



2025 Report on Positive Transformation

— Highlights



1. Our positioning



Mission

A two-fold mission:

- ▶ Support Québec workers in their efforts to save more for their retirement, particularly by raising awareness and offering an accessible savings product;
- ▶ Harness these accumulated savings to benefit Québec's economy, society and environment, by investing them in ways that meet people's needs while protecting our environment and respecting the limits of natural ecosystems.

Vision and belief

Become THE fund for positive transformation.

Our assessment is crystal clear: the current economic model is unsustainable.

There is an urgent need for action: We're witnessing an environmental crisis and growing social inequality.

Change is essential and unavoidable, and it must be radical: there are no more excuses; either we continue to finance an old economy that is leading us straight into the wall, or we innovate and support concrete solutions to our common challenges.

It's imperative that the economy transforms itself to become fairer, more inclusive, greener and more performant, enabling it to meet people's needs while respecting the planet's limits.

Fondaction, in fulfilling its responsibilities as a financial actor, resolutely directs the capital entrusted to it towards this **positive transformation of the economy**.

Positive transformation of the economy



fairer

Issues

- ▶ Concentration of wealth in the hands of the richest people, while the purchasing power of the majority declines
- ▶ Shrinking middle class
- ▶ Declining social mobility

Answers

- ▶ Offer an accessible and affordable savings solution for middle-class individuals and those who are less well-off than them
- ▶ Invest according to themes that contribute to the general interest in sectors such as education, agri-food, health and information
- ▶ Facilitate access to home ownership by offering a cooperative model and supporting social economy initiatives



**more
inclusive**

Issues

- ▶ Significant negative effects for groups that are victims of sexism, racism or other forms of discrimination
- ▶ Social costs and social divisions arising from a lack of inclusiveness
- ▶ High opportunity cost, as companies with diversity and inclusion generally perform better, particularly because they attract and retain high-performing employees

Answers

- ▶ Support companies that embrace diversity and inclusion by providing them with financing and expertise
- ▶ Promote social economy models



greener

Issues

- ▶ Climate change has a major impact on life on Earth
- ▶ Biodiversity is vital to sustain life, including human life
- ▶ The planet's resources are limited

Answers

- ▶ Support companies and projects that open up new markets and contribute to the fight against climate change
- ▶ Encourage companies that consume the fewest resources and those whose business models are based on reuse and recycling
- ▶ Assist companies that recognize the need to adapt and change their practices



**more
performant**

Issues

- ▶ The prevailing economic model, based on unlimited growth in the face of limited resources, is unsustainable
- ▶ Québec's economy lacks innovation, productivity and resilience in order to diversify its markets
- ▶ Québec must succeed in its digital transition

Answers

- ▶ Define measurements of economic success that take into account human well-being and respect for the planet's limits
- ▶ Help companies with sustainable products and services grow their exports
- ▶ Support innovation to better tackle environmental and social challenges

Intentions

Impact savings

Enabling people of modest means to prepare for retirement while improving the world in which they will live.

Our intentions

- ▶ Make access to pension plans fairer
- ▶ Increase financial inclusion of the underserved
- ▶ Reduce the number of people who are financially vulnerable in retirement
- ▶ Improve financial literacy and encourage people to save for retirement

Impact investing

Driving and accelerating change by investing in high-performing, sustainable companies and organizations. These will constitute tomorrow's economy because they particularly help:

- ▶ fight against climate change;
- ▶ protect biodiversity;
- ▶ reduce inequalities;
- ▶ end exclusions;
- ▶ achieve greater social justice.

Our intentions

- ▶ Mobilize and direct capital to address societal challenges
- ▶ Develop innovative financial solutions that can transform the economy
- ▶ Drive changes in the business models of companies, funds and other investors to increase their sustainability and impact



2.

Highlights: a reflection of our intentionality

Our approach Giving money meaning

- ▶ Our vision and beliefs shape our actions.
- ▶ We set ambitious goals for ourselves.
- ▶ We implement strategies that are consistent with our values.
- ▶ We measure our results without complacency.

**+ \$4 G in assets
225,451 savers**



**A lever for
transformation**

**An approach based
on double materiality**

Measuring the influence of ESG issues
on our investments' performance
AND
**Assessing our investment
decisions' impact** on society
and the environment.



A theory of change

This approach charts the path forward to make our economy **fairer, more inclusive, greener, and more performant.**

Savings

Raising capital through groups and for the benefit of their members

We raise capital through savings by means of:

- ▶ amplification
- ▶ engagement
- ▶ impact

by connecting with groups that:

- ▶ need support to offer retirement savings solutions
- ▶ operate in sustainability

for the benefit of organizations and savers who share our values.

ENGAGEMENT

56%

Target: 50%

Share of new groups operating in sustainability



IMPACT

42%

Target: 50%

Share of new groups that have introduced an employer contribution

AMPLIFICATION

12,790

Number of new shareholders

\$180.3 M

Target: \$194 M

Amount of money received as payroll deductions



Investments

Generating the best return/risk/sustainability ratio

We allocate capital across various asset classes, including:

- ▶ a portfolio of development capital investments
- ▶ diversified investments on the financial markets
- ▶ fund platforms developed and managed by Fondaction Asset Management

and in the four sustainable finance categories:

- ▶ responsible investing
- ▶ sustainable investing
- ▶ impact investing
- ▶ structuring investing

to achieve positive social and environmental benefits while generating a financial return.



\$356.1 M

Impact investments on public markets

42%

Target: 35%

Share of sustainable investments in other investments (public markets)

\$537.3 M

Impact investments in Québec sustainable companies



Sustainable agri-food



Fight against climate change



Sustainable cities and communities



Health and well-being



52.2%

Target: 51%

Share of sustainable investments in development capital investments

Investments

Generating the best return/risk/sustainability ratio

The social and environmental benefits of these investments are rigorously measured. The examples shown opposite demonstrate the results observed and the tangible effects of our sustainable finance strategy.



675

Target: 1,000

Affordable, social or community housing units built or under construction*, **including 48 units from**



52,314

Tonnes of certified organic food produced by portfolio companies**

16.9 t CO₂ eq./\$M

Carbon intensity of the entire portfolio**



13,795 t. CO₂ eq.

Volume of GHGs removed from the atmosphere*** **through**
INLANDSIS

* Cumulative result since the launch of the sustainable real estate strategy and the PrimAccès fund. Target as of May 31, 2025.

** Results as of May 31, 2025.

*** The result is cumulative since the fund's inception and was measured as of March 31, 2025.

Engagement and dialogue

Increasing and amplifying impact

We are engaged in ongoing dialogue designed to:

- ▶ Rally financial and civil society stakeholders around sustainability issues;
- ▶ Develop the ability to influence the practices and definition of sustainable finance;
- ▶ Build capabilities, share knowledge and implement solutions to sustainability challenges.

Financing the transformation

Investing without harming, and to change for the better

Changing finance

Steering the financial sector toward positive transformation



9 biodiversity indicators for Québec investors

Enable the impact of a project's implementation on the surrounding natural environment to be measured, so that it can be taken into account before investing.

Canadian Impact Investing Working Group

Mobilize asset owners to deploy resources and solutions that will increase the country's impact investing.



Génération d'impact

Training and mentoring programs to help young intrapreneurs who want to make a difference, both inside and outside their organization.