



INDEPENDANT AUDITOR'S REPORT

To the Ministère des Finances

Opinion

I have audited the table of changes in the balance of green bond proceeds for the fiscal year ended March 31, 2019 and notes accompanying it, including a summary of significant accounting policies (together the "table").

In my opinion, the accompanying table for the fiscal year ended March 31, 2019 is prepared, in all material respects, in accordance with the basis of accounting described in Note 2 of the table.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Table* section of my report. I am independent of the Ministère des Finances ("the ministère") in accordance with the ethical requirements that are relevant to my audit of the Table in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

I draw attention to Note 2 to the table, which describes the basis of accounting applied. The table has been prepared in order to allow the Government of Québec to present the table of changes in the balance of green bond proceeds. As a result, the table may not be suitable for another purpose. My opinion is not modified in respect of this matter.

It is the Government of Québec's responsibility to determine the eligibility of projects under the Québec Green Bond Program and to ensure that the amounts paid have in fact been used for these projects. Therefore, I do not express an opinion thereon.

Responsibilities of Management for the Table

Management of the ministère is responsible for the preparation of the table in accordance with the basis of accounting described in Note 2; this includes determining that the basis of accounting is an appropriate method for the preparation of the table in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the table that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Table

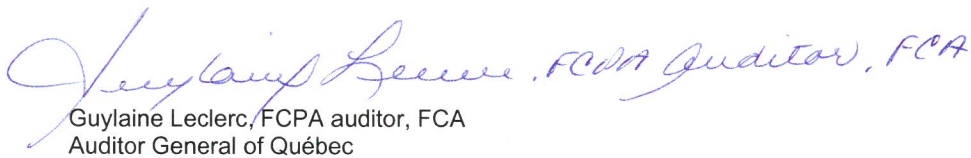
My objectives are to obtain reasonable assurance about whether the table is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance 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 this Table.

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

- Identify and assess the risks of material misstatement of the table, 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 my 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 ministère's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide management with a statement that I 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 my independence, and where applicable, related safeguards.

 *Guylaine Leclerc, FCPA Auditor, FCA*
Guylaine Leclerc, FCPA auditor, FCA
Auditor General of Québec

Québec, August 30, 2019

**Table of changes in the balance of green bond proceeds
Fiscal year ended March 31, 2019**

Balance as at March 31, 2018	\$374,500,000
Proceeds from the July 6, 2018 green bond issue	498,045,000
Proceeds from the February 22, 2019 green bond issue	798,688,000
Proceeds from the Quebec Fixed-rate green bond issues	28,691,333
Amounts paid to CDPQ Infra for :	
The Réseau express métropolitain (REM) project	(998,045,000)
Amounts paid to the Société de transport de Montréal for :	
The Réno-systèmes project	(63,000,000)
The Réno-Infrastructures project	(50,000,000)
The AZUR project	(268,500,000)
The hybrid bus purchase project	(55,025,000)
Balance as at March 31, 2019	<u>\$265,354,333</u>

Notes

1. Background

The Government of Québec has set up a green bond program during the 2016-2017 fiscal year. Green bonds are used to raise capital that is earmarked for specific projects in order to generate tangible benefits for Québec in the areas of protection of the environment, reduction of greenhouse gas emissions or adaptation to climate changes.

2. Basis of Accounting

The Table, prepared by management, presents the changes in the balance of green bond proceeds on a cash basis. Green bond proceeds are deposited in a designated account and debited from it when the selected projects require funding. Unused amounts can be invested in short-term securities.

Projects eligible for the Québec Green Bond Program are approved by the Government of Québec, and it is its responsibility to ensure that the amounts paid have been used for these projects.

3. Interest earned on the designated account

The interest earned on the proceeds in the designated account is not used to finance projects related to green bonds and is remitted to the Consolidated Revenue Fund of the Province of Québec.

4. Entities beneficiary of the amounts paid

The Réno-systèmes, Réno-Infrastructures, AZUR and hybrid bus purchase projects are under the responsibility of the Société de transport de Montréal, which is not included in the Government's reporting entity. CDPQ Infra is responsible for the REM and is a subsidiary of the Caisse de dépôt et placement du Québec, which is an entity related to the Government of Quebec.

Deputy Minister of Finance,



Pierre Côté

Assistant Deputy Minister, Financing, Debt
Management and Banking and Financial
Operations,



Alain Bélanger