

# Information related to the fight against climate change

Climate change has tangible consequences for societies and their economies. In the decades to come, it will continue to have numerous direct impacts and financial implications.

Fondaction complies with the voluntary disclosure standard of the Task Force on Climate-related Financial Disclosures, which covers four key aspects of the financial risks associated with climate change: the governance structure, the organizational strategy, the risk management framework and the ways of measuring the organization's exposure to climate risks.

## Governance

With regard to development capital investments (DCIs) and other investments (public markets), the Board of Directors monitors the integration of climate risks and opportunities into decision-making.

In the case of DCIs, the Investment Committee, mandated by the Board, analyzes all investment projects to ensure that they comply with environmental impact orientations and commitments.

As for other investments, the Board defines the Financial Investment Policy and sets the extrafinancial parameters to be integrated, as well as the exclusion criteria determined in the [Sustainability Policy for Investments](#), particularly with regard to the ownership or operation of fossil fuel reserves or carbon-intensive infrastructures.

The Investment Committee, mandated by the Board, ensures that environmental, social and governance (ESG) factors are integrated into the asset selection and management processes. The investment team regularly monitors external managers to ensure that the extrafinancial objectives, targets and orientations set out in the Financial Investment Policy (Other Investments), the Sustainability Policy for Investments and the Policy on Voting Rights in Publicly Listed Companies are respected.

\* As indicated on [page 32 of the 2025 Report on Positive Transformation](#), we are currently in a transition period to the *Canadian Sustainability Disclosure Standard (CSDS) 2 – Climate-related Disclosures*.

## Strategy

As an investor, Fondaction bases its strategy on a systematic assessment of market risks and opportunities, including climate change, namely through an ESG analysis process.

With regard to DCIs, Fondaction ensures that part of the portfolio contributes to the fight against climate change. The goal is to make a concrete contribution to reducing greenhouse gas (GHG) emissions and promoting the energy transition. In line with its double materiality approach, Fondaction selects companies that have adopted decarbonization strategies, and limits its exposure to companies or industries most exposed to the impacts of climate change.

The extrafinancial analysis team identifies both climate-related risks and opportunities. This enables senior management to select companies that offer solutions to reduce GHG emissions and adapt to climate change, while also considering those that incorporate the best environmental practices and are the most resilient.

A significant portion of the portfolio is devoted to companies and funds involved in clean technologies or offering innovative processes for climate resilience. For instance, 14% of DCIs classified as sustainable are aligned with at least one target of SDG\* 13 (Climate action).

## Risk management

Our Integrated Risk Management Policy considers environmental risks as organizational risks. Although Fondaction's day-to-day activities are not very exposed to climate risks, internal decisions take account of climate issues, both in the design and management of its buildings and in the management of its staff.

To reduce its exposure to climate change risks, Fondaction has chosen to exclude investments in companies that own or operate fossil fuel reserves or carbon-intensive infrastructures. Companies financed as part of the fight against climate change must reduce their exposure to climate risks.

As for other investments (public markets), Fondaction selects external managers and portfolios that incorporate ESG factors as part of a risk management approach. In addition, Fondaction has chosen to invest significantly in the ecological transition, with over a third of its fixed-income investments in green bond portfolios.

In order to base its decisions on the best risk assessment practices, Fondaction takes part in a number of initiatives, as demonstrated by its commitments to the Investors Council of the Global Impact Investors Network (GIIN) and the Finance for Biodiversity Pledge (FfB), as well as its participation as a signatory to the Institutional Investors Release Declaration on Financial Risks Related to Climate Change.

\* United Nations' Sustainable Development Goals

## Measurement

Each year, Fondation calculates its carbon footprint and estimates the greenhouse gas (GHG) emissions associated with its investments. It also assesses the contribution of its investments to reducing these emissions and fighting against climate change.

The following pages present results for fiscal year 2024-2025, along with methodological notes.

### Carbon intensity

Each year, the organization calculates the carbon intensity of its investments to assess the GHG emissions they generate. This approach makes it possible to analyze their environmental impact and associated climate risks.

The data opposite shows the carbon intensity of the entire portfolio, as well as by investment type. Total financed emissions are shown on [page 5](#).

**16.9**  
**tonnes CO<sub>2</sub> eq./\$M**

**Carbon intensity of the entire portfolio as at May 31, 2025<sup>1</sup>**  
59% lower than the benchmark portfolio<sup>2</sup>

#### Carbon intensity by investment type

<b>Development capital investments</b> (direct, specialized funds, real estate, QEMP and QPC)	14.7 tonnes CO <sub>2</sub> eq./\$M
<b>Other investments (public markets)</b>	20.1 tonnes CO <sub>2</sub> eq./\$M
Shares	7.2 tonnes CO <sub>2</sub> eq./\$M
Fixed-income securities	35.7 tonnes CO <sub>2</sub> eq./\$M

## Avoided GHG emissions

Each year, Fondation quantifies the emissions avoided by the various companies and projects supported through its development capital investments.

This data allows the team to gain a better understanding of how the environmental performance of funded initiatives has evolved.

**1,057,696**  
**tonnes CO<sub>2</sub> eq./year**

Total amount of avoided emissions for the 2024-2025 fiscal year<sup>3</sup>, including approximately **285,979 t CO<sub>2</sub> eq./year** in attributable emissions avoided<sup>4</sup>, based on Fondation's financial participation

**160.3**  
**tonnes CO<sub>2</sub> eq./\$M**

Amount of avoided emissions per million dollars invested in Québec companies and partner and specialized funds

## Breakdown of avoided GHG emissions by project category



- Sustainable agri-food - 10%
- Sustainable buildings - 2%
- Miscellaneous/funds - 13%
- Renewable energy - 32%
- Carbon solution - 28%
- Valorized residual materials - 12%
- Sustainable cities and mobility - 3%

## GHG emissions report

GHG management is an essential component of our Environmental Responsibility Policy. Although internal activities generate few emissions and are not subject to specific regulations, Fondaction believes it's crucial to monitor, analyze and improve them continuously.

The table opposite shows the GHG emissions report, broken down by scope.

Scope 1 emissions <sup>5</sup>	Result (t CO <sub>2</sub> eq.)
Fossil fuel consumption of buildings under Fondaction's operational control, as a proportion of the area occupied by Fondaction	None in 2024-2025
Refrigerant gas leaks, as a proportion of the area occupied by Fondaction <sup>6</sup>	27.3
<b>Total for Scope 1</b>	<b>27.3</b>
Scope 2 emissions	Result (t CO <sub>2</sub> eq.)
Electricity consumption of buildings under Fondaction's operational control, as a proportion of the area occupied by Fondaction	1.8
<b>Total for Scope 2</b>	<b>1.8</b>
Scope 3 emissions	Result (t CO <sub>2</sub> eq.)
Category 6 (emissions related to business travel by Fondaction employees and representatives)	139.7
Category 7 (emissions related to employee commuting between home and work)	183.7
Category 15 (financed emissions) <sup>7</sup>	61,662.7
<b>Total for Scope 3</b>	<b>61,986.1</b>
<b>TOTAL</b>	<b>62,015.1</b>

# Methodological notes

Indicator	Page	Notes
1. Carbon intensity of the entire portfolio	3	Carbon intensity of financed GHGs. Fondaction’s total asset coverage ratio is 92%. Government bonds, portfolios with alternative strategies and cash are excluded from the calculation. In comparison, the carbon intensity of the entire portfolio as at May 31, 2024 was 21.1 t CO <sub>2</sub> eq./\$M. It should be noted that the carbon intensity specific to the other investments (public markets) portfolio as at April 30, 2025, published on June 23, 2025 in the press release on Fondaction’s share value, was 20.1 t CO <sub>2</sub> eq./\$M. To assess its portfolio’s exposure to risks associated with GHG emissions, Fondaction uses the Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials (PCAF). Given the high exposure to the private market, adjustments have been made to the methodology in order to take development capital investments into account.
2. Carbon intensity of the benchmark portfolio	3	A benchmark portfolio was selected to compare Fondaction’s exposure with market conditions during the period under review. The portfolio consists of the following indexes: 40% MSCI ACWI, 40% Canadian Universe Bonds FTSE TMX and 20% TSX Composite. Its carbon footprint as at May 31, 2025 was 41.4 t CO <sub>2</sub> eq./\$M.
3. Total amount of avoided emissions	4	In comparison, avoided emissions were 895,911 t CO <sub>2</sub> eq. for the 2024-2025 fiscal year. The reference scenarios used to estimate the emissions avoided by companies and projects that are financed through the development capital investment portfolio are based on the ISO 14064 -2:2019 standard.
4. Avoided emissions attributable to Fondaction’s financial participation	4	Attributable avoided GHGs and avoided GHG intensity per million dollars invested are being published for the first time this year. The total avoided GHGs for each company or fund are attributed to Fondaction on a proportional basis, by applying its ownership percentage to the enterprise value including cash.
5. Perimeter of Scope 1 emissions	5	Only stationary emissions and fugitive emissions are included in Scope 1, since Fondaction does not own any vehicles and does not generate process emissions.
6. Fugitive emissions	5	In the absence of precise data from maintenance operations regarding the quantity of refrigerant added or recovered, a 7% default annual leakage rate was used to estimate R410A refrigerant losses for the analyzed equipment. This assumption is based on several recognized sources: GHG Protocol, <i>Stationary Combustion Technical Guidance</i> , 2015; EPA, <i>Greenhouse Gas Inventory Guidance for Refrigeration and Air Conditioning</i> , 2015; IPCC, <i>2006 Guidelines for National Greenhouse Gas Inventories</i> , Volume 3, Chapter 7. Therefore, the 7% rate was chosen as a conservative and realistic value, reflecting the fact that the equipment is either recent or well-maintained, and taking into account the uncertainty surrounding the charging data.
7. Financed emissions	5	Fondaction’s total asset coverage ratio is 92%. Government bonds, portfolios with alternative strategies, and cash are excluded from the calculation.