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# Sustainable Financing Framework



**Ivanhoé  
Cambridge**



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Cover Photo:  
Eighth Avenue Place, Calgary, AB

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# Introduction

## About us

### Investing with conviction

Ivanhoé Cambridge ("Ivanhoé Cambridge" or "we") develops and invests in high-quality real estate properties, projects and companies that are shaping the urban fabric in dynamic cities around the world. We do so responsibly, with a view to generate long-term performance. Ivanhoé Cambridge is committed to creating living spaces that foster the well-being of people and communities, while reducing our environmental footprint.

Ivanhoé Cambridge invests internationally alongside strategic partners and major real estate funds that are leaders in their markets. Through subsidiaries and partnerships, we hold interests in 1,500 buildings, primarily in the industrial and logistics, office, residential and retail sectors. We held C\$77 billion in real estate assets as of December 31, 2022. Ivanhoe Cambridge is a real estate subsidiary of Caisse de dépôt et placement du Québec (CDPQ) (cdpq.com), a global investment group.

### Our Commitment to the Environment

Ivanhoé Cambridge is committed to achieve a net zero carbon portfolio by 2040. To deliver on this commitment, we have published a detailed ESG action plan and have set ambitious interim targets:

1. Reduce carbon intensity by 35% by 2025 compared to 2017: we will step up our energy efficiency efforts and use of renewable energy sources in our buildings, notably by leveraging technology and innovation.
2. Grow low-carbon investments by more than C\$6 billion by 2025 compared with 2020.
3. Starting from 2025, make all new development projects operationally net-zero. In the coming years, we will also develop targets for embodied carbon, which are the GHG emissions generated through the construction process and materials, used in our assets.

### Our Approach

We have published a sustainable investment policy applying to our global investment portfolio and to all employees of Ivanhoé Cambridge across the jurisdictions where we operate. This Sustainable Investment Policy formalizes our approach to integrating environmental, social and governance (ESG) factors into our investment processes.

This approach is articulated around three main goals, which structure our actions based on established ESG priorities:

- Environmental: improve the efficiency and resilience of our assets toward a net-zero carbon portfolio.
- Social: have a meaningful and lasting impact in our communities to improve the quality of life in and around our properties.
- Governance: implement corporate governance best practices and further integrate CSR in our business processes.

We consider ESG aspects through the full investment life cycle, from investment strategy to new transactions, asset management and disposition. Our approach is tailored to reflect the particularities of each investment, its sector, the geographical situation, the type of structure and the partners involved:

- Strategy: ESG factors are at the forefront of the investment process and are embedded in our investment research themes, forming part of our investment planning and strategy



- **Acquisitions:** When reviewing new investments, we integrate ESG related risks and opportunities in our analysis and decision-making process alongside other investment considerations. Beyond looking at the ESG profile of an asset at acquisition, we also factor in the opportunity to improve its ESG performance over time. We voluntarily refrain from investments where ESG risks are deemed high and cannot be mitigated to an acceptable level. Moreover, environmental compliance considerations are factored into our regular due diligence process and are reflected, where relevant, in our legal agreements. For our new development projects, ESG guidelines are drafted to ensure best-in-class practices are incorporated early into the project design and construction process.
- **Asset Management:** For the properties managed by Ivanhoé Cambridge, specific operational ESG strategies are implemented for key aspects such as energy efficiency, waste management, water management, environmental compliance, air quality, green and wellness certifications, property technology, and tenant and community engagement. For assets managed by third parties, we favor a dialogue approach with our partners to engage them in high ESG performance. Commensurate with our level of influence, we expect our asset managers to adopt and apply ESG practices at the asset level consistent with our Sustainable Investment Policy and industry best practices. Our Environmental Management System frames our approach in this area, and we track progress by conducting annual assessments of the ESG performance of our portfolio.

Our ESG performance is documented in our annual activity report in accordance with industry disclosure best practices such as the GRI (Global Reporting Initiative) and TCFD (Taskforce for Climate-related Financial Disclosures). We also actively participate in voluntary reporting initiatives such as the Global ESG Benchmark for Real Assets (GRESB).

Establishing this Sustainable Financing Framework is a concrete example of Ivanhoé Cambridge's commitment to its sustainable investment vision.

## Overview of Framework

In support of Ivanhoé Cambridge's ESG strategy, Ivanhoé Cambridge has developed this Sustainable Financing Framework (the "Framework"), under which, Ivanhoé Cambridge may issue sustainable financing instruments, including debentures, bonds, commercial paper, loans, mortgages, construction facilities or other debt financing instruments. The Framework aligns with the International Capital Markets Association's (ICMA) 2021 Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG), as well as the 2023 Loan Market Association's (LMA) and Loan Syndications and Trading Association's (LSTA) Green Loan Principles (GLP) and Social Loan Principles (SLP). Additionally, eligible investments criteria have been mapped to the UN's Sustainable Development Goals (SDGs).

This Framework is based on the four core components and key recommendations of the GBP, SBP and GLP:

Core components:

- Use of Proceeds;
- Process for Project Evaluation and Selection;
- Management of Proceeds; and
- Reporting.

Key recommendations:

- Sustainable Bond Framework; and
- External Review.

Ivanhoé Cambridge, through its various entities, may issue different types of sustainable financing instruments, which will follow the principles set out herein, and be subject to the terms and conditions set forth in the respective documentation governing such financing instruments.

# A. Use of proceeds

The net proceeds of any sustainable financing will be used exclusively to finance or refinance, in whole or in part, any expenditures, made by Ivanhoé Cambridge or its various entities, associated with Eligible Green or Social Projects ("Projects" or "Investments").

Eligible Green Projects are defined as identifying with one or more of the following categories:



## 1. Green Buildings



Investments related to the purchase, construction, tenant or general improvements, operation and maintenance of either:

- I. new real estate properties; or
- II. existing real estate properties

which in either case have received or are expected to receive one of the applicable certifications set forth in Appendix A hereto.

The term "purchase" includes both purchase from a third-party or a vend-in from an affiliate of Ivanhoé Cambridge



## 2. Renewable Energy



Investments in renewable energy systems or equipment aimed at providing energy to a real estate property. These systems include solar, wind, and geothermal technologies that produce direct emissions lower than 100g CO<sub>2</sub>/kWh.



## 3. Energy Efficiency



Investments in systems or equipment that reduce energy consumption or improve energy efficiency, in each case by at least 20%, in real estate properties, including:

- I. Installation of energy efficient heating (by non-combustion sources), ventilation, air conditioning, refrigeration, lighting and electrical equipment;
- II. Systems for capture and recycling of waste heat such as district heating and heat recovery;
- III. Projects that improve efficiency in the delivery of bulk energy services such as energy storage, installation of smart grids, demand response units and associated infrastructure; or
- IV. Projects that enable monitoring and optimization of the amount and timing of energy consumption such as smart meters, load control systems, sensors or building information systems.



#### 4. Sustainable Water and Wastewater Management



Investments in systems or equipment that reduce water consumption or improve water-use efficiency in real estate properties, including:

- I. Installation of water efficient products or technologies or xeriscaping/drought-tolerant landscaping; or
- II. Projects for collection, treatment, recycling or reuse of water, rainwater or wastewater.



#### 5. Clean Transportation



Investments in adapting or connecting real estate properties to sustainable and efficient transit infrastructure including:

- I. Infrastructure or charging stations to accommodate fully electric vehicles or non-motorized transport; or
- II. Infrastructure in, or improvements to, real estate properties dedicated to create or improve connectivity to mass public transportation.



#### 6. Climate Change Adaptation



Investments in adapting real estate properties in relation to climate change considerations, such as expenditures related to design, construction, maintenance and upgrades of buildings / assets for adapting to more frequent and extreme weather events caused by climate change (for example, projects for the upgrade of flood defence or storm water management systems)

#### 7. Biodiversity & Conservation



Investments or projects dedicated to promoting ecological restoration aimed at preserving biodiversity and native ecosystems (i.e., including preservations of green areas, green space enhancement projects, such as green roofs).

## 8. Pollution Prevention & Control



Investments that reduce emissions and waste, including soil remediation, waste prevention, waste reduction, onsite composting and recycling.

Eligible Social Projects are defined as identifying with the following category:

## 9. Affordable Housing



Investments in the construction, development, operation, renovation and/or maintenance of properties for accredited or registered affordable housing based on local classification systems, or that contribute access to low-income population.

Note: Eligible Green or Social Projects in categories 2 through 9 could be in relation to real estate properties that do not have an environmental certification or have one that is lower than the environmental certification specified under Category 1 'Green Buildings'.

# B. Process for project evaluation and selection

Ivanhoé Cambridge has established the following process for evaluating and selecting Eligible Green or Social Projects:

A Sustainable Financing Working Group has been created which has been mandated with oversight of the implementation of this Sustainable Financing Framework. The composition of the Sustainable Financing Working Group may change from time to time but was initially comprised of representatives from Ivanhoé Cambridge's Finance and Capital Market Group, Sustainability Group and Legal Affairs departments. For the avoidance of doubt, other representatives of Ivanhoé Cambridge may be admitted as additional members of the Sustainable Financing Working Group.

The Sustainable Financing Group will be responsible for:

- i. Evaluating and selecting Eligible Green or Social Projects that qualify for proceeds under this Framework;
- ii. Consideration of environmental and social risks associated with Eligible Green or Social Projects. It will rely upon, and not limited to, project assessments and internal reviews to determine how best to address, manage and mitigate such risks;
- iii. Maintaining a Sustainable Financing Register that will include the Project name, location, description of the use of proceeds, reference to the relevant eligibility criteria and amount allocated;
- iv. Monitoring the Projects during the life of the financing transaction to ensure the Project(s) continuously align to the eligibility criteria; and
- v. Managing any future updates to the Framework

Eligible Green or Social Projects include projects which identify with one or more of the categories stated above and where such disbursements were made in the thirty (30) months prior to the issue date of any Sustainable Financing.

Any unallocated net proceeds are intended to be allocated to Eligible Green or Social Projects within eighteen (18) months.

Unallocated net proceeds will be held in cash or liquid securities in accordance with our internal liquidity management policies.

## C. Management of proceeds

The net proceeds from any sustainable financing instrument will be deposited to the general account and be available for allocation to Eligible Green or Social Projects. The process for allocation will be performed in accordance with this Sustainable Financing Framework.

All relevant information regarding the issuance of sustainable financing instruments and the Eligible Green or Social Projects financed by such instruments will be kept in a Sustainable Financing Register.

As long as any Sustainable Financings are outstanding, Ivanhoé Cambridge's internal records will show the allocation of the net proceeds of the relevant offering to Eligible Green or Social Projects.

Payment of principal and interest on any Sustainable Financings will be made from our general funds and will not be directly linked to the performance of any Eligible Green or Social Projects.

## D. Reporting

As long as there are outstanding Sustainable Financings issued under this Framework, Ivanhoé Cambridge will publish annually (and on a timely basis in case of material developments) and until such issuances are fully allocated, a Sustainable Financing Report which will include allocation and impact reporting as detailed below.

### Allocation Report

Ivanhoé Cambridge will include the following details:

- The net proceeds from each Sustainable Financing;
- Allocation of proceeds by project category; and
- Balance of unallocated proceeds

### Impact Report

Where relevant, practicable, and subject to confidentiality considerations, Ivanhoé Cambridge will also publish qualitative and quantitative environmental performance indicators in respect of the Eligible Green or Social Projects. Impact metrics may include but are not limited to: (i) annual energy saved or renewable energy generated, (ii) annual greenhouse gas emissions reduced or avoided, (iii) natural capital value (eg: trees planted, water saved, etc.) and (iv) number of individuals/ families benefiting from subsidized housing.

## E. External Review

### Second Party Opinion

Ivanhoé Cambridge has obtained an independent second party opinion from Sustainalytics on its Sustainable Financing Framework, indicating alignment with the ICMA GBP, SBP, SBG and LMA/LSTA GLP and SLP, which will



be available on Ivanhoé Cambridge's website commencing at the same time this Framework is published.

### **Post-Issuance External Verification**

On an annual basis as long as there are sustainable financings outstanding and until net proceeds have been fully allocated, Ivanhoé Cambridge will obtain an independent external verification to certify:

- The allocation of net proceeds to Eligible Green or Social Projects; and
- Outstanding amount of net proceeds

The limited assurance report will be publicly accessible on Ivanhoé Cambridge's website.

### **Amendments**

The Sustainable Financing Working Group will review this Framework on a regular basis, including its alignment to updated versions of the GBP, SBP, SBG, GLP and SLP. Such review may result in this Framework being updated and amended. Material updates will be subject to the prior approval of Ivanhoé Cambridge and the new Framework will be subject to a new external review.

## APPENDIX A

# Green Building Certifications

Location	Applicable Certification
North America	BOMA BEST: Gold or Platinum
California	CalGreen: All Certifications
Global	LEED: Silver <sup>1</sup> , Gold or Platinum
Global	Edge Certified
Global	Living Building Challenge Certified
Europe	BREEAM: Excellent or Outstanding
Europe	HQE: Excellent or Exceptional
Europe	DGNB: Gold or Above
Australia	Green Star: 5 or 6 Star Rating
Australia	NABERS: 5 or 6 Rating
China	China Three Star: 3 Star Level
Japan	Casbee: A and S

<sup>1</sup>Only applicable to industrial buildings that have also been designed to achieve at least 20% energy efficiency improvement.

## DISCLAIMER

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*forward-looking statements. All forward-looking statements herein are qualified by the foregoing cautionary statements. The forward-looking statements are made only as of the date of this document and we assume no obligation to update or revise them to reflect new information or the occurrence of future events or circumstances.*

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