**
Term notes payable	**19,749**	**7,143**	**(395)**	**542**	**27,039**
	34,809	**3,228**	**(789)**	**577**	**37,825**

			Non-cash changes		
	December 31, 2021	Cash flows from financing activities	Changes in foreign exchange	Changes in fair value	December 31, 2022
Short-term promissory notes payable	9,729	3,155	86	98	13,068
Loans payable	203	1,789	–	–	1,992
Term notes payable	15,601	4,851	1,078	(1,781)	19,749
	25,533	9,795	1,164	(1,683)	34,809

18
COMMITMENTS AND FINANCIAL GUARANTEES

Given the nature of its activities, CDPQ enters into various investment purchase commitments that will be settled in the coming fiscal years in accordance with the terms and conditions in the related agreements.

For CDPQ, financial guarantees consist of providing guarantees, to financial institutions and corporations, on derivative financial instrument transactions, repayment of loans taken by companies in which it has an economic interest, and certain letters of credit of its subsidiaries. As part of certain investment transactions, CDPQ may also provide financial guarantees or issue letters of credit to third parties. The maturities of the commitments and financial guarantees are disclosed in Note 11.

Commitments and financial guarantees are detailed as follows:

	December 31, 2023	December 31, 2022
Investment purchase commitments	**22,552**	23,089
Commitments under leases	**510**	527
Financial guarantees	**2,178**	3,215
	25,240	26,831

LITIGATION

In the normal course of business, CDPQ may be subject to legal actions. Although CDPQ cannot predict the outcomes of any ongoing legal proceedings as at December 31, 2023, it has no reason to believe that the settlement of any one of these proceedings could have a material impact on its financial position.

19
EVENTS AFTER THE REPORTING PERIOD

On January 24, 2024, CDPQ announced its intention to integrate the activities of its real estate subsidiaries (Ivanhoé Cambridge and Otéra Capital). As a result of this integration, CDPQ will gain efficiencies thanks to synergies achieved from processes, resources, and systems. The integration should not have a significant impact on the consolidated financial position or consolidated financial performance as at December 31, 2024.

FINANCIAL CERTIFICATE OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

I, Charles Emond, President and Chief Executive Officer of CDPQ, certify that:

1. **Review:** I have reviewed the consolidated financial statements, the tables of returns, the press release announcing the annual results and the Annual Report (hereafter referred to as the "Annual Filings") of CDPQ for the year ended December 31, 2023.

2. **No false or misleading information:** To the best of my knowledge, having exercised reasonable diligence, the Annual Filings do not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated or necessary to make a statement that is not misleading in light of the circumstances in which it was made, with respect to the period covered by the Annual Filings.

3. **Fair presentation:** To the best of my knowledge, having exercised reasonable diligence, the consolidated financial statements and the other financial information included in the Annual Filings present fairly, in all material respects, the financial position of CDPQ as at the closing dates of the periods presented in the Annual Filings, as well as its comprehensive income, changes in net assets attributable to depositors, and cash flows for those years.

4. **Responsibility:** I am responsible for the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR) for CDPQ.

5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, at fiscal year-end, I have:

   a) Designed, or caused to be designed under my supervision, DC&P to provide reasonable assurance that:

      i) Material information relating to CDPQ is made known to me by others, particularly during the period in which the Annual Filings are prepared; and that

      ii) Information required to be disclosed by CDPQ in its Annual Filings filed or submitted by it under the legislation is recorded, processed, summarized and reported within the time periods prescribed by the legislation.

   b) Designed, or caused to be designed under my supervision, ICFR to provide reasonable assurance that financial information is reliable and that the consolidated financial statements have been prepared, with a view to publication of financial information, in accordance with International Financial Reporting Standards (IFRS).

5.1. **Control framework:** The control framework that I have used to design the ICFR is that proposed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013).

5.2. **ICFR material weakness relating to design:** Not applicable.

5.3. **Limitation of scope and design:** Not applicable.

6. **Evaluation:** I have:

   a) Evaluated, or caused to be evaluated under my supervision, the effectiveness of the DC&P of CDPQ at fiscal year-end and CDPQ disclosed in its Annual Report my conclusions based on this evaluation.

   b) Evaluated, or caused to be evaluated under my supervision, the effectiveness of the ICFR of CDPQ at fiscal year-end and CDPQ disclosed in its Annual Report the following information:

      i) My conclusions about the effectiveness of the ICFR at fiscal year-end based on that evaluation; and

      ii) Description of any material weaknesses relating to current operation at fiscal year-end: Not applicable.

7. **Reporting changes to the ICFR:** CDPQ disclosed in its Annual Report any change made to the ICFR that occurred during the accounting period beginning on January 1, 2023 and ending on December 31, 2023 that has had, or is likely to have, a material impact on the ICFR.

8. **Reporting to co-auditors and the Board of Directors or Audit Committee of CDPQ:** I have disclosed, based on our most recent valuation of the ICFR, to the co-auditors and the Board of Directors of CDPQ or its Audit Committee, any fraud that involves management or other employees who have a significant role in the ICFR.

President and Chief Executive Officer

CHARLES EMOND, FCPA
April 5, 2024

FINANCIAL CERTIFICATE OF THE EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL AND OPERATIONS OFFICER

I, Maarika Paul, Executive Vice-President and Chief Financial and Operations Officer of CDPQ, certify that:

1. **Review:** I have reviewed the consolidated financial statements, the tables of returns, the press release announcing the annual results and the Annual Report (hereafter referred to as the "Annual Filings") of CDPQ for the year ended December 31, 2023.
2. **No false or misleading information:** To the best of my knowledge, having exercised reasonable diligence, the Annual Filings do not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated or necessary to make a statement that is not misleading in light of the circumstances in which it was made, with respect to the period covered by the Annual Filings.
3. **Fair presentation:** To the best of my knowledge, having exercised reasonable diligence, the consolidated financial statements and the other financial information included in the Annual Filings present fairly, in all material respects, the financial position of CDPQ as at the closing dates of the periods presented in the Annual Filings, as well as its comprehensive income, changes in net assets attributable to depositors, and cash flows for those years.
4. **Responsibility:** I am responsible for the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR) for CDPQ.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, at fiscal year-end, I have:
   a) Designed, or caused to be designed under my supervision, DC&P to provide reasonable assurance that:
      i) Material information relating to CDPQ is made known to me by others, particularly during the period in which the Annual Filings are prepared; and that
      ii) Information required to be disclosed by CDPQ in its Annual Filings filed or submitted by it under the legislation is recorded, processed, summarized and reported within the time periods prescribed by the legislation.

   b) Designed, or caused to be designed under my supervision, ICFR to provide reasonable assurance that financial information is reliable and that the consolidated financial statements have been prepared, with a view to publication of financial information, in accordance with International Financial Reporting Standards (IFRS).

5.1. **Control framework:** The control framework that I have used to design the ICFR is that proposed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013).

5.2. **ICFR material weakness relating to design:** Not applicable.

5.3. **Limitation of scope and design:** Not applicable.

6. **Evaluation:** I have:
   a) Evaluated, or caused to be evaluated under my supervision, the effectiveness of the DC&P of CDPQ at fiscal year-end and CDPQ disclosed in its Annual Report my conclusions based on this evaluation.
   b) Evaluated, or caused to be evaluated under my supervision, the effectiveness of the ICFR of CDPQ at fiscal year-end and CDPQ disclosed in its Annual Report the following information:
      i) My conclusions about the effectiveness of the ICFR at fiscal year-end based on that evaluation; and
      ii) Description of any material weaknesses relating to current operation at fiscal year-end: Not applicable.
7. **Reporting changes to the ICFR:** CDPQ disclosed in its Annual Report any change made to the ICFR that occurred during the accounting period beginning on January 1, 2023 and ending on December 31, 2023 that has had, or is likely to have, a material impact on the ICFR.
8. **Reporting to co-auditors and the Board of Directors or Audit Committee of CDPQ:** I have disclosed, based on our most recent valuation of the ICFR, to the co-auditors and the Board of Directors of CDPQ or its Audit Committee, any fraud that involves management or other employees who have a significant role in the ICFR.

Executive Vice-President and Chief Financial and Operations Officer

Maarika Paul

MAARIKA PAUL, FCPA, CBV, ICD.D
April 5, 2024

CONCLUSIONS ABOUT THE DESIGN AND EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

In 2023, the Chief Financial and Operations Officer oversaw work to update existing documentation and to evaluate the design and effectiveness of internal control over financial reporting, and the Executive Committee approved the methodology for evaluating key controls. The purpose of this evaluation of internal control over the main financial processes was to ensure that CDPQ could meet its quality objectives related to financial reporting, in all material respects.

The evaluation of the design and effectiveness of internal control over financial reporting was carried out with the framework usually adopted by North American companies, namely that of the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013). This work enabled the Executive Committee to conclude that the design of control over financial reporting is adequate and effective, and that it provides reasonable assurance that the financial information presented in the Annual Filings, as defined by CDPQ's Financial Certification Directive, is reliable, and that CDPQ's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

CONCLUSIONS ABOUT THE DESIGN AND EFFECTIVENESS OF FINANCIAL REPORTING CONTROLS AND PROCEDURES

Under CDPQ's Financial Certification Directive, the design and effectiveness of disclosure controls and procedures pertaining to the Annual Filings, namely the consolidated financial statements, the tables of returns, the press release announcing the annual results and the Annual Report, must be evaluated.

As with the evaluation of internal control over financial reporting, the Chief Financial and Operations Officer also oversaw efforts to update existing documentation and to evaluate the design and effectiveness of disclosure controls and procedures, and the Executive Committee also approved the methodology for evaluating key controls.

As at December 31, 2023, the evaluation confirmed that the disclosure controls and procedures are adequate and effective, and provide reasonable assurance that all relevant information is gathered and submitted in a timely fashion to senior management, in particular to the President and Chief Executive Officer and to the Chief Financial and Operations Officer, so as to ensure that appropriate decisions concerning disclosure can be made.

The Board of Directors also approved the 2023 Annual Filings before their public disclosure.

Report on GIPS® compliance

PERFORMANCE SUMMARY

Auditor's Report on Compliance with the Global Investment Performance Standards on a firm-wide basis

To the Directors of la Caisse de dépôt et placement du Québec ("CDPQ")

We have audited CDPQ (the "Company") compliance with the composite construction requirements for the Global Investment Performance Standards ("GIPS") on a firm-wide basis for the year ended December 31, 2023, and the design of its processes and procedures to calculate and present performance results in compliance with the GIPS Standards as of December 31, 2023. Compliance with the GIPS Standards is the responsibility of the management of the Company. Our responsibility is to express an opinion based upon our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Company complied with the criteria established by the GIPS Standards. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with these criteria, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, the Company has complied with the GIPS Standards for the year ended December 31, 2023, including the composite construction requirements on a firm wide basis and the design of its processes and procedures to calculate and present performance results in compliance with the GIPS Standards as of December 31, 2023.

We have issued a separate audit report on certain individual composite presentations of the Company dated February 20, 2024 (available from CDPQ upon request), and accordingly, we express no opinion or any other form of assurance on any such performance results in this compliance report.

Deloitte LLP[1]

Deloitte LLP[1]

[1] CPA auditor, CA, public accountancy permit No A123838
February 20, 2024

General Notes

01

PRESENTATION OF THE FIRM

CDPQ is a long term institutional investor that manages funds for pension plans, as well as public and parapublic insurance plans. As one of the largest pension fund in Canada, CDPQ invests globally in financial markets, private equity, infrastructure, real estate and private debt. The net assets attributable to depositors, excluding demand deposits and term deposits, totaled $432.6 billion as at December 31, 2023. This document presents the returns related to the funds managed by CDPQ for the depositors (see Note 7).

02

COMPLIANCE STATEMENT

CDPQ claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. CDPQ has been independently verified for the periods from January 1, 2014 through December 31, 2023. CDPQ claims compliance with the Global Investment Performance Standards (GIPS) and has been independently audited since January 1, 2002.

Verification assesses whether (1) CDPQ has complied with all the portfolio and composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The portfolios and composites have been examined for the periods from January 1, 2014 to December 31, 2023.

03

PERFORMANCE CALCULATIONS

Performance calculations are based on monthly calculations using the modified Dietz formula. All deposits or withdrawals take place on the first day of each month. As a result, cash flows have no effect on performance.

All management activities for which CDPQ records operating expenses are represented in the specialized portfolios. The portfolios are valued according to transaction date, and their returns are calculated monthly. The geometric linking method is then used to calculate quarterly and annual returns.

Total returns, including realized gains and losses on the sale of investments, unrealized gains and losses, and investment income and expenses, are used to calculate returns. These returns include any income generated on cash and cash equivalents. Interest income is accrued and is included in the market value used to calculate returns. Dividend income is generally accrued as of the ex-dividend date.

In accordance with the decision of the Accounting Standards Board of Canada (AcSB), CDPQ adopted International Financial Reporting Standards (IFRS) effective January 1, 2014. Under IFRS, CDPQ qualifies as an investment entity. Accordingly, all financial instruments are measured at fair value in accordance with IFRS 13, *Fair Value Measurement*.

IFRS requires a company qualifying as an investment entity to evaluate its subsidiaries at fair value as an investment rather than consolidate them. The fair value of these subsidiaries is established using an enterprise value method that reflects, among other things, the fair value of financial instruments held directly by these subsidiaries. Previously, under Canadian Generally Accepted Accounting Principles, the portfolios included consolidation of the subsidiaries' assets and liabilities.

All the portfolios adopted IFRS during the year ended December 31, 2014. Adoption of the new standards as at January 1, 2014 had no impact on the returns presented. However, the Real Estate portfolio had early adopted IFRS on January 1, 2012.

For more details on the valuation methods, policies, guidelines and procedures related to fair value measurement, refer to Note 6 to the Consolidated Financial Statements.

The fair value of fixed-income securities is determined from the closing prices of such securities published by brokers as well as those provided by recognized financial institutions, depending on their availability. When a value is not available, the fair value is determined by valuation techniques commonly used in capital markets, such as discounting of cash flows at the current interest rate.

The fair value of corporate debt is determined using a discounted cash flow technique that primarily uses observable and unobservable inputs such as the interest rate curves and credit spreads that make up the discount rates.

Valuations of unlisted shares are made according to commonly used valuation techniques that include the use of arm's length transactions. Valuations of shares and convertible securities that are not publicly traded are reviewed by CDPQ's Valuation Committee. CDPQ's Fair Value Measurement Policy provides for an external review of substantially all the fair values of these investments over a three-year period. The fair value of investment funds is determined based on the fair value of the net assets provided by the general partner or the administrator.

The fair value of shares traded on a stock exchange is determined from closing prices on the major stock exchanges, unless CDPQ does not hold a position of significant influence or control over the shares. In such a case, these shares are valued using the same methods as unlisted shares.

The enterprise value method is used to determine the fair value of subsidiaries or investments in associates whose shares are traded on a stock exchange.

The proportion of the Private Equity, Infrastructure and Real Estate portfolios held by the depositors does not fluctuate between valuation periods.

Derivative financial instruments are recorded at their fair value. The fair value of derivative financial instruments is determined according to the type of derivative financial instrument. The fair value of derivative financial instruments traded on exchange markets and settled through a clearing house is determined, respectively, using the prices on the major stock exchanges representing the active market and clearing house prices. The fair value of derivative financial instruments traded on over-the- counter markets is obtained from dealer quotes from brokers provided by recognized financial institutions or determined using recognized and commonly used valuation techniques such as the discounted cash flow technique or other financial models. These techniques require the development and use of assumptions that take into account observable and unobservable inputs such as the interest rate curves and credit spreads that make up the discount rates as well as foreign exchange rate curves, prices of the underlying, and volatility.

CDPQ may, in certain countries, benefit from a tax exemption or a reduced rate of taxation with respect to income and interest, under domestic law or a tax treaty between Canada and the foreign country in question. Portfolio returns are presented after non-resident taxes, if applicable. Except for Canada, benchmark returns are presented after non-resident taxes.

On January 1, 2017, CDPQ adopted a Currency Management Policy, which was reviewed on January 1, 2022. CDPQ's strategic position intends to maintain optimal net exposure to currencies for all specialized portfolios, taking into account the benefits of diversification related to these currencies. As such, depending on changes to CDPQ's exposure to foreign currencies and their behaviour, the levels of strategic coverage, by SP and by currency, could be reviewed in the medium term. In addition to the strategic position, CDPQ takes a dynamic management approach to the main currencies of developed countries. Dynamic management is intended to optimize certain specialized portfolios when the Canadian dollar seems sharply under/overvalued against its equilibrium value based on valuation models. Dynamic hedging should therefore be infrequent, but with an unpredictable duration, it could vary greatly and be in place from a few weeks to several months. As such, the hedging level of specialized portfolios with dynamic hedging may vary over time. Dynamic adjustments are integrated into the portfolios' benchmarks.

CDPQ uses currency derivatives in managing currency risk to manage its exposure to the main currencies of developed countries based on hedging targets. For the other currencies, a discretionary hedging strategy can be implemented to manage the currency exposure of portfolios or certain investments.

04
RISK MEASURE

For the Balanced Fund composite, dispersion is measured by the standard deviation of annual returns for each of the depositors' accounts that are present in the composite during the entire year.

For the other portfolios, this dispersion measure is not used because there are fewer than five portfolios in each of the portfolios. The dispersion of returns is measured by the annualized standard deviation of monthly returns, for the portfolio and its benchmark, over a rolling three-year period.

This information is not presented for the Private Equity, Infrastructure and Real Estate portfolios because they are entirely valued semi-annually.

05
OPERATING EXPENSES AND OTHER FEES

Given the nature of CDPQ, operating expenses and other fees that are charged to the portfolios are the actual expenses incurred to manage these funds. Total fees are allocated according to cost drivers specific to the different investment activities. All returns in this presentation are calculated before operating expenses and other fees, but net of transaction fees, external management fees related to investment funds, and unconsolidated real estate subsidiaries fees. The actual expenses incurred for each portfolio are presented in basis points (bps).

06
CURRENCY USED FOR REPORTING
All returns and assets are presented in Canadian dollars.

07
NET ASSETS UNDER MANAGEMENT
Net assets under management correspond to net assets attributable to depositors, presented in the Consolidated Financial Statements, adjusted to exclude assets that are not covered by the firm, as described in Note 1, namely depositors' demand deposits and term deposits.

08
ADDITIONAL INFORMATION
In 2023, the business environment was characterized by strong market volatility. Central banks continued to increase key rates to stem inflation, which was persistent but down at the end of the year, suggesting softening of monetary policy. Despite a weaker global economy and hotspots of geopolitical tension, investors had an appetite for risk, as shown by the rally in stock indexes.

In light of this, CDPQ made progress on executing its main orientations. Among the highlights are the commissioning of the first branch of the REM and the announcement of its intention to more than double the size of the amounts entrusted to Québec external managers, up to $8 billion by 2028. The organization's leadership in sustainable investing has once again been recognized this year when it became the first Canadian pension fund to receive the Sustainable Markets Initiative's Terra Carta seal.

Among changes to senior management, the position of Executive Vice-President, Depositors and Total Portfolio, which became vacant when Maxime Aucoin left the organization, was filled by Philippe Tremblay in January 2024. In the same month, CDPQ announced that it was integrating the activities of its real estate subsidiaries — Ivanhoé Cambridge and Otéra Capital — which become investment groups, while their corporate services teams joined those of CDPQ. Nathalie Palladitcheff, President and Chief Executive Officer of Ivanhoé Cambridge decided to leave the organization when the transition period concludes at the end of April 2024.

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Rates Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2023	6.76	6.64	0.12	9.24	8.83	35,056,490	432,589,775
2022	(13.38)	(13.13)	(0.25)	7.11	7.04	33,104,380	400,476,908
2021	(2.74)	(3.09)	0.35	4.00	4.48	44,027,938	419,016,478
2020	8.60	8.19	0.41	3.38	3.91	30,321,914	361,450,376
2019	4.81	5.22	(0.41)	3.26	3.88	31,241,275	339,702,991
2018	2.34	2.07	0.27	n/a	n/a	32,984,511	308,799,301
2017	1.77	1.37	0.40	n/a	n/a	40,064,741	298,424,595

ANNUALIZED RETURNS

December 31, 2023

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	6.76	(3.84)	(3.47)	(0.59)	0.47	0.78	0.92	–	–	–
Benchmark	6.64	(3.75)	(3.53)	(0.72)	0.44	0.71	0.80	–	–	–
Spread	0.12	(0.08)	0.06	0.14	0.03	0.07	0.12	–	–	–

NOTES TO THE RATES PORTFOLIO

1. PORTFOLIO DESCRIPTION

The Rates Portfolio is CDPQ's principal source of liquidity. The objective is to offer added value above the benchmark by investing primarily in sovereign bonds issued by Canada (including the provinces) and other developed countries. This Portfolio is divided into three mandates: Rate Management, Sovereign Debt, Strategic Group. For each of these mandates, a rigorous investment process, governed by an investment committee, oversees security selection and portfolio construction.

On July 1, 2021, following a global review of the portfolio's offering and with a view to providing an offering of products better suited to depositors' needs, a gradual increase in the target duration was put into place.

On January 1, 2017, as part of the overall revision of specialized portfolios offered to depositors, the Bonds Portfolio was closed and a portion of its assets and liabilities were acquired at fair value to create the Rates Portfolio. The remaining portion of assets and liabilities from the Bonds Portfolio are now included in the Credit Portfolio.

An immaterial portion of the Portfolio's assets may be allocated to external managers.

This Portfolio may use up to 10% leverage in the normal course of investment activities.

This Portfolio's foreign investments are fully hedged against currency risk.

The use of derivative financial instruments for currencies is allowed solely for currency hedging purposes.

Securities lending and borrowing activities as well as short selling, are authorized as part of the management of this Portfolio, based on approved limits.

2. PORTFOLIO CREATION DATE

This portfolio was created on January 1, 2017.

NOTES TO THE RATES PORTFOLIO (continued)

3. BENCHMARK

The benchmark for this Portfolio is a combination of 70% FTSE Canada Federal Non-Agency Bond and 30% FTSE Canada Provincial Quebec Bond.

Based on the plan to extend the duration, the index was adjusted gradually until it reached its target.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2017, to December 31, 2023.

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2023, operating expenses and other fees for this portfolio are 6 bps. For the previous four years (January 1, 2019, to December 31, 2022), fees averaged 7 bps.

Credit Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2023	8.69	8.20	0.49	10.64	10.98	96,552,771	432,589,775
2022	(15.73)	(18.18)	2.44	9.13	9.82	84,712,469	400,476,908
2021	0.87	0.05	0.81	5.57	6.13	83,820,558	419,016,478
2020	8.91	7.76	1.14	5.33	6.01	74,245,689	361,450,376
2019	10.92	9.27	1.65	2.52	2.72	66,412,466	339,702,991
2018	2.25	0.29	1.96	n/a	n/a	56,378,462	308,799,301
2017	5.14	4.01	1.13	n/a	n/a	50,644,553	298,424,595

ANNUALIZED RETURNS

December 31, 2023

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	8.69	(4.30)	(2.61)	0.15	2.22	2.22	2.64	–	–	–
Benchmark	8.20	(5.91)	(3.96)	(1.16)	0.85	0.75	1.21	–	–	–
Spread	0.49	1.61	1.35	1.31	1.37	1.47	1.42	–	–	–

NOTES TO THE CREDIT PORTFOLIO

1. PORTFOLIO DESCRIPTION

This Portfolio's objective is to outperform its benchmark. To achieve this objective, the Portfolio adopts a benchmark-agnostic management approach. The search for value added is conducted based on movement in risk premiums and seeking investment opportunities offering an adequate risk-return profile while limiting potential capital losses. This Portfolio is subdivided into six mandates: Corporate Credit, Real Estate Debt (Otéra Capital subsidiary), Sovereign Debt, Capital Solutions, Infrastructure Financing, Strategic. For each of these mandates, a rigorous investment process, governed by an investment committee, oversees security selection and portfolio construction.

On July 1, 2021, following a global review of the portfolio's offering and with a view to providing an offering of products better suited to depositors' needs, a gradual increase in the target duration was put into place.

On January 1, 2017, as part of the overall revision of specialized portfolios offered to depositors, the Bonds and Real Estate Debt Portfolios were closed. A portion of the assets and liabilities of the Bond Portfolio and the assets and liabilities of the Real Estate Debt Portfolio were acquired at fair value to create the Credit Portfolio.

A portion of the Portfolio's assets is allocated to external managers.

This Portfolio may use up to 5% leverage in the normal course of investment activities.

Except for investments denominated in growth market currencies, this Portfolio is hedged against currency risk. However, a hedge can be implemented for assets denominated in growth market currencies.

The use of derivative financial instruments for currencies is allowed solely for currency hedging purposes.

Securities lending and borrowing activities as well as short selling are authorized as part of the management of this Portfolio, based on approved limits.

2. PORTFOLIO CREATION DATE

This portfolio was created on January 1, 2017.

NOTES TO THE CREDIT PORTFOLIO (continued)

3. BENCHMARK

Since July 1, 2022, the benchmark for this composite is a combination of 10% FTSE Canada Provincial Quebec Bond Index, 25% FTSE Canada Corporate Bond Index, 30% Merrill Lynch Corporate Bond Hedged and 35% Merrill Lynch High Yield (Hedged).

Based on the plan to extend the duration, the index was adjusted gradually until it reached its target.

On July 1, 2021, the benchmark for this composite was a combination of 10% FTSE Canada Provincial Quebec Bond Index, 55% FTSE Canada Corporate Bond Index, 5% Merrill Lynch Corporate Bond Hedged and 30% Merrill Lynch High Yield (Hedged). Thereafter, the Merrill Lynch Corporate Bond Hedged increased 5% at the beginning of each month, up to 30% as at December 31, 2021 in consideration for the FTSE Canada Corporate Bonds component.

From January 1, 2020 to June 30, 2021, the Credit benchmark was composed of 10% FTSE Canada Provincial Quebec Bond, 60% FTSE Canada Corporate Bond Index and 30% Merrill Lynch High Yield (Hedged).

From April 1, 2019 to December 31, 2019, the benchmark for this Portfolio is a combination of 10% FTSE Canada Provincial Quebec Bond, 65% FTSE Canada Corporate Bond Index and 25% Merrill Lynch High Yield (Hedged).

From July 1, 2018 to March 31, 2019, the benchmark for this Portfolio was a combination of 10% FTSE Canada Provincial Quebec Bond, 70% FTSE Canada Corporate Bond Index and 20% Merrill Lynch High Yield (Hedged).

From January 1, 2017, to June 30, 2018, the benchmark was a composed of 10% FTSE Canada Provincial Quebec Bond, 75% FTSE Canada Corporate Bond Index and 15% Merrill Lynch High Yield (Hedged).

The changes were made to better reflect the makeup of the Portfolio.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2017, to December 31, 2023.

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees, expenses related to unconsolidated subsidiaries and investment fund fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets.

For the 12 months ended December 31, 2023, operating expenses and other fees for this portfolio are 19 bps. For the previous four years (January 1, 2019, to December 31, 2022), fees averaged 17 bps.

6. INVESTMENT VALUATION

For more information on the valuation methodology used for real estate debt investments held by subsidiary, Otéra Capital, as well as specialty financing activities, please refer to Note 6 of the Consolidated Financial Statements.

Short Term Investments Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2023	4.80	4.71	0.08	0.59	0.61	3,412,104	432,589,775
2022	1.96	1.82	0.14	0.37	0.39	1,614,538	400,476,908
2021	0.30	0.17	0.13	0.26	0.27	1,584,366	419,016,478
2020	0.97	0.86	0.10	0.23	0.23	1,579,847	361,450,376
2019	1.73	1.65	0.08	0.17	0.16	882,261	339,702,991
2018	1.51	1.38	0.14	0.16	0.14	867,381	308,799,301
2017	0.64	0.56	0.09	0.10	0.10	1,892,501	298,424,595
2016	0.52	0.51	0.01	0.10	0.09	6,157,183	270,018,068
2015	0.73	0.63	0.10	0.09	0.09	4,584,461	247,494,947
2014	1.01	0.91	0.10	0.04	0.05	6,830,301	225,433,142

ANNUALIZED RETURNS

December 31, 2023

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	4.80	3.37	2.33	1.99	1.94	1.87	1.69	1.54	1.45	1.41
Benchmark	4.71	3.25	2.22	1.88	1.83	1.75	1.58	1.45	1.36	1.31
Spread	0.08	0.11	0.12	0.12	0.11	0.11	0.11	0.10	0.10	0.10

NOTES TO THE SHORT TERM INVESTMENTS PORTFOLIO

1. PORTFOLIO DESCRIPTION

The objective of the Portfolio is to preserve invested capital and to maintain a high degree of liquidity while obtaining a current yield comparable to that of the FTSE Canada 91 Day T-Bill Index.

This Portfolio uses derivative financial instruments in the normal course of its management. Derivatives are used in order to manage interest rate risk or debt duration.

This Portfolio only contains securities denominated in Canadian dollars.

2. PORTFOLIO CREATION DATE

This portfolio was created on September 1, 1998.

3. BENCHMARK

The benchmark for this Portfolio is the FTSE Canada 91 Day T-Bill Index.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2014, to December 31, 2023.

NOTES TO THE SHORT TERM INVESTMENTS PORTFOLIO (continued)

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2023, operating expenses and other fees for this portfolio are 4 bps. For the previous four years (January 1, 2019, to December 31, 2022), fees averaged 2 bps.

Real Estate Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2023	(6.22)	(10.02)	3.80	n/a	n/a	45,645,303	432,589,775
2022	12.42	9.25	3.18	n/a	n/a	47,607,097	400,476,908
2021	12.45	6.07	6.38	n/a	n/a	42,093,734	419,016,478
2020	(15.55)	(1.66)	(13.89)	n/a	n/a	35,481,727	361,450,376
2019	(2.75)	1.45	(4.20)	n/a	n/a	39,701,817	339,702,991
2018	7.76	12.00	(4.24)	n/a	n/a	38,224,850	308,799,301
2017	8.05	8.17	(0.12)	n/a	n/a	34,260,142	298,424,595
2016	10.35	7.25	3.10	n/a	n/a	31,721,120	270,018,068
2015	13.05	15.40	(2.35)	n/a	n/a	26,955,199	247,494,947
2014	9.93	11.09	(1.16)	n/a	n/a	22,878,122	225,433,142

ANNUALIZED RETURNS

December 31, 2023

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	(6.22)	2.68	5.84	0.03	(0.53)	0.80	1.81	2.84	3.93	4.51
Benchmark	(10.02)	(0.85)	1.40	0.63	0.79	2.58	3.36	3.84	5.06	5.65
Spread	3.80	3.53	4.44	(0.60)	(1.32)	(1.77)	(1.55)	(1.00)	(1.14)	(1.14)

OTHER RETURNS

December 31	Income Return %	Capital Appreciation (Depreciation) %	Total Return %
2023	1.15	(7.29)	(6.22)
2022	1.78	10.48	12.42
2021	1.64	10.61	12.45
2020	1.26	(16.61)	(15.55)
2019	1.91	(4.58)	(2.75)
2018	1.91	5.75	7.76
2017	1.92	6.01	8.05
2016	2.21	7.98	10.35
2015	2.23	10.59	13.05
2014	2.33	7.42	9.93

NOTES TO THE REAL ESTATE PORTFOLIO

1. PORTFOLIO DESCRIPTION

This Portfolio consists of investments held by the real estate subsidiary Ivanhoé Cambridge. Nearly 75% of the Portfolio's gross assets are comprised of direct holdings. The remaining investments held by the subsidiary include investment funds, mortgages, equities and convertible securities, which are primarily related to real estate assets.

This Portfolio, through the real estate subsidiary, may include derivative financial instruments in the normal course of its management. Derivatives are used mainly to hedge against currency risk, manage interest rate risk and manage the duration of debt.

For the real estate subsidiary's direct holdings, the maximum leverage is 55%. No leverage is authorized for indirect holdings. Securities lending and borrowing, as well as securities sold short are permitted in the Portfolio within authorized limits.

Since January 1, 2017, this Portfolio may include currency hedging activities, in compliance with the Currency Management Policy adopted by CDPQ. Refer to Note 3 of the General Notes for more details.

2. PORTFOLIO CREATION DATE

This portfolio was created on September 1, 1998.

3. BENCHMARK

Since January 1, 2023, the Real Estate index has been a combination of 60% leverage-adjusted MCSI Global Property Index and 40% MSCI Global Property Fund index less a management cost and tax fees. The leverage level is at 40% with the real local cost of the portfolio plus a basket of foreign currencies related to the MSCI Global Property Index assets. A hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy adopted by CDPQ. The changes were justified to better reflect the portfolio composition and to simplify the calculation of the index.

Since January 1, 2020, the Real Estate index has been a combination of 65% leverage-adjusted MCSI Global Property Index and 35% MSCI Global Property Fund index less a management cost and tax fees. The leverage was at 40%, with the cost of a generic 5-year Canadian mortgage plus a basket of currencies related to the assets in the MSCI Global Property index. A hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy adopted by CDPQ. These changes are part of an objective to simplify the calculation of the benchmark.

From January 1, 2019 to December 31, 2019, the Real Estate index has been a combination of 75% leverage-adjusted MCSI Global Property Index and 25% MSCI Global Property Fund index less a management cost and tax fees. The leverage was at 40%, with the cost of a generic 5-year Canadian mortgage plus a basket of currencies related to the assets in the MSCI Global Property index. A hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy adopted by CDPQ.

From January 1, 2016 to December 31, 2018, the Real Estate Index was a combination of 85% of the Adjusted MSCI Global Property (Hedged) Index and 15% of the MSCI Global Property Funds Index (Hedged), less a leverage cost, a management cost and tax fees. The leverage cost consists of 50% of the hedged internal real cost of financing, 25% of the 4-6 year Giliberto-Levy hedged U.S. mortgage rate, and 25% of the Canadian 5-year bond rate plus a Canadian mortgage credit spread. As of January 1, 2017, the benchmark was gradually unhedged following the transition plan set out in the Currency Management Policy adopted by CDPQ. The changes were justified to better reflect the investment opportunities and overall geographic diversification of the Portfolio.

From January 1, 2010, to December 31, 2015, the benchmark was called the Aon Hewitt-Real Estate Index (Adjusted) and it consisted of 40% IPD Canada Index, 30% NCREIF Index (Hedged), 15% IPD UK Index (Hedged) and 15% IPD France Index (Hedged), less financing costs, management fees and taxes. Since July 1, 2012, a FTSE Canada 30 Day T-Bill component was added to the calculation of the benchmark. This component represents 3% of the benchmark. The financing costs consisted of 50% hedged internal real cost of financing, 25% 3-year hedged U.S. bond rate plus a 2-3 year Giliberto-Levy credit spread and 25% 3-year Canadian bond rate plus a Canadian mortgage credit spread.

These changes were justified to better reflect the makeup of the Portfolio.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2014, to December 31, 2023.

NOTES TO THE REAL ESTATE PORTFOLIO (continued)

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees and expenses related to the unconsolidated subsidiary. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2023, operating expenses and other fees for this portfolio are 2 bps. For the previous four years (January 1, 2019, to December 31, 2022), fees averaged 3 bps.

6. INVESTMENT VALUATION

As described in the General Notes, the Real Estate portfolio early adopted IFRS on January 1, 2012. CDPQ values its interest in Ivanhoé Cambridge, its unconsolidated subsidiary, at fair value as an investment. The fair value of the equity interest in the real estate subsidiary is established using a widely used enterprise valuation methodology: the publicly traded companies multiples method. This method relies on observable and unobservable inputs, such as the price-to-book value multiple. This enterprise value reflects, among other things, the fair value of assets and liabilities held directly by the subsidiary, mainly including investment properties, as well as the fair value resulting from the quality of the portfolio and integrated management of the subsidiary's platform. The valuation is established annually by an independent external firm.

The fair value of investment properties held directly by the subsidiary is determined and certified by external, recognized and independent chartered real estate appraisers. Since fundamental factors affecting fair value do not vary significantly over short periods, these properties have been appraised semi-annually since June 2007 and annually before that date. Appraisals are carried out in compliance with the appraisal standards in effect in each market. To establish the value as at June 30, the appraisers update the discount and capitalization rates and certify the new value. A complete reappraisal is performed as at December 31 of each year.

At each valuation date, investments held through external investment funds, unlisted shares and mortgage financing are valued internally by the real estate subsidiary and represent nearly 17% of the portfolio's assets. In the case of investment funds, representing more than 10% of the portfolio's assets, the valuation is subsequently compared with the fair market value provided by the general partners or the administrator.

Gains and losses on property dispositions are recognized on a quarterly basis. Moreover, a situation such as a request for financing or establishment of a property's tax value may give rise to a new valuation between evaluation periods. If this valuation results in a significant change in fair market value, it will be recorded during the quarter.

7. OTHER RETURNS PRESENTED

For this portfolio, in addition to the total return, the annual returns from capital appreciation or depreciation and income return of the unconsolidated subsidiary are presented. The current income generated by the real estate subsidiary is reinvested in it. The current income includes lease revenue, return on cash and cash equivalents less real estate operating costs, and financing costs. These returns have been calculated separately, geometrically linking the returns calculated with the modified Dietz formula.

Infrastructure Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2023	9.56	0.33	9.23	n/a	n/a	59,776,287	432,589,775
2022	11.47	0.82	10.65	n/a	n/a	54,635,984	400,476,908
2021	14.51	11.37	3.14	n/a	n/a	45,311,918	419,016,478
2020	5.12	0.52	4.60	n/a	n/a	31,694,414	361,450,376
2019	7.11	17.75	(10.64)	n/a	n/a	27,778,943	339,702,991
2018	11.16	6.51	4.65	n/a	n/a	22,741,393	308,799,301
2017	10.15	10.47	(0.32)	n/a	n/a	16,176,937	298,424,595
2016	11.08	10.79	0.29	n/a	n/a	14,639,781	270,018,068
2015	6.59	(5.09)	11.68	n/a	n/a	12,957,468	247,494,947
2014	13.23	21.49	(8.27)	n/a	n/a	10,132,887	225,433,142

ANNUALIZED RETURNS

										December 31, 2023
	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	9.56	10.51	11.83	10.11	9.50	9.78	9.83	9.99	9.60	9.96
Benchmark	0.33	0.57	4.05	3.16	5.92	6.02	6.65	7.16	5.72	7.20
Spread	9.23	9.94	7.78	6.95	3.58	3.76	3.19	2.83	3.88	2.76

NOTES TO THE INFRASTRUCTURE PORTFOLIO

1. PORTFOLIO DESCRIPTION

This Portfolio primarily manages negotiated investments covering various infrastructure sectors. The investments take the form of interests in listed or unlisted companies that operate utility- type assets. These investments can be carried out in companies that are in the development or mature stage of the business cycle.

This Portfolio uses derivative financial instruments in the normal course of its management. Derivatives must be used only to hedge interest rate and currency risk, or for purposes of hedging a position held in the portfolio.

Since January 1, 2017, this Portfolio may include currency hedging activities, in compliance with the Currency Management Policy adopted by CDPQ. Refer to Note 3 of the General Notes for more details.

A portion of the Portfolio's assets is allocated to investment funds.

At each valuation date, the fair value of the investment funds is provided by the general partner. This valuation is then compared with the audited financial statements provided by the general partner. These funds represent less than 1% of this Portfolio's assets.

2. PORTFOLIO CREATION DATE

This portfolio was created on July 1, 2010.

NOTES TO THE INFRASTRUCTURE PORTFOLIO (continued)

3. BENCHMARK

Since January 1, 2017, the benchmark below was gradually unhedged according to the transition plan defined in the Currency Management Policy. A hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy.

From April 1, 2015 to December 31, 2016, the Infrastructure benchmark corresponded to the MSCI ACWI Infrastructure Index (Adjusted and Hedged), except for emerging markets companies, which are unhedged. This change was made in order to better reflect the universe of public infrastructure investment opportunities.

From January 1, 2013, to March 31, 2015, the Infrastructure benchmark consisted of a basket of publicly traded, hedged infrastructure companies, except for emerging markets companies, which were unhedged.

Over short periods, significant differences can be observed between the return of the Portfolio and its benchmark. The benchmark is comprised of publicly traded securities, whereas the Portfolio is invested mainly in privately issued securities. The difference in returns is due to market fluctuations.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2014, to December 31, 2023.

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees and investment fund fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2023, operating expenses and other fees for this portfolio are 31 bps. For the previous four years (January 1, 2019, to December 31, 2022), fees averaged 40 bps.

Public Equity Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2023	17.74	17.37	0.37	11.08	11.81	114,274,368	432,589,775
2022	(11.25)	(11.35)	0.10	14.02	14.33	99,217,690	400,476,908
2021	16.15	16.14	0.02	11.87	11.68	118,656,879	419,016,478
2020	8.31	12.90	(4.58)	12.26	12.28	117,928,112	361,450,376
2019	17.16	18.03	(0.87)	7.59	7.81	116,936,919	339,702,991
2018	(0.90)	(2.54)	1.65	7.53	7.60	108,300,617	308,799,301
2017	13.73	14.20	(0.48)	n/a	n/a	112,178,698	298,424,595
2016	9.40	7.51	1.89	n/a	n/a	101,271,741	270,018,068

ANNUALIZED RETURNS

December 31, 2023

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	17.74	2.22	6.67	7.08	9.02	7.30	8.20	8.35	–	–
Benchmark	17.37	2.00	6.51	8.07	10.00	7.80	8.69	8.54	–	–
Spread	0.37	0.22	0.16	(1.00)	(0.97)	(0.50)	(0.49)	(0.20)	–	–

NOTES TO THE PUBLIC EQUITY PORTFOLIO

1. PORTFOLIO DESCRIPTION

The Public Equity Portfolio aims to achieve a risk adjusted return that is higher than traditional equity investments. The preferred approach is active management through a long-term investment perspective to exploit temporary market dislocations.

On July 1, 2021, investment activities were reorganized to divide the portfolio into six mandates: Quality, Canada, Growth, Growth Markets, Value, Strategic. For each of these mandates, a rigorous investment process, governed by a specific internal investment committee oversees security selection and portfolio construction.

Since January 1, 2017, this Portfolio may include currency hedging activities, in compliance with the Currency Management Policy adopted by CDPQ. Refer to Note 3 of the General Notes for more details.

On January 1, 2016, as part of the overall revision of the specialized portfolios offered to depositors, the Global Quality Equity, Canadian Equity, Emerging Markets Equity, U.S. Equity and EAFE Foreign Equity Portfolios were merged and their assets and liabilities were transferred to create the Public Equity Portfolio. There was no gain or loss as a result of the consolidation of the Portfolios.

A portion of the Portfolio's assets is allocated to external managers.

This Portfolio may use up to 10% leverage in the normal course of investment activities.

Interest rate and currency derivatives must be used only for hedging interest rate and currency risk, except in the case of exceptional approval.

Securities lending and borrowing activities as well as short selling are permitted as part of the management of this Portfolio, based on authorized limits.

2. PORTFOLIO CREATION DATE

This portfolio was created on January 1, 2016.

NOTES TO THE PUBLIC EQUITY PORTFOLIO (continued)

3. BENCHMARK

Since April 1, 2023, the Public Equity benchmark consisted of 67.5% MSCI World (ex-Canada) unhedged index, 17.5% Canada index and 15% MSCI EM China-adjusted All Shares unhedged index. The Canada index is a combination of 20% S&P/TSX Index and 80% Morningstar National Bank Quebec Index.

From January 1, 2023 to March 31, 2023, the Public Equity benchmark consisted of 65% MSCI World (ex-Canada) unhedged index, 17.5% Canada index and 17.5% MSCI EM China-adjusted All Shares unhedged index. The Canada index is a combination of 20% S&P/TSX Index and 80% Morningstar National Bank Quebec Index.

From January 1, 2022 to December 31, 2022, the Public Equity benchmark consisted of 65% MSCI World (ex-Canada) unhedged index, 15% Canada index and 20% MSCI EM China-adjusted All Shares unhedged index.

From July 1, 2021 to December 31, 2021, the Public Equity benchmark consisted of 65% MSCI World (ex-Canada) unhedged index, 15% Canada index and 20% MSCI EM China-adjusted All Shares unhedged index. As at July 1, the Canada index was a combination of 65% S&P/TSX Index and 35% Morningstar National Bank Quebec Index. Thereafter, the Morningstar National Bank Quebec Index gradually increase at the beginning of each month up to 75% in consideration for the S&P/TSX component.

From January 1, 2020 to June 30, 2021, a traditional equity component makes up 90% of the Public Equity benchmark, and the FTSE Canada 91 Day T-Bill Index makes up the remaining 10%, which in turn consists of 60% MSCI World (ex-Canada) unhedged index, 20% S&P/TSX Capped index and 20% MSCI EM China All Shares adjusted unhedged index.

From July 1, 2018 to December 31, 2019, the FTSE Canada 91 Day T-Bill Index makes up 10% of the “Public Equity” benchmark, and a traditional equity component makes up the remaining 90%, which in turn consists of 60% MSCI World (ex-Canada) unhedged index, 20% S&P/TSX index and 20% MSCI EM unhedged index. This change was made to better reflect the makeup of the Portfolio.

Since January 1, 2017, a hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy.

From January 1, 2016 to June 30, 2018, the traditional equity component consisted of 60% MSCI World (ex-Canada) unhedged index, 25% S&P/TSX index and 15% MSCI EM unhedged index.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2016, to December 31, 2023.

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees and investment fund fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2023, operating expenses and other fees for this portfolio are 25 bps. For the previous four years (January 1, 2019, to December 31, 2022), fees averaged 26 bps.

Private Equity Specialized Portfolio

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk		Net Assets	
December 31	Portfolio %	Benchmark %	Spread %	Std. Dev. Returns %	Std. Dev. Benchmark %	Portfolio $k	Under Management $k
2023	1.01	10.47	(9.46)	n/a	n/a	79,886,048	432,589,775
2022	2.76	(0.04)	2.81	n/a	n/a	80,712,683	400,476,908
2021	39.16	32.15	7.02	n/a	n/a	82,537,819	419,016,478
2020	20.69	9.87	10.82	n/a	n/a	64,328,649	361,450,376
2019	10.47	11.81	(1.34)	n/a	n/a	50,180,073	339,702,991
2018	16.63	8.73	7.90	n/a	n/a	42,927,027	308,799,301
2017	13.01	10.47	2.53	n/a	n/a	37,332,225	298,424,595
2016	14.01	8.76	5.26	n/a	n/a	30,387,019	270,018,068
2015	8.39	4.07	4.32	n/a	n/a	26,099,185	247,494,947
2014	12.15	12.54	(0.40)	n/a	n/a	22,396,335	225,433,142

ANNUALIZED RETURNS

December 31, 2023

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Portfolio	1.01	1.88	13.04	14.91	14.01	14.44	14.23	14.21	13.54	13.40
Benchmark	10.47	5.08	13.42	12.52	12.38	11.76	11.58	11.22	10.40	10.62
Spread	(9.46)	(3.20)	(0.38)	2.38	1.63	2.68	2.65	2.98	3.14	2.79

NOTES TO THE PRIVATE EQUITY PORTFOLIO

1. PORTFOLIO DESCRIPTION

This portfolio mainly includes the management activities for equity investments generally traded on a private basis and realized outside normal organized market mechanisms. Private equity investments are divided into direct and indirect holdings and include several kinds of activities/sectors such as acquisitions, private investments in public equity (PIPEs), venture capital, growth capital and capital solutions. Some assets originally in the Investments and Infrastructures Portfolio were transferred into the Portfolio on July 1, 2010, as a result of the revised portfolio offering and the closing of the Investments and Infrastructures Portfolio.

This Portfolio uses derivative financial instruments in the normal course of its management. Derivatives are used to hedge interest rate and currency risk, or to hedge a position in the portfolio.

Since January 1, 2017, this Portfolio may include currency hedging activities, in compliance with the Currency Management Policy adopted by CDPQ. Refer to Note 3 of the General Notes for more details.

At each valuation date, the fair value of the investment funds is provided by the general partner. This valuation is then compared with the audited financial statements provided by the general partner. These funds represent 26% of this Portfolio's assets.

2. PORTFOLIO CREATION DATE

This portfolio was created on October 1, 2003.

NOTES TO THE PRIVATE EQUITY PORTFOLIO (continued)

3. BENCHMARK

Since January 1, 2022, the benchmark was comprised of 50% GXPEI Adjusted (Unhedged), 25% MSCI ACWI (Unhedged) and 25% Morningstar National Bank Quebec Index.

From January 1, 2017 to December 31, 2021, the benchmark was comprised of 50% GXPEI Adjusted (Unhedged), 20% MSCI ACWI (Unhedged) and 30% S&P/TSX (Capped). These changes were made to better reflect the makeup of the Portfolio.

A hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy.

From January 1, 2016 to December 31, 2016, the benchmark consisted of 50% State Street Private Equity Index Adjusted (Partially Hedged) and 50% MSCI World Index (Partially Hedged). This change was made to better reflect the Portfolio's hedging policy.

From January 1, 2013, to December 31, 2015, the benchmark consisted of 50% State Street Private Equity Index Adjusted (Hedged) and 50% MSCI World Index (Hedged). This change was made to better reflect the makeup of the Portfolio.

4. CALCULATION PERIOD

The return on this portfolio is calculated from January 1, 2014, to December 31, 2023.

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees and investment fund fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2023, operating expenses and other fees for this portfolio are 30 bps. For the previous four years (January 1, 2019, to December 31, 2022), fees averaged 42 bps.

Balanced Fund Composite

RETURNS AND NET ASSETS UNDER MANAGEMENT

	Returns			Risk				Net Assets
December 31	Composite %	Benchmark %	Spread %	Number of Accounts %	Std. Dev. of Acct. Returns %	Std. Dev. Returns %	Std. Dev. Benchmark %	Composite $k
2023	7.16	7.33	(0.17)	69	2.10	7.09	8.23	432,589,775
2022	(5.64)	(8.28)	2.64	67	5.33	8.34	8.86	400,476,908
2021	13.46	10.69	2.76	63	4.81	7.32	6.65	419,016,478
2020	7.65	9.18	(1.53)	60	3.14	6.32	6.82	361,450,376
2019	10.38	11.94	(1.56)	60	2.72	3.39	4.19	339,702,991
2018	4.19	2.38	1.81	57	2.56	3.83	4.32	308,799,301
2017	9.27	9.23	0.03	57	2.01	4.62	5.05	298,424,595
2016	7.57	5.76	1.81	55	2.20	4.19	4.76	270,018,068
2015	9.10	6.70	2.40	48	2.13	3.71	4.32	247,494,947
2014	12.02	11.41	0.61	46	2.60	2.97	3.01	225,433,142

ANNUALIZED RETURNS

December 31, 2023

	1 Year %	2 Years %	3 Years %	4 Years %	5 Years %	6 Years %	7 Years %	8 Years %	9 Years %	10 Years %
Composite	7.16	0.56	4.69	5.42	6.39	6.02	6.48	6.62	6.89	7.39
Benchmark	7.33	(0.78)	2.90	4.44	5.90	5.30	5.86	5.84	5.94	6.47
Spread	(0.17)	1.34	1.78	0.98	0.50	0.72	0.62	0.77	0.95	0.92

COMPOSITION OF THE BALANCED FUND BENCHMARK

	December 31, 2023
Benchmark[1]	Weights %
Rates Benchmark	9
Credit Benchmark	20
FTSE Canada 91 Day T-Bill	1
Real Estate Benchmark	12
Infrastructure Benchmark	14
Public Equity Benchmark	27
Private Equity Benchmark	19
Leverage	-1

1. Benchmark descriptions are presented in the notes of each portfolio.

NOTES TO THE BALANCED FUND COMPOSITE

1. COMPOSITE DESCRIPTION

This composite consists of all depositors' accounts, including the General Fund. It measures the overall impact of the asset allocation strategy for all asset classes available to depositors. Treasury, overlay activities and Public Equity calibration mandates are also included in this composite. As of July 1, 2021, depositors have had the option of a leverage product for their funds. The history of the ABTN specialized portfolio up to its closing on June 1, 2017 is included in the composite.

The Real Return Bonds and Long Term Bonds specialized portfolios are included in the composite. As part of a global review of the specialized portfolios offered to depositors, the activities of these 2 specialized portfolios were terminated on November 1, 2021, and December 1, 2021, respectively, and were closed on December 31, 2021.

This composite may include derivative financial instruments in the normal course of investment management. Derivatives are used mainly to hedge positions, to reduce market risk, to take advantage of arbitrage opportunities, to replicate the benchmark, to accelerate investment or disinvestment, to hedge currency risk and interest rate risk and to match the duration of a composite to that of the benchmark.

Leverage activities may be present in the composite, including short selling. The extent of the leverage depends on the nature of the investment. Some strategies have no leverage while others are fully leveraged within the authorized limits.

A portion of the composite's assets is allocated to external managers.

Since January 1, 2017, this composite may include currency hedging activities, in compliance with the Currency Management Policy adopted by CDPQ. Refer to Note 3 of the General Notes for more details.

In 2014, after the adoption of IFRS, a change was made to the methodology used to evaluate the specialized portfolios. Refer to Note 3 of the General Notes for more details. The adoption of IFRS for these portfolios had no impact on the return of the Balanced Fund composite.

2. COMPOSITE CREATION DATE

This composite was created on October 1, 2002.

3. BENCHMARK

The benchmark for this composite is an index created by CDPQ. It consists of the weighted average of the depositors' benchmarks. These benchmarks correspond to the weighted average of the indexes of each investment class as specified in the reference policy of each depositor. The depositors' reference policies are established once a month according to the depositors' preferences and needs, as well as market forecasts. At depositors' request, the benchmark may include an adjustment to the duration determined by the depositors' reference policy. In addition, the index includes a level of exposure to currencies. Since January 1, 2017, a hedging strategy may be put in place for the main currencies in accordance with the process and guidelines defined in the Currency Management Policy. The weight of each index that makes up this composite's benchmark as at December 31, 2023, is presented in the table on the previous page.

4. CALCULATION PERIOD

The return on this composite is calculated from January 1, 2014, to December 31, 2023.

5. OPERATING EXPENSES AND OTHER FEES

Returns are calculated before operating expenses and other fees, but net of transaction fees, expenses related to real estate subsidiaries and investment fund fees. Operating expenses and other fees in basis points correspond to the ratio of actual expenses incurred on average net assets. For the previous four years, the ratio corresponds to the average of the annual ratios.

For the 12 months ended December 31, 2023, operating expenses and other fees for this portfolio are 22 bps. For the previous four years (January 1, 2019, to December 31, 2022), fees averaged 24 bps.

General Notes

1. CDPQ's operations comply with the requirements of the Act respecting CDPQ[1] and investment industry practices. Its consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Each year, CDPQ's co-auditors, the Auditor General of Québec and Ernst & Young LLP, audit the financial statements, the compliance of operations with laws, regulations, policies and guidelines, to the extent they deem appropriate.
2. The 2023 Annual Report Additional Information is an integral part of the 2023 Annual Report. The tables of top investments present positions in alphabetical order based on information presented in Tables 7, 8, 9 and 10 of the Annual Report Additional Information.
3. In this Annual Report, net assets and investment results are defined as being, in the consolidated financial statements, net assets attributable to depositors and investment results before distributions to depositors. Operating expenses, external management fees – Equity Markets and transaction costs are presented separately as costs in Note 8 to the Consolidated Financial Statements. In addition, total costs also include external management fees – Private Markets and other funds that are deducted from the fair value and included in investment results.
4. The returns of the specialized portfolios use the time-weighted rate of return formula.
5. The benchmark indexes for the asset classes and total portfolio are based on the weighted average of the benchmark indexes for the specialized portfolios that comprise them.
6. Unless otherwise stated, returns, which are expressed as a percentage, are presented net of transaction fees, external management fees – Private Markets and other funds and unconsolidated real estate subsidiaries fees, but before operating expenses and other fees. They are annualized for periods of more than one year. They include the return on cash and cash equivalents and they take into account any foreign exchange hedging. The ratio of operating expenses to the average net assets of each specialized portfolio is presented in the notes in the Report on Global Investment Performance Standards (GIPS®) compliance.
7. Unless otherwise stated, investment results and net assets attributable to depositors are presented net of operating expenses and other fees.
8. Some returns are expressed in basis points (bps). One hundred basis points equal 1.00% and one basis point equals 0.01%.
9. Unless otherwise stated, all figures are in Canadian dollars. The letters M and B used with dollar amounts designate millions and billions, respectively.
10. Totals (figures or percentages) may vary due to rounding.
11. Unless otherwise stated, all data in the tables and figures are from studies carried out by CDPQ.
12. To determine whether an asset is classified as a Québec investment, CDPQ uses the location of the head office of the company or of the issuer, or the location of the real estate or asset. This classification system is widely used in the fund management industry but involves biases. Some companies are included even though their core operations are outside Québec. Similarly, companies with extensive operations in Québec are excluded if their head office is outside the province.

1. The Act respecting CDPQ is available at www.cdpq.com.

INTERNATIONAL OFFICES

AUSTRALIA

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