PSP Investments' Climate-Related Financial Disclosures

2025 CFD Report

Public Sector Pension Investment Board

PSP Investments

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About this Report

The Public Sector Pension Investment Board ("PSP Investments") is a Crown corporation created under the *Public Sector Pension Investment Board Act* (the "Act") to manage and invest amounts that are transferred to it pursuant to the *Superannuation Acts* (defined below), for the funds (as defined in the Act) of the pension plans established under the *Public Service Superannuation Act,* the *Canadian Forces Superannuation Act* ("CFSA"), the *Royal Canadian Mounted Police Superannuation Act* (collectively the *"Superannuation Acts"*), and certain regulations under the CFSA.

PSP Investments is responsible for managing amounts that are transferred to it in the best interests of the beneficiaries and contributors under the *Superannuation Acts*. The amounts are to be invested with a view of achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plans and the ability of the Plans to meet their financial obligations.

For more details, refer to Notes 1 and 2 in the 2025 Consolidated Financial Statements.

PSP Investments recognizes that climate change is considered a systemic risk and we acknowledge the potential material impact of climate change on investment risks and returns across various sectors, geographies and asset classes. We assign accountability for our climate change approach across asset classes, corporate functions, senior management, and the Board of Directors (the Board), aligning with our long-term investment objectives and beliefs to deliver our mandate.

This Climate-Related Financial Disclosures (CFD report) provides information on PSP Investments' governance, strategy, risk management and metrics, and targets around climate-related risks and opportunities. While we recognize that sustainability reporting is still evolving, we believe consistent and comparable sustainability-related information is a key part of making informed investment decisions. It is why PSP Investments, along with nine of Canada's largest investors, affirmed its support for the adoption of both the Canadian Sustainability Disclosure Standards ("CSDS")[1] from the Canadian Sustainability Standards Board (CSSB), which are aligned with the IFRS® Sustainability Disclosure Standards (IFRS S1 and S2) issued by the International Sustainability Standards Board ("ISSB").

This report covers the year ended March 31, 2025, and has been prepared for the same consolidated reporting entity as PSP Investments' Consolidated Financial Statements. It is informed by CSDS 1 and CSDS 2 on financial disclosures related to climate considerations and presents our progress annually. All amounts in this report are in Canadian dollars unless otherwise noted.

This report is dated September 11, 2025 and it is our 4th report focused on climate-related financial disclosures.

[1] General Requirements for Disclosure of Sustainability-related Financial Information ("CSDS 1") and Climate-related Disclosures ("CSDS 2").

Our Priorities at a Glance

Fiscal 2025 Key Achievements

PSP Investments strives to integrate material sustainability-related factors, including climate, across its investment lifecycle to enhance long-term value and portfolio adaptation and deliver on our mandate. Our approach is guided by core principles of holistic and pragmatic integration, active ownership, strong governance, risk management, transparency, and ongoing innovation. In fiscal year 2025, we advanced several important priorities.

Climate change	Advanced our Climate Strategy (2022-2026) through a cross-departmental working group and launched pilots to test a new value-creating transition plan approach.
Hub-and-spoke model	Strengthened the integration of sustainability practices across the investment lifecycle, including upgrading our bespoke sustainability due diligence tool with a value creation module.
Data, technology and analytics infrastructure	Advanced data-driven decision making by developing investment dashboards to support insight generation, portfolio decisions, and engagement priorities.
Sustainability Research Platform	Expanded PSP Investments' Sustainability Research Platform by incorporating more thematic research to support investment strategies.

Fiscal 2026 priorities

We are navigating a period of heightened uncertainty, shaped by growing climate risks, political change, evolving regulatory requirements, and fast-moving market and technological shifts. In this context, PSP Investments continues to pursue its long-term investment strategy by integrating material sustainability- and climate-related factors into our investment activities. Our fiscal year 2026 priorities aim to enhance our portfolio adaptation and support long-term value creation in this dynamic environment by:

- Continuing to work on the evolution of our Climate Strategy (2022-2026) to reflect lessons learned, global developments, and material climate-related risks and opportunities and reinforcing our focus on active investment activities to generate superior risk-adjusted returns.
- Further strengthening our sustainability-driven value creation by refining tools and workflows to better support asset classes in their engagement activities and progress tracking.
- Evolving and positioning our thematic and Sustainable Research Platform to better support PSP Investments' teams.
- Enhancing our sustainability and climate-related disclosures by strengthening their integration with financial disclosures, informed by CSDS 1 and CSDS 2. In line with this priority, we now integrate our material sustainability-related information into our Annual Report and CFD report and consequently, we are discontinuing the preparation of a separate sustainability report starting from fiscal year 2025.

Governance

In this section, we provide an overview of our governance framework and practices around climate change as at March 31, 2025. For further information on PSP Investments' governance framework and practices, including on sustainability-related topics, refer to our website and the "Enterprise risk management" and "Governance" sections of our 2025 Annual Report available on our website.

Board's oversight

The Board has overall responsibility for approving PSP Investments' Climate Strategy, which is integrated into the strategic plan, the corporate business plan, our Sustainable Investment Policy, and our Corporate Governance and Proxy Voting Principles and is guided by our investment beliefs.

We aim to integrate material sustainability-related risks and opportunities, including climate considerations, throughout our investment process – from initial investment analysis to asset management through to investment disposition. Under its overall risk oversight and management responsibility, the Board works to ensure that risks, including material climate considerations, are properly identified, evaluated, managed, monitored, and reported. This responsibility has been delegated to the Board's Investment and Risk Committee. The Board's Audit Committee approves sustainability-related financial information reporting, while the Board's Governance Committee recommends approval of the sustainability and climate-related financial disclosures reports to the Board. The Governance Committee is also responsible for monitoring PSP Investments' implementation of sustainable investment activities, including those relating to climate change risks and opportunities.

To effectively discharge its responsibilities, we believe that the Board has appropriate levels of experience and competencies, with five directors who have sustainability (including climate) within their top 5 competencies.

The Board fully supports PSP Investments' approach to sustainability, and sustainability-related topics are discussed at Board and committee meetings at least twice a year. Topics discussed in fiscal year 2025 included climate change strategy and material sustainability-related considerations related to our investments.

Management's responsibilities

At PSP Investments, climate-related risks and opportunities related to investments are subject to the same governance framework as other investment criteria. Investment approval memoranda from the asset class investment teams to senior management's Risk and Investment Committee and the Board's Investment and Risk Committee include a climate strategy alignment section, which standardizes material quantitative climate-related metrics and aims to help us make consistent, evidence-based decisions. Management is responsible for monitoring and disclosing progress toward PSP Investments' fiscal year 2026 Climate Strategy objectives through various committees including the Total Fund Management Committee.

Our incentive plan is aligned with the organization's strategy and priorities. The senior management team's objectives include priorities and indicators of progress related to the firm's corporate objective to advance its climate capabilities. For more details, refer to the Report of the Human Resources and Compensation Committee in our 2025 Annual Report.

Strategy

Climate-related risks and opportunities

In alignment with our mandate, PSP Investments strives to act on material climate-related risks and opportunities through its investment strategy, risk management, and active ownership practices. Climate-related risks may manifest over varying time horizons and are likely to intensify over time. We have identified physical and transition risks and opportunities that could influence financial risks, such as credit, market, and liquidity risks. These risks could materially impact the value of our investments in the following timeframes:

Short term (pre-2030): We recognize the immediate acute physical risks posed by climate change, such as the increased frequency of extreme weather events, which can adversely impact financial performance, outlining the need to identify and implement appropriate adaptation and resilience measures. Concurrently, we believe that the evolving policy and technology landscapes will impact the investment opportunity set and may present risk-adjusted opportunities across the carbon intensity spectrum.

Medium term (2030-2040): We believe that several assets will face acute and chronic physical risks, intensifying the economic costs associated with frequent and impactful extreme weather events, and that carbon-intensive assets may face increasingly strict regulatory requirements. The ability to adapt swiftly to regulatory changes and stakeholder expectations will be important as we aim to capitalize on potential investment opportunities, emphasizing the need for agile investment strategies that can both manage risks and make the most of emerging market potential.

Long term (2040 and beyond): Over the long term, climate scenarios developed in collaboration with an external consultant highlight the contrast between a failed climate transition scenario, potentially leading to a 4.2°C rise in average global temperatures by 2100, and an orderly net-zero transition scenario, representing an increase of chronic physical risks. We believe that in either scenario, long-term risk-adjusted returns will be impacted.

For more details on our sustainable investment approach, refer to the "Investment framework" section of our 2025 Annual Report available on our website.

Impacts of climate-related risks and opportunities on our businesses, strategy, and financial planning

We are continuing our firm-wide efforts to better assess and address the risks and opportunities posed by climate change for our investment strategy in the context of a changing regulatory and political environment globally. In fiscal year 2023, we launched our Climate Strategy and established tangible short-term climate-related targets. Progress is monitored and disclosed annually with senior management and the Board.

We continue to seek to leverage external consultants and external data platforms to inform our evaluation of the physical impacts of climate change on our real assets, and other relevant portfolio assets where applicable, which we aim to take into consideration throughout our investment decision-making and asset management activities. As part of our investment analysis and decision-making processes, we aim to identify and assess material climate-related risks and opportunities. The investment recommendation memorandum presented to our oversight investment committees includes a summary of the material climate-related risks and opportunities as well as associated risk mitigation measures and action plans to address the findings, if applicable.

Climate resilience of our strategy

Our Climate Strategy reflects our long-term investment horizon and private investment capabilities. The following elements define our approach:

- Portfolio Construction and Resilience: We seek to integrate climate-related considerations into our portfolio construction and risk management to enhance portfolio adaptation and support our overall portfolio strategy. We assess the resiliency of our policy portfolio through top-down analysis of various climate change scenarios. Consistent with findings from our engagement with an external consultant, our scenario analysis concluded that PSP Investments' active management approach, dynamic portfolio construction, and climate-aware investment choices lead to better positioning of the policy portfolio from a risk and return perspective compared to the reference portfolio provided to PSP Investments by the Treasury Board of Canada Secretariat each year[2] under all climate scenarios considered.
- For more information on our investment-level decision-making strategy, refer to the bottom-up risk assessment process below and to the "Investment framework" section of our 2025 Annual Report available on our website.

Risk Management

In this section, we provide an overview of our risk management around climate change as at March 31, 2025. Our risk management processes and policies are discussed in more detail in the "Investment framework", "Enterprise risk management", and "Management of investment risks" sections of our 2025 Annual Report available on our website.

We conduct an annual, enterprise-wide risk and control self-assessment exercise to identify and evaluate key risks and to assess the adequacy and effectiveness of mitigation activities. In addition, an emerging risk monitoring framework is used to identify, assess, and monitor new and evolving risks that have the potential to impact our objectives. Sustainability-related considerations represent one of our investment risks under our risk management and related policies.

Our approach to identifying and assessing climate-related risks encompasses both top-down and bottom-up perspectives.

Top-down analysis of climate change impacts on investments

We continue to strive to integrate climate considerations into portfolio construction activities, our baseline economic scenario, including long-term capital market assumptions, and climate awareness in passive strategies. Additionally, to support our asset classes, our climate pathways navigator tool aims to help us to determine the potential contribution of each asset class towards our total fund's climate objectives.

We also seek to leverage climate scenario analysis and stress testing of our policy portfolio to identify our climate-related risks and assess their potential impact on the value of our investments. When needed, we will engage with external consultants to support these efforts.

For more information on PSP Investments' Climate Strategy and related fiscal 2026 targets, refer to our Climate Strategy Roadmap.

[2] For more information, refer to the Statement of Investment Policies, Standards and Procedures for Assets Managed by PSP Investments.

Bottom-up analysis of climate change impacts on investments

At the investment level, in alignment with our mandate, we strive to conduct due diligence, focusing on material physical and transition risks, as well as opportunities, relevant to an asset or company's sensitivity to climate risks. Our internally managed investments are analyzed where appropriate for long-term climate risks affecting enterprise value,[3] factoring in industry and geography. Our due diligence process also seeks to evaluate transition plans, emissions reporting, and exposure to climate-related physical risk under different climate scenarios. Our investment decision documentation includes a section that evaluates the investment opportunity's alignment with our Climate Strategy in force.

We aim to identify and assess the transition risks of climate change by performing an initial sensitivity analysis using our bespoke Green Asset Taxonomy (our "Taxonomy") approach. For more details on PSP Investments' Taxonomy methodology, refer to our Green Asset Taxonomy Whitepaper and to subsection "Additional information on climate-related metrics" of "Metrics and Targets" section of this report.

For externally managed investments, our framework integrates material climate considerations, alongside other sustainability factors, and we strive to regularly survey the climate change approaches in the investment activities of new general partners and external managers.

Lastly, we seek to collaborate with external consultants and industry experts to align our investment assessments with market practices. We aim to enhance our understanding of climate-related risks and to explore potential correlation with financial performance, including potential downside risks. We also actively seek insights to capitalize on the low-carbon economy's influence on innovation and growth, which presents valuable prospects for long-term investment strategies.

As an active owner, when material and appropriate, PSP Investments may aim to influence climate actions within our portfolio companies by encouraging the assessment of material climate risks and opportunities across their value chains, supporting the development of robust mitigation plans and strategies, and encouraging alignment with the IFRS S2 Climate-related Disclosure Standard, or similar standards, for transparency and risk management purposes.

Our engagement is tailored to the type of investment, level of exposure, and time horizon, whether in public or private markets. Through direct dialogue, collaboration, and proxy voting, we may aim to influence governance, risk management, and sustainability disclosure aligned with our long-term mandate.

Our Risk Appetite Statement and the supporting risk management and related policies are reviewed and approved annually by the Board and its committees and outline our appetite toward sustainability-related investment risks, including climate change. For further information, refer to the "Enterprise Risk Management" section of our 2025 Annual Report.

[3] Here and throughout the document, enterprise value is defined as the sum of the market capitalization of ordinary shares at fiscal year-end, the market capitalization of preferred shares at fiscal year-end, and the book values of total debt and minority interests. No deductions of cash or cash equivalents are made to avoid the possibility of negative enterprise values.

Metrics and Targets

We have converged on key climate-related metrics to monitor, manage, and disclose our portfolio exposure to climate-related risks. These metrics include our financed emissions, our portfolio carbon footprint (which is informed by the Partnership for Carbon Accounting Financials (PCAF) Standards), our weighted average carbon intensity (WACI), and PSP Investments' Taxonomy. Refer to subsection "Additional information on climate-related metrics", to subsection "Additional information on the application of PCAF Standards" and to "Cautionary Statements Regarding Sustainability-Related Data, Metrics and Forward-Looking Statements" section of this report for additional information on these metrics.

Results[4]

Our climate-related metrics calculation applies to 74% of our investment portfolio[5] as of March 31, 2025.

	2025	2024
Financed emissions (kilotonnes of CO_2e)		
Public Markets	**3,703**	3,083
Private Markets	**4,777**	5,544[6]
Total – Financed emissions (kilotonnes of CO_2e)	**8,480**	8,627[6]
Adjusted AUM in-scope ($ million)		
Public Markets	**87,242**	63,422
Private Markets	**173,310**	170,913
Total	**260,552**	234,335
Total carbon footprint (tonnes of CO_2e /$ million)	**33**	37[6]
WACI (tonnes of CO_2e /$ million)		
Public Markets	**109**	117
Private Markets	**116**	128[6]
Total – WACI (tonnes of CO_2e/$ million)	**114**	125[6]

Many variables influence climate-related metrics in a portfolio of PSP Investments' size. One driver of the decrease in both WACI and total carbon footprint in fiscal year 2025 compared to fiscal year 2024 was the disposal of AirTrunk, a hyperscale data centre platform in the Asia-Pacific region with significant GHG emissions. For further details on this transaction, refer to the "Portfolio management in action" section of our 2025 Annual Report.

4 Differences may arise due to rounding.

5 Based on our adjusted AUM.

6 Climate-related metrics as of March 31, 2024 were recalculated due to methodological updates in fiscal year 2025: Private Market financed emissions increased from 5,025 kilotonnes of CO_2e to 5,544 kilotonnes of CO_2e; total financed emissions from 8,107 kilotonnes of CO_2e to 8,627 kilotonnes of CO_2e; carbon footprint from 35 to 37 tonnes of CO_2e/$ million; Private Markets WACI from 114 to 128, and Total – WACI from 115 to 125 tonnes of CO_2e/$ million. For more details on methodology and assumptions, refer to subsection "Additional information on climate-related metrics" and "Cautionary Statements Regarding Sustainability-Related Data, Metrics and Forward-Looking Statements" section of this report.

Since the launch of our inaugural Climate Strategy in 2022, we have noted a downward trend in our climate-related metrics. These metrics are influenced by several factors, including the increase in PSP Investments' adjusted AUM in-scope, active management by asset classes such as acquisitions or disposals of assets, greater reliance on reported GHG data rather than proxies, and fluctuations in adjusted AUM in-scope driven partially by macroeconomic conditions. We expect these metrics to continue to fluctuate in the near term, before the impacts of any GHG emission changes can be measured more fully.

Biogenic emissions

As a leading agriculture and timberland investor and asset owner, we recognize the significance of biogenic emissions arising from these activities. Biogenic emissions are GHG emissions that result from natural processes and biological sources, such as livestock digestion, manure management, and the decomposition of organic materials. This disclosure aims to provide an overview of our approach to measuring biogenic emissions within our Natural Resources asset class, which has the most exposure to such emissions.

According to Greenhouse Gas Protocol Land Sector and Removal Guidance, biogenic carbon emissions should be accounted and disclosed separately from non-biogenic emissions.

PSP Investments' financed biogenic emissions are calculated using the same methodology as our Scope 1 and 2 financed emissions. The metrics below apply to 60% of the in-scope Natural Resources portfolio and are based on reported emissions obtained as part of the farm-level data collection effort. Many variables influence our biogenic emissions, including the increase in cultivated area.

	2025	**2024**
Financed Biogenic Emissions (tonnes of CO_2e)	**301,011**	253,939
Adjusted AUM in-scope ($ million)	**15,442**	15,202
Carbon footprint (tonnes of CO_2e/$ million)	**19.49**	16.70

Agriculture and timberland are key sectors in the climate transition, and measuring biogenic emissions is essential to understanding their full environmental impact. As part of our ongoing efforts to better understand and manage the environmental impact of our investments, we are integrating biogenic emissions considerations into the development of transition plans, where relevant.

Taxonomy

We use PSP Investments' Taxonomy, an internal classification system, to guide our climate measurement and management approach and enable us to monitor our exposure to assets that are green, transition or carbon-intensive, as defined in PSP Investments' Taxonomy methodology. For more details on PSP Investments' Taxonomy methodology, refer to subsection "Additional information on climate-related metrics".

To track our progress and support of our Climate Strategy over time, we have set initial short-term targets for the end of our 2026 fiscal year, as illustrated in Figure 1 below. We apply the same calculation scope as the climate-related metrics, except for assets under development, which are excluded from the climate-related metrics but remain included under PSP Investments' Taxonomy. Refer to our Climate Strategy Roadmap for more details on PSP Investments' climate strategy and related fiscal 2026 targets.

In fiscal year 2025, we observed a 16% increase in our Green Assets, driven by multiple factors including an increase in PSP Investments' adjusted AUM in-scope, improved data coverage, and reductions in GHG emissions intensity by portfolio companies. While we are currently positioned ahead of our Green Assets target by one year, the outcome for fiscal year 2026 remains sensitive to market fluctuations and active management by asset classes.

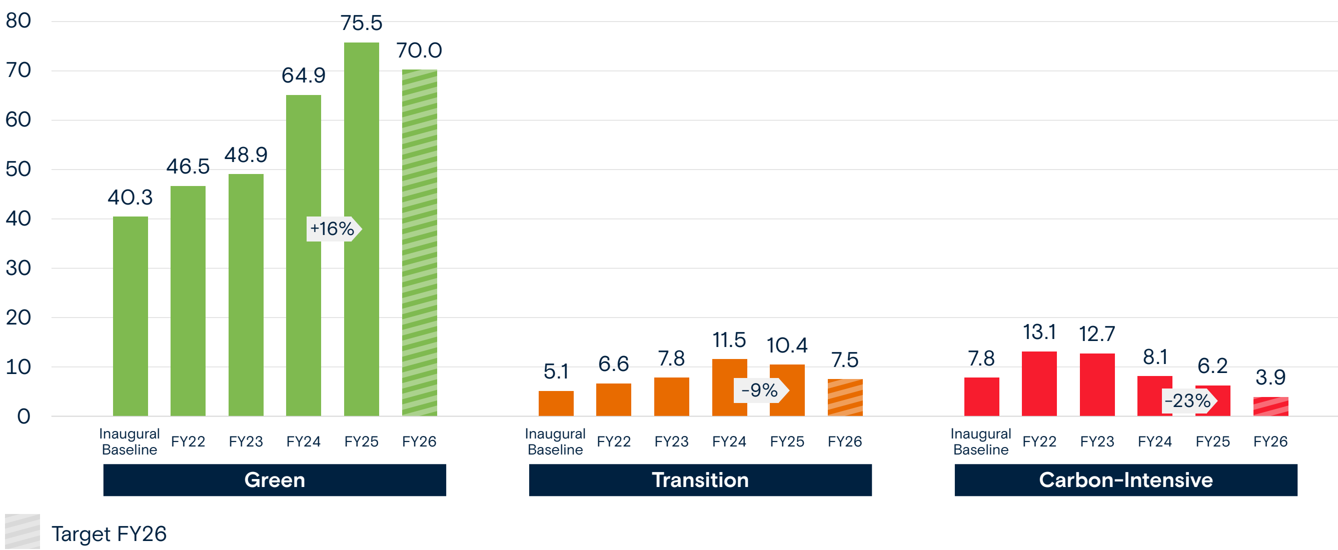
For the second consecutive year, we exceeded our transition asset target, despite a 9% decrease in transition assets in fiscal year 2025. This decline was primarily due to the disposal of AirTrunk, although the impact of this disposal was partially offset by portfolio companies adopting new GHG emission reduction targets. These results remain subject to variation, influenced by factors similar to those affecting our green assets.

Our carbon-intensive assets decreased by 23% in fiscal year 2025, reflecting both the adoption of new GHG emissions reduction targets and a decline in GHG emissions intensity by portfolio companies. As of March 31, 2025, our carbon-intensive assets total $6.2B compared to the $3.9B target. Methodological enhancements introduced in fiscal year 2022 contributed to an increase in the identification of carbon-intensive investments, without a corresponding adjustment to the baseline. In addition, our ability to achieve this target is influenced by several factors, including the increase in reported data, the potential short-term increase in GHG emissions intensity as decarbonization is typically non-linear, and sensitivity to market fluctuations.

In fiscal year 2025, we continued our data collection exercise across our private markets' investments for both direct and fund positions. Approximately 66% of the adjusted AUM in-scope is directly reported by portfolio companies. This represents an improvement compared to 62% in fiscal year 2024. Our target is to achieve 80% data coverage by fiscal year 2026. Many variables influence our ability to achieve this target, including the increase of our AUM in-scope. We remain committed to our data collection efforts to increase the proportion of our investment portfolio with reported data.

Finally, we also issued a $0.9B green bond in fiscal year 2025, raising our sustainable bond financing to 8.4% of PSP Capital's debt outstanding as at March 31, 2025. Refer to our Green Bond Framework for more details on our criteria for green bonds.

Figure 1: Our Taxonomy results in CAD$ billion for fiscal year 2025



Additional information on climate-related metrics

PSP Investments acknowledges the complexity and rapid evolution of sustainability and climate disclosure requirements and methodologies. We aim to continuously update our approach based on best practices and evolving frameworks. External factors like market conditions and regulatory changes, as well as internal factors such as investment decisions and climate strategy evolution, can affect our climate-related metrics. Estimates used in calculations are based on the best available information at the time of reporting, following PSP Investments' climate-related metrics calculation methodology, and may be modified due to future events. When material modifications to our methodology and estimates occur, when deemed appropriate, comparative data are revised to conform with the modifications.

Our climate-related metrics

We have converged on the following climate-related metrics to monitor, manage, and disclose our portfolio exposure to climate-related risks:

- **Financed emissions:** To assess the GHG emissions associated with our portfolio.
- **Portfolio carbon footprint:** To understand portfolio-level GHG emissions and to allow for comparison.
- **WACI:** To understand and disclose the portfolio's exposure to carbon-intensive companies.

The methodology used by PSP Investments to calculate the portfolio carbon footprint and financed emissions is informed by the PCAF Standard, which is built on the Greenhouse Gas Protocol's Technical Guidance for Calculating Scope 3 Emissions, Category 15 (Investments). We apply an operational control consolidation approach to our organizational boundary.

Methodology

Metric	Financed emissions and carbon footprint – PCAF informed		WACI
Description	**Financed emissions:** Total GHG emissions for a portfolio based on proportional share of the total enterprise value. **Carbon footprint:** Financed emissions normalized by adjusted net assets under management ("AUM") in-scope.		Portfolio's exposure to carbon-intensive companies
Formula	**Attribution factor**	$\frac{\text{Value of Holdings}_i}{\text{Total Equity}_i + \text{Debt}_i}$	$\sum_{i}^{n} \frac{\text{Value of Holdings}_i}{\text{Adjusted AUM in - scope}} * \frac{\text{GHG emissions}_i}{\text{Revenues}_i}$
	Financed emissions	$\sum_{i}^{n} \text{Att. factor}_i * \text{GHG emissions}_i$	
	Carbon footprint	$\frac{\text{Financed emissions}}{\text{Adjusted AUM in - scope}}$	

Formula definitions:

- **"i"** represents each portfolio company in the calculation.
- **"n"** represents the upper limit of summation.
- **"Value of Holdings"** represents the investment's fair value, except for derivatives for which it represents their notional value.
- **"Total Equity + Debt"** represents the addition of the most recent available equity at fair value and the most recent available current and long-term debt of the portfolio companies, as per their statement of financial position, except for the following:
  - Public markets: Enterprise Value Including Cash (EVIC) instead of total equity and debt, as recommended by PCAF.
  - Private markets: When total debt is not available, we use net debt.
  - Real Estate: Equity ownership value as the attribution factor for assessing our share of emissions, whereas PCAF recommends the use of property value at origination.
- **"Adjusted AUM in-scope"** represents the economic exposure of investments used for the climate metrics calculation and is measured at fair value, except for derivatives. Refer to the "Scope" section below for additional information on Adjusted AUM in-scope.
- **"GHG emissions"** represents to the extent possible the Scope 1 and 2 emissions of our portfolio companies for the most recent full year datasets as of March 31, 2025. Scope 2 emissions include a mix of location-based and market-based. In addition, because of different reporting timelines and delays in data availability, companies may provide GHG emissions one to two years prior the most recent fiscal year-end of PSP Investments.
- **"Revenues"** represents the income of the portfolio company's operations for the same period as the GHG emissions.

Scope

Public markets

- **In-scope:** Shares in long-only public equity strategies including those held via external managers or funds (including exchange-traded funds), exposure to underlying stocks through certain derivative swaps, and listed corporate fixed income.
- **Out-of-scope:** Shares in long-short public equity strategies, unlisted corporate and government bonds, cash and money market instruments, corporate leverage, and other derivatives not in-scope.

Private markets

- **In-scope:** Direct and fund investments in all private market asset classes.
- **Out-of-scope:** Assets under development in direct and co-ownership private investments, balances associated with working capital, cash, corporate leverage, and funds of funds.

Other

For fiscal year 2024 and earlier, assets under development were included in the calculation of portfolio climate-related metrics. In situations where actual data was not available or was incomplete, proxy estimates were used. For the majority of these assets, our calculations were conducted using proxy estimates.

Starting in fiscal year 2025, assets under development in direct and co-ownership private investments are excluded from climate-related metrics due to limited data availability and evolving market practices. This change in methodology did not have a significant impact on comparative information.

Sources of estimates and uncertainties

Judgements, estimates and assumptions have been used in the preparation of this report to quantify climate-related metrics. PSP Investments uses information from primary sources whenever possible; however, due to the limitations arising from the limited availability of the portfolio companies' data, we sometimes estimate them by using indirect sources.

These judgements and assumptions mainly refer to:

- **GHG emissions:** We use GHG emissions data from third parties, either directly reported from portfolio companies or from proprietary data sources. Portfolio company GHG data is generally not reviewed or verified by a third party. This presents an important limitation with respect to our degree of confidence regarding the integrity of portfolio company disclosures, particularly given that portfolio companies may use different methodologies to calculate and report their GHG emissions.

  In situations where reported data is not available or is incomplete, our estimates rely primarily on emissions factors per unit of revenue or asset for the sector. Starting in fiscal year 2025, our methodology was enhanced by revising our approach and definition for data quality score 3. In the updated definition, data quality score 3 also includes assets where partial emissions are available (for example, where only Scope 1 or Scope 2 emissions are reported by the company) and deemed reliable. In instances where partial emissions are deemed reliable, the total emissions are estimated using a combination of actual data and specific estimates calculated in accordance with our internally defined methodology. Previously disclosed climate-related metrics for fiscal year 2024 were revised to reflect the impacts of this change in methodology. For more details, refer to subsection "Results" of "Metrics and Targets" section of this report.

  Data availability, quality, and reliability vary significantly by sector, sub-sector, and emissions scope. There might be instances where specific analysis may indicate that the emissions communicated by a company are not reliable. In such cases, we continue to rely on estimates based on physical activity data or proxies using revenue/EVIC data. We continue to engage with our portfolio companies to enhance data quality and refine our methodologies in the future.

- **Taxonomy classification:** We also rely on GHG data to classify assets against PSP Investments' Taxonomy; therefore, it is subject to the same data limitations as our GHG emissions. This presents an important limitation with respect to our degree of confidence regarding the integrity of portfolio company disclosures.

Additional information on the application of the PCAF Standard

Our calculation of climate-related metrics is informed by the PCAF Standard, and additional information on its application is as follows:

1. Scope of calculations:

- **Treatment of funds:** The PCAF Standard does not provide explicit guidance on methods to calculate financed emissions for unlisted private investment funds. Since our exposure to fund investments is material, we include the underlying investments.
- **Treatment of derivatives:** The PCAF Standard does not provide guidance on methods to calculate financed emissions from derivatives. Since we have material exposure to certain swaps for which we have GHG emissions information at the underlying investment level, we include these investments.
- **Sovereign bonds:** The PCAF Standard includes guidance on methods to calculate financed emissions from sovereign bonds. Our methodology does not currently include sovereign bonds as part of climate-related metrics.
- **Scope 3 emissions:** Since our portfolio companies' Scope 3 emissions are either unavailable or not sufficiently reliable, they are not included in our calculations for now, despite their inclusion being recommended by the PCAF Standard.[7]

2. Attribution factors:

- **Availability of data:** In situations in which the debt information of portfolio companies was not available, an equity-only approach is used. This may overestimate PSP Investments' attribution factor. More specifically, our financed emissions for fiscal year 2025 are calculated based on a total enterprise value approach for 74% of our investments and an equity-only approach for 26% of our investments.

Data quality assessment

PSP Investments employs data quality terminology, informed by the PCAF Standard, as described in the table below. The data quality scores are weighted by investment size. To assess quality improvement over time, PSP Investments calculated data quality scoring per asset class. As of fiscal year 2025, approximately 64% of our adjusted AUM in-scope is directly reported by portfolio companies, obtaining a data quality score of 2 or below.

Investment-weighted data quality

Infrastructure	1.8
Listed Fixed Income	2.0
Natural Resources	2.4
Listed Equities	2.5
Private Equity	2.9
Real Estate	3.8
Credit Investments	3.9
Complementary Portfolio	4.4
Total Fund	**2.8**

Score 1	Verified emissions reported by the company
Score 2	Unverified emissions reported by the company
Score 3	Emissions estimated using company-specific factors, including physical activity data and/or partial emissions reported (for example, only Scope 1 or Scope 2 emissions are available)
Score 4	Estimated using emissions factors per unit of revenue for the sector
Score 5	Estimated using emissions factors per unit of asset for the sector. We use the median of GHG intensity on EVIC

[7] For real estate investments, we include Scope 3 emissions in our PCAF-informed metric following the whole building approach.

Methodological enhancements to our Taxonomy

Since our initial assessment as at September 30, 2021, we have worked to enhance PSP Investments' Taxonomy approach and implementation processes. This includes evolving our methodology and data collection approach. Since the publication of our methodology in our Whitepaper, we have improved the scope of our Taxonomy by including listed corporate bonds and by enhancing the requirements for green assets in public and private markets. Specifically:

- **Publicly listed real estate companies (REITs):** These investments accounted for a significant portion of capital market dark green assets. In the initial assessment, REITs were considered eligible for the dark green category if they could demonstrate less than 80 tonnes of CO_2e per $ million revenues. In fiscal year 2023, to align with our Green Bond Framework, we included a supplemental criterion from an external source to verify REIT positions against Green Buildings data set to confirm whether most of their revenues stem from "green building" activities. Our enhancement makes accessing our Taxonomy category more difficult for REITs, but better aligns with how we classify assets in PSP Investments' private markets Real Estate portfolio.
- **Assets under development:** In our Real Estate portfolio, we have identified several properties that are in the construction phase and have not yet reported GHG data. Given that many of these positions are targeting green building certifications, we have mapped them as light green if their certification aligns with our Green Bond Framework. We expect them to disclose GHG emissions once they become operational.
- **Dark green assets:** In addition to aligning with our Green Bond Framework criteria, all dark green assets must have reported GHG data. Moreover, all dark green assets must achieve 80 tonnes of CO_2e per $ million revenues or less to maintain their classification.
- **Commercial real estate:** To best utilize available market information regarding transition pathways, we have required all dark green assets in real estate to demonstrate Green Bond Framework alignment through both certification and GHG performance against the Carbon Risk Real Estate Monitor (CRREM) 1.5°C sub-sector decarbonization pathways.

Cautionary Statements Regarding Sustainability-Related Data, Metrics and Forward-Looking Statements

In preparing the sustainability-related information contained in this report, PSP Investments has made a number of key judgements, estimations and assumptions. The processes, methodologies and issues involved are complex. The sustainability data, models and methodologies used are often relatively new, are rapidly evolving and are not of the same standard as those available in the context of financial and other information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. It is not possible to rely on historical data as a strong indicator of future trajectories in the case of climate change and its evolution. Outputs of models, processed data and methodologies are also likely to be affected by underlying data quality, which can be hard to assess and we expect industry guidance, standards, market practice and regulations in this field to continue to evolve. There are also challenges in relation to the ability to access data on a timely basis and the lack of consistency and comparability between data that is available. This means the sustainability-related forward-looking statements, information and targets discussed in this report carry an additional degree of inherent risk and uncertainty.

In light of uncertainty as to the nature of future policy and market response to climate change and other sustainability-related issues, including between regions, and the effectiveness of any such responses, and as market practice and data quality and availability develops, PSP Investments may have to update the models and/or methodologies it uses, or alter its approach to sustainability analysis and may be required to amend, update and recalculate its sustainability disclosures and assessments in the future, its sustainability ambitions, goals, commitments and/or targets or its evaluation of its progress towards its sustainability ambitions, goals, commitments and/or targets. Revision to sustainability data may mean it is not reconcilable or comparable year-on-year.

This report contains a number of graphics, infographics, text boxes and illustrative case studies and credentials which aim to give a high-level overview of certain elements of this report and improve the accessibility of the report for readers. These graphics, infographics, text boxes and illustrative case studies and credentials are designed to be read within the context of the report as a whole.

The information in this report includes non-financial metrics, estimates or other information that are subject to significant uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions, and underlying data that is obtained from third parties.

PSP Investments has appointed Deloitte to perform limited independent assurance over PSP Investments' financed emissions and carbon footprint metrics. The Independent Limited Assurance Report issued by Deloitte is available within this document.

The report contains certain forward-looking statements with respect to PSP Investments' sustainability targets, commitments, ambitions, climate-related scenarios, processes, plans, and the methodologies we use, or intend to use, to assess our progress in that regard ("sustainability-related forward-looking statements"). These sustainability-related forward-looking statements reflect management's assumptions, expectations, objectives, strategies and intentions as of the date of this report. These sustainability-related forward-looking statements are typically identified by future or conditional verbs or words such as "outlook," "believe," "estimate," "project," "expect," "plan," "goals," "targets" and similar terms and expressions.

By their nature, sustainability-related forward-looking statements require assumptions to be made and involve inherent risks and uncertainties. As a result, PSP Investments cannot guarantee that any forward-looking statement will materialize, and its future investment activities may vary from those outlined herein. Readers should not place undue importance on forward-looking statements and should not interpret this information as of any other date.

Sustainability-related forward-looking statements are inherently predictive and speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to the following:

- changes in the sustainability regulatory framework in which PSP Investments operates, including government approaches and regulatory treatment in relation to sustainability disclosures and reporting requirements;
- the impact of legal or other proceedings against PSP Investments or others in the industry;
- climate change projection risk including, for example, the evolution of climate change and its impacts, changes in the scientific assessment of climate change impacts, transition pathways and future risk exposure and limitations of climate scenario forecasts;
- amendments to or new sustainability reporting standards, models or methodologies used to assess and set sustainability-related targets, which could result in revisions to reported data and lack of reconcilability or comparability;
- changes to and challenges with sustainability data availability, quality, accuracy, verifiability, and data gaps, could cause fluctuations year-on-year and/or differences between the quality of data obtained, which could result in revisions to reported data going forward, meaning that such data may not be reconcilable or comparable year-on-year;
- climate scenarios and the models that analyze them have limitations that are sensitive to key assumptions and parameters, which are themselves subject to some uncertainty; and
- global actions may not be effective in managing relevant sustainability-related risks, including in particular, climate, nature-related and human rights risks.

Actual results and developments may differ materially from the expectations disclosed or implied as a result of factors including those outlined above. All subsequent written or oral sustainability-related forward-looking statements attributable to PSP Investments or any persons acting on its behalf are expressly qualified in their entirety by the factors referred to above. No assurance can be given that the sustainability-related forward-looking statements in this report will be realized. Subject to compliance with applicable law and regulations, PSP Investments does not intend to update these sustainability-related forward-looking statements and does not undertake any obligation to do so.

Independent Practitioner's Limited Assurance Report

To the Board of Directors of Public Sector Pension Plan Investment Board

We have undertaken a limited assurance engagement of the accompanying select performance metrics of the Public Sector Pension Plan Investment Board ("PSP Investments") for the year ended March 31, 2025 (collectively the "Select Performance Metrics"), as presented in Appendix A.

Management's Responsibility

Management is responsible for the preparation of the Select Performance Metrics in accordance with the applicable criteria defined in Appendix B (the "applicable criteria"). Management is also responsible for selecting the applicable criteria used and for such internal control as management determines necessary to enable the preparation of the Select Performance Metrics that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Select Performance Metrics based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Select Performance Metrics are free from material misstatement.

A limited assurance engagement involves performing procedures (primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical and other procedures) and evaluating the evidence obtained. The procedures also include assessing the suitability in the circumstances of PSP Investments' use of the applicable criteria as the basis for the preparation of the Select Performance Metrics. The procedures are selected based on our professional judgment which includes identifying areas where the risks of material misstatement of the Select Performance Metrics are likely to arise, whether due to fraud or error.

Our engagement included the following procedures, among others:

- Making inquiries of relevant management and staff responsible for the preparation and reporting of the Select Performance Metrics;
- Obtaining an understanding of the underlying data that is used as an input into the calculation of the Select Performance Metrics;
- Obtaining an understanding of the process used to prepare and report the Select Performance Metrics; and
- Agreeing, testing, and recalculating the underlying data related to the Select Performance Metrics on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with the Canadian Standards on Assurance Engagements. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Select Performance Metrics have been prepared, in all material respects, in accordance with the applicable criteria.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the relevant rules of professional conduct/ code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Significant Inherent Limitations

Data used in the Select Performance Metrics are subject to inherent limitations of accuracy given the nature and the methods used for determining such data. The selection of different acceptable measurement techniques can result in materially different outcomes. The precision of different measurement techniques may also vary.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Select Performance Metrics of PSP Investments for the year ended March 31, 2025 are not prepared, in all material respects, in accordance with the applicable criteria.

Specific Purpose of Applicable Criteria

The Select Performance Metrics have been prepared in accordance with the applicable criteria to assist PSP Investments in reporting the Select Performance Metrics to the Board of Directors. As a result, the Select Performance Metrics may not be suitable for another purpose.

While Deloitte acknowledges the disclosure of our limited assurance report that will be made in full only by PSP Investments at its discretion in their 2025 Climate-Related Financial Disclosures Report, Deloitte does not assume or accept any responsibility or liability to any other third party in respect to such disclosure and the report therein.

Deloitte LLP[1]

[1] CPA auditor, public accountancy permit No. A125494

Montréal, Canada
August 15th, 2025

Appendix A

PSP Investments
Select Performance Metrics
For the year ended March 31, 2025

Select Performance Metrics	Unit of measurement	Year ended March 31, 2025
Total Financed emissions	Kilotonnes carbon dioxide equivalent ($ktCO_2e$)	8,480
Total Carbon footprint	Tonnes carbon dioxide equivalent per million dollars invested (tCO_2e/$ million)	33
Total Weighted Average Carbon intensity (WACI)	Tonnes carbon dioxide equivalent per million dollars revenue (tCO_2e/$ million)	114

Appendix B

PSP Investments
Applicable Criteria
For the year ended March 31, 2025

Select Performance Metrics	Definitions
Total Financed emissions	**Description:** Total Greenhouse Gas ("GHG") emissions of PSP Investments' portfolio based on its proportional share of the total enterprise value, calculated using the following formula: $$= \sum_{i}^{n} \text{Att. factor}_i * \text{GHG emissions}_i$$ The **attribution factor** is calculated using the following formula: $$= \frac{\text{Value of Holdings}_i}{\text{Total Equity}_i + \text{Debt}_i}$$
Total Carbon footprint	**Description:** Financed emissions normalized by the Adjusted AUM (net assets under management) in-scope, calculated using the following formula: $$= \frac{\text{Financed emissions}}{\text{Adjusted AUM in - scope}}$$
Total Weighted Average Carbon Intensity (WACI)	**Description:** Weighted Average Carbon Intensity of the portfolio, calculated using the following formula: $$= \sum_{i}^{n} \frac{\text{Value of Holdings}_i}{\text{Adjusted AUM in - scope}} * \frac{\text{GHG emissions}_i}{\text{Revenues}_i}$$

Select Performance Metrics	Definitions
	The methodology used by PSP Investments to calculate the portfolio Carbon footprint and Financed emissions is informed by the Partnership for Carbon Accounting Financials (PCAF) Standard, which is built on the Greenhouse Gas Protocol's Technical Guidance for Calculating Scope 3 Emissions, Category 15 (Investments). PSP Investments applies the operational control consolidation approach to determine the organizational boundaries. **Formula definitions:** "i" represents each portfolio company in the calculation "n" represents the upper limit of the summation "Value of Holdings" represents the investment's fair value, except for derivatives for which it represents their notional value. "Total Equity + Debt" represents the addition of the most recent available equity at fair value and the most recent available current and long-term debt of the portfolio companies, as per its statement of financial position, except for the following: – **Public markets:** Enterprise Value Including Cash (EVIC) instead of total equity and debt, as recommended by PCAF. – **Private markets:** When total debt is not available, net debt is used. – **Real Estate:** Equity ownership percentage value as the attribution factor for assessing PSP Investments' share of emissions, whereas PCAF recommends the use of property value at origination. "Adjusted AUM in-scope" represents the economic exposure of investments used for the carbon metrics calculation and is measured at fair value, except for derivatives. Refer to the title Scope below for additional information on Adjusted AUM in-scope. "GHG emissions" represents to the extent possible the Scope 1 and 2 emissions of PSP Investments' portfolio companies for the most recent full year datasets as of March 31, 2025. Scope 2 emissions include a mix of location-based and market-based. In addition, because of different reporting timelines and delays in data availability, companies may provide GHG emissions one to two years prior to the most recent fiscal year-end. "Revenues" represents income of portfolio company's operations for the same period as the GHG emissions. **Scope** *Public markets* • In-scope: Shares in long-only public equity strategies including those held via external managers or funds (including exchange traded funds), exposure to underlying stocks through certain derivative swaps, and listed corporate fixed income. • Out-of-scope: Shares in long-short public equity strategies, unlisted corporate and government bonds, cash and money market instruments, corporate leverage and other derivatives not in-scope. *Private markets* • In-scope: Direct and fund investments in all private market asset classes. • Out-of-scope: Assets under development in direct and co-ownership private investments, balances associated with working capital, cash, corporate leverage, and funds of funds.

Business offices

MONTRÉAL

(main business office)
1250 René-Lévesque Boulevard West
Suite 1400
Montréal, Québec
Canada H3B 5E9

Phone: +1.514.937.2772

NEW YORK

450 Lexington Avenue, Suite 3750
New York, New York USA 10017

Phone: +1.212.317.8879

LONDON

10 Bressenden Place, 8th floor
London, United Kingdom
SW1E 5DH

Phone: +44 20 37 39 51 00

HONG KONG

Suite 603-606, 6/F
One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Phone: +852 91616063

Head office

OTTAWA

135 Laurier Avenue West
Spaces Laurier
Ottawa, Ontario
Canada K1P 5J2

Phone: +1.613.782.3095

info@investpsp.ca

investpsp.com

PSP Investments