



# 2025 Report on Positive Transformation



## A report on positive transformation to account for:

### What we want to do

- our intentions

### What we are doing

- our approach and strategies

### Where we are now

- our current results, improvements and achievements

This report on positive transformation is the third of its kind.

It once again uses recognized reference standards that set some of the most stringent requirements. Additionally, we have developed tailored methodologies to meet our specific needs.

#### **New Canadian standards**

Fondaction has chosen to align its disclosure framework with the new Canadian Sustainability Disclosure Standards 1 and 2 published by the Canadian Sustainability Standards Board in January 2025.

#### **New elements**

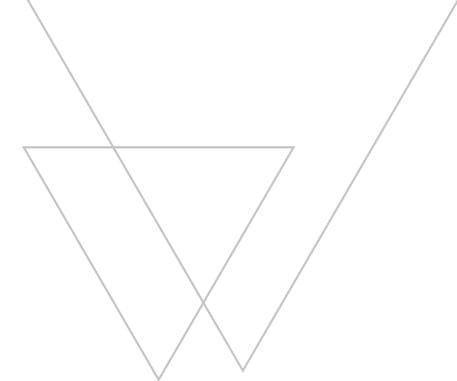
We have revised our Environmental Responsibility Policy. Similarly, we have implemented measures to structure and monitor our diversity, equity, and inclusion practices.

In addition, Fondaction and Bâtirente announced their combination on January 1<sup>st</sup>, 2025. This combination results in a new strategic offering comprising a diverse range of financial products that is even better suited to the needs of savers. More details are provided in the conclusion of this report.

It should be noted that the current reporting, which covers the June 1<sup>st</sup>, 2024 to May 31, 2025 period, is limited to Fondaction's activities and results.

We intend to present from 2026 onwards a report that will include information about Bâtirente.

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# 1.

## Our positioning

1.1 Mission

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1.2 Vision and belief

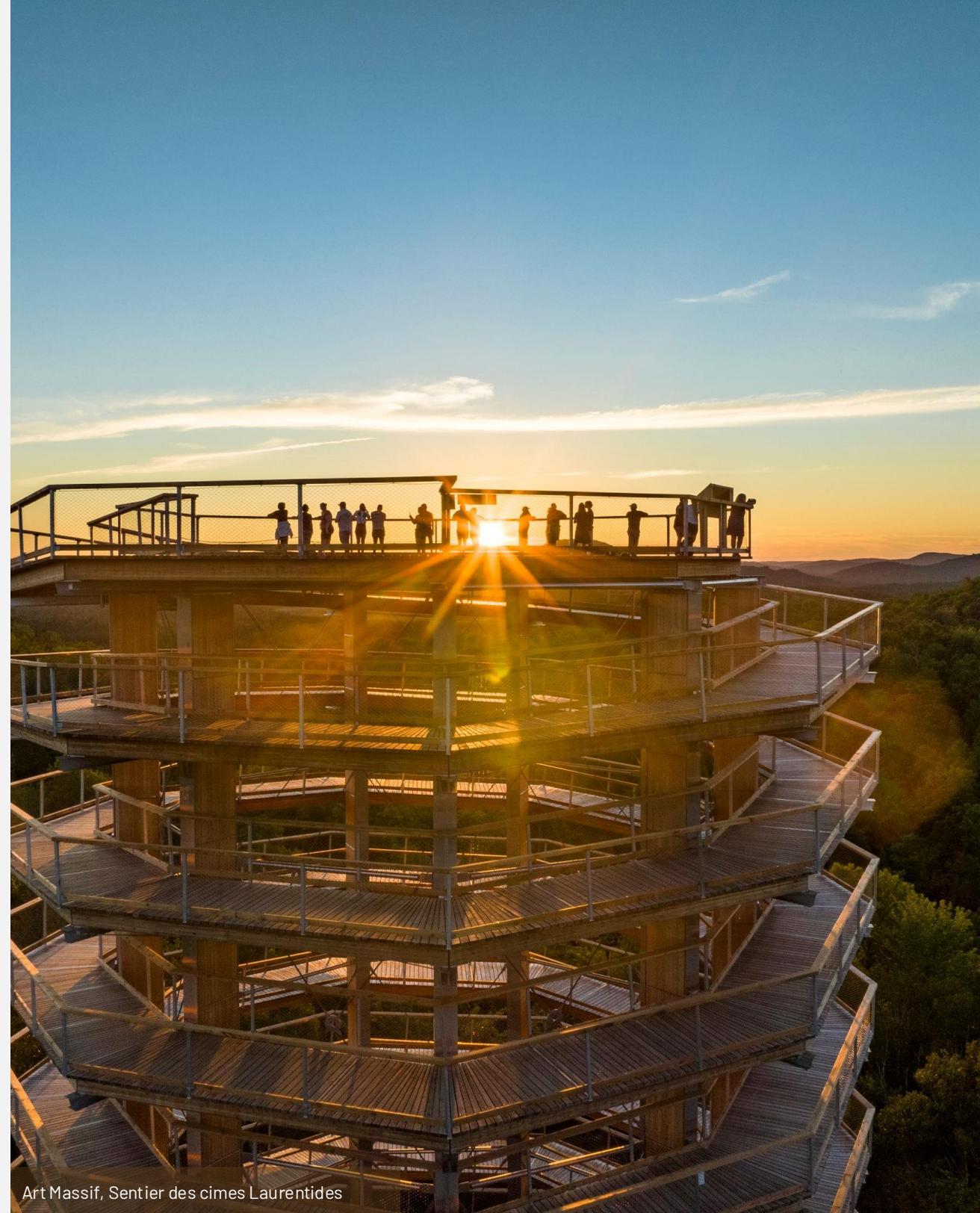
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1.3 Positive transformation of the economy

7

1.4 Intentions

8



Art Massif, Sentier des cimes Laurentides



Société de développement Angus (Technopôle Angus)

## 1.1 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.



Fiducie UPA-Fondation (agricultural land in Boucherville)

## 1.2 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.**

## 1.3 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



## 1.4 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



Café William (Sherbrooke)

## 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.

**+ \$4G 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

**\$180.3M**

**Target: \$194M**

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 Fondation 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.



**\$356.1M**

Impact investments on public markets

**42%**

**Target: 35%**

Share of sustainable investments in other investments (public markets)

**\$537.3M**

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

Carbon intensity of the entire portfolio\*\*



**13,795 t. CO<sub>2</sub> 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 .

\*\*\* Results 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.

# 3.

## Our approach and strategies

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## 3.1 Lever for transformation

To give money meaning, Fondaction has worked since its inception with people who are committed to the positive transformation of Québec's economy. The goal: to make it fairer, more inclusive, greener and more performant.

Today, Fondaction brings together over 225,000 savers, who have amassed \$4.04 billion collectively, giving them the power to make a difference.

The money from all these people is financing a transformation of the economy that is more necessary than ever.

Our expertise and leadership are helping to change finance, including our own way of doing things as financiers.



**When you buy a consumer good, you can read the label to find out what's in it and where it comes from.**

When you buy a savings product, I think you should know what it contains and where it's going. Where your money, your savings, is going. How it's "placed." How it's invested.

No one wants their savings to contribute to the destruction of the planet and render it uninhabitable for future generations. Or that their savings are used to exploit people, make the poor poorer, and make the rich richer. Or that their savings are used to force children to work somewhere in the world.

Nobody wants that!

— Geneviève Morin, President and Chief Executive Officer  
Speech delivered to nearly 500 people on November 4, 2024 at the Canadian Club of Montreal

## 3.2 Theory of change

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Fondaction's theory of change: how we make an impact 19



## What's a theory of change?

In the world of impact investing, each fund develops its own theory of change.

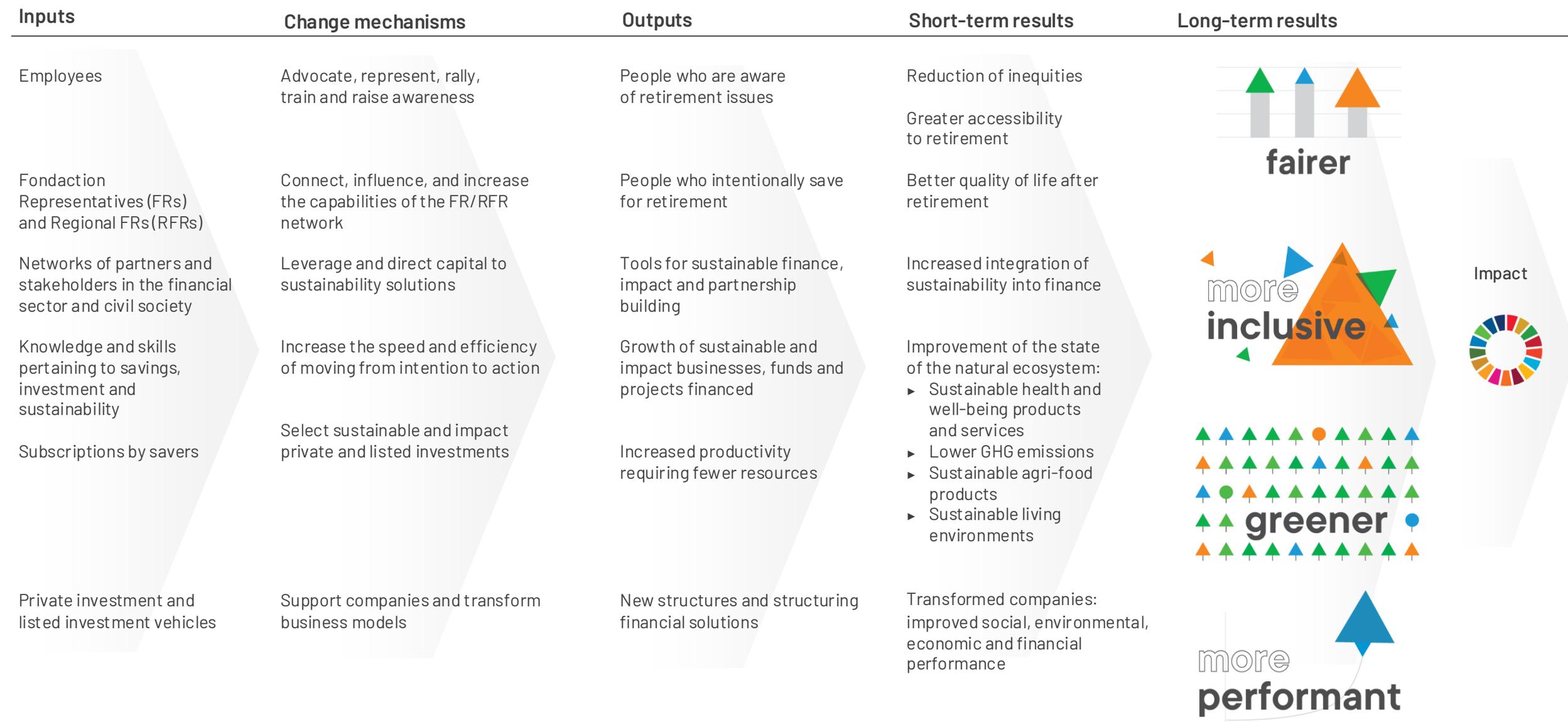
This logical framework explains how its impact is achieved, and outlines the roadmap for bringing about the desired change.

The following page presents the theory of change developed by Fondaction.



Gen V

## Fondaction’s\* theory of change: how we make an impact



\* The structure that a theory of change should follow is explained on [page 12 of the 2024 Report on Positive Transformation](#).

### 3.3 Raising capital through savings

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Société Laurentide (Shawinigan)

## Our approach

At Fondaction, raising capital through savings is a lever for collective change, both social and environmental, over the long term.

Fondaction's retirement savings solutions are accessible to everyone and promote better financial and extrafinancial literacy. Thanks to them, our shareholders become fully-fledged players in the positive transformation of the economy.

Many employers are also choosing to be part of this movement by offering our savings solutions to their employees.

This approach also makes it possible to save with a purpose, namely to align one's personal finances with one's values and with the intention of having a positive social and environmental impact.

### In short, it's about:

- ▶ Facilitating access to savings for all people, especially those who need it most;
- ▶ Helping to meet the significant need for retirement savings;
- ▶ Promoting intentional savings that empowers collective action for positive transformation.

Fondaction's impact savings contribute to the following Sustainable Development Goals:



## Our impact savings strategy

### Approach

Fondaction's impact savings approach defines a strategy that encompasses three orientations: amplification, engagement, and impact.

In 2024, we established an initial series of indicators and targets, the results of which are presented on pages [35](#) to [37](#).



### Strategic orientations

#### Amplification

Helping to meet the significant need for retirement savings, while enabling Fondaction to take action to foster positive change.

#### Engagement

Empowering organizations and individuals to act collectively on themes and goals of positive transformation through intentional savings.

#### Impact

Facilitating access to savings for those who need it most.

## Reaching savers through group characteristics

We make a special effort to encourage saving among individuals and employee groups with these key characteristics:

- ▶ People with lower incomes for whom tax credits have a greater influence on their ability to save;
- ▶ Individuals who don't have access to a supplemental pension plan or whose plan is insufficient;
- ▶ Savers who won't be able to contribute long enough to reach the maximum amount under the public pension plan;
- ▶ Individuals who work in sectors with high job insecurity;
- ▶ People in need of better financial and extrafinancial literacy.

These individuals have diverse socioeconomic profiles. However, there is a higher proportion of women, Indigenous people, immigrants, seasonal workers and late-entrants to the labor market, as well as people with a low level of education.



## 3.4 Capital deployment

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La Milanaise (Saint-Jean-sur-Richelieu)



Boralex: Frampton community wind farm

## Giving money meaning

### Investor responsibility and belief

Fondaction seeks to act positively in the interests of its shareholders and society in general by investing in assets that have a positive impact.

Fondaction understands its fiduciary duty by integrating the concept of sustainability. Sustainable finance is not a fad: it's the finance of the future.

Our desire for positive transformation is reflected in innovative and responsible asset allocation and management.

**Fondaction invests in different asset classes to achieve positive social and environmental benefits, while generating a financial return.**

### Two main types of portfolio

Fondaction's financial assets are diversified and divided into two main categories: development capital investments (DCI) and other investments (public markets).

- ▶ The DCI portfolio comprises direct investments in companies, investments in specialty funds, investments in sustainable real estate, interests in structuring projects, and shares in Québec-based companies.
- ▶ The other investments (public markets) consists of several investments made through external managers on the stock market, as well as bonds and, to a lesser extent, various alternative investments.

## Our sustainable finance strategy

### Leveraging capital to good effect

Fondaction leverages its savers' capital by directing its investments towards companies and funds that have a positive impact and seize opportunities related to sustainability issues.

Fondaction prioritizes investments that focus on:

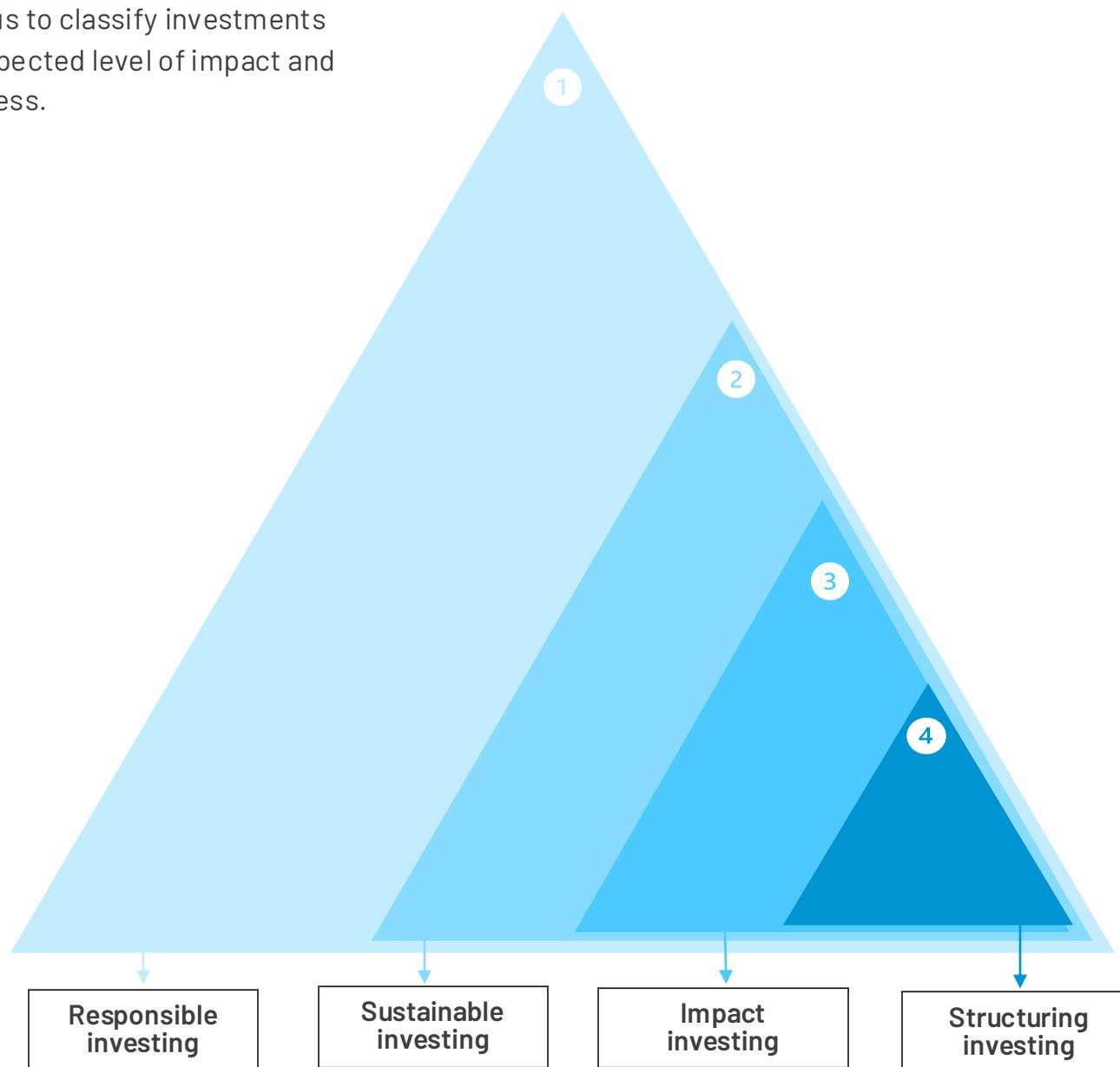
- ▶ encouraging companies that integrate environmental, social and governance factors into their decision-making processes;
- ▶ supporting companies in their endeavours to expand, enhance productivity, reduce their environmental footprint, foster innovation and promote equity and inclusion;
- ▶ endorsing strategic initiatives and projects that yield significant economic benefits, increase access to quality jobs, protect the environment and reduce inequalities;
- ▶ empowering workers to collectively influence the sustainable development of Québec.



Les Moulins de Soulanges (Coteau-du-Lac)

## Sustainable finance spectrum

This diagram allows us to classify investments according to their expected level of impact and to assess their progress.



### A classification by level of impact

Our sustainable finance strategy aims to direct all of our assets toward sustainable and impact investing. It's based on our [Sustainability Policy for Investments](#).

As part of this strategy, we have defined the sustainable finance spectrum, which is shown opposite. This diagram consists of four non-exclusive categories: an investment must first be deemed responsible before it can be considered sustainable, and then sustainable before it can be deemed impact. As for structuring investments, they are directly classified as such since their purpose is to address a market failure.

Definitions of each investment category can be found on the following page.

## Investment identification and selection process

This chart shows our investment universe, i.e. our definition of each investment category and the mechanisms we use to screen and select them.

### Responsible investing

An investment that takes into account the integration of ESG factors from a risk management standpoint, while providing a financial return.

#### Development capital investments:

- ▶ Screening by exclusion (sectors\*):
  - Weapons
  - Adult entertainment
  - Fossil energy
  - Gambling
  - Tobacco
- ▶ Performance thresholds
- ▶ ESG analysis by materiality of issues

#### Other investments:

- ▶ Screening by exclusion (same as development capital investments)
- ▶ External managers who are signatories of the Principles for Responsible Investment (PRI)
- ▶ Systematic ESG analysis carried out by the external managers

### Sustainable investing

An investment that not only takes ESG criteria and factors into account, but also creates social or environmental benefits that contribute directly to achieving one or more of the Sustainable Development Goals (SDGs), while providing a financial return.

#### Development capital investments:

- ▶ Positive screening based on business model sustainability
- ▶ Positive screening based on the contribution of companies' products and services to the SDGs

#### Other investments:

- ▶ Shares in listed companies and bonds that contribute to at least one SDG
- ▶ Bonds that contribute to at least one SDG or bonds certified by the International Capital Market Association (ICMA) as being linked to sustainable development
- ▶ Framework for analyzing alignment with the SDGs

### Impact investing

An investment made with the intention of achieving a measurable social or environmental impact, while providing a financial return.

#### Development capital investments:

- ▶ Positive screening based on impact conditions:
  - Intentionality
  - Additionality
  - Impact measurements
- ▶ Impact grids
- ▶ Impact themes

#### Other investments:

- ▶ External impact managers (theory of change and impact indicators)
- ▶ Bonds that meet Fondaction's impact requirements
- ▶ Bonds certified as social, green or sustainable according to the ICMA (Green Bond Principles, Social Bond Principles or Sustainability Bond Guidelines)

### Structuring investing

An investment that targets promising and innovative projects. These projects, mainly specialized financial vehicles, aim to structure a sector and implement solutions that address a market failure and generate positive and measurable impacts, while providing a financial return.

#### Development capital investments:

- ▶ Creation of financial solutions
- ▶ Leadership in both financial structuring and project implementation

#### Other investments:

- ▶ Structuring initiatives by external managers and partners

\* The exclusion by sector and type of activity approach followed by Fondaction is described in detail in the [Sustainability Policy for Investments](#).

## 3.5 Multireferential model

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Art Massif: Daniel-Lauzon outdoor skating rink (Mont-Tremblant City)

## Our multireferential model based on double materiality

In order to contribute to the Sustainable Development Goals (SDGs), organizations must understand and manage their positive and negative impacts transparently, reliably and objectively. They must operate within what our planet has to offer, and not exceed the ecosystem's capacity to support their production.

This is where **double materiality** comes into play:

- ▶ First, we analyze **how environmental, social and governance issues (ESG) can influence the financial performance** of our investments (**financial materiality**).
- ▶ Second, we assess **the impact of our investment decisions on society and the environment (impact materiality)**.

It's this dual perspective that guides our approach.

**Fondaction believes that organizations must go beyond their own results and seek to understand their impact on their environment.**

The vision and orientation of the sustainable finance strategy are aligned with the SDGs as a purpose.

Our sustainability assessment methodology is therefore based on the SDGs at all levels, whether in terms of savings, development capital investments or other investments (public markets).

Fondaction uses a multireferential framework to develop its sustainable finance strategy and implement it in its investments.

This framework incorporates various standards and tools, based on:

- ▶ the degree of sustainability integration attained in the investment process;
- ▶ the most appropriate measurements for evaluating activities;
- ▶ the relevant information to be disclosed.

Our private investment and listed investment strategies consider impact investing as the preferred tool for contributing to the SDGs. In this context, the Operating Principles for Impact Management and the tools developed by the Global Impact Investing Network (GIIN) help us make the right choices and design our impact management system optimally.

## Multireferential model

The measurement and reporting of sustainability performance are based on various management frameworks and disclosure standards. Some are sector-specific or specific to finance, while others, more general, ensure overall consistency.



## Measurement and analysis reference standards

**For development capital investments**, we use the Sustainability Accounting Standards Board (SASB)'s materiality matrix and the Global Real Estate Sustainability Benchmark (GRESB)'s ESG assessment questionnaires. These are our key tools for assessing ESG and sustainability risks and opportunities. We use the SDG targets to filter sustainable investment opportunities and determine the conditions under which impact investing applies. In addition, we draw on the Impact Management Project (Impact Frontiers) IMP model to determine whether or not the selected projects qualify as impact investments.

**As for other investments (public markets), the Institutional Limited Partners Association (ILPA)'s ESG questionnaire is incorporated into the extrafinancial performance assessment process carried out by the fund managers.**

We use the International Capital Market Association (ICMA)'s principles that govern green, social and sustainable bonds to identify and classify bonds within the sustainable finance spectrum.

## Disclosure reference standards

### Canadian Sustainability Disclosure Standards (CSDS)

The Canadian Sustainability Disclosure Standards (CSDS) consist of two parts: CSDS 1 sets general requirements for sustainability-related financial disclosures, while CSDS 2 focuses specifically on disclosures related to climate change.

These two standards are important to Fondaction because they provide normative frameworks for standardizing sustainable finance practices and disclosure. This allows financial institutions to speak a comparable language.

Our integration process combines two steps. The first step seeks to evaluate how well our sustainable finance practices align with the requirements of the two standards. This assessment will help us pinpoint elements that will improve our sustainable and impact practices. The second step is to determine the appropriate level of disclosure.

With the support of our partner Aequo, we conducted an analysis of the gaps between our practices and the practices recommended in CSDS 1.

### Fondaction's alignment

The graph on the right presents the results of this analysis. It shows that most of the criteria analyzed are "almost aligned" or "well aligned" with the standard's requirements, particularly in the section on indicators and targets. The criteria associated with strategy and risk management will require more attention from Fondaction.

An analysis of the gaps with respect to CSDS 2 is underway. We will draw on the results to prepare our future disclosures and guide our efforts in the fight against climate change.

#### Governance (7 criteria)



#### Strategy (11 criteria)



#### Risk management (7 criteria)



#### Indicators and targets (15 criteria)

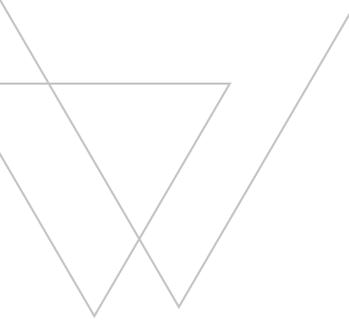


# 4.

## Our results

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## 4.1 Savings

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## Impact savings: results

The social impact of savings is determined by how effective they are at reducing socioeconomic inequalities in retirement.

The analysis of these inequalities guides our interventions in favour of those most likely to suffer the consequences.

In 2024, we presented an initial series of impact savings indicators related to each of our three orientations: amplification, engagement and impact.

Of the six targets, three were met and even exceeded.

The gap for the other three can mainly be explained by an economic and financial environment characterised by uncertainty. This has impacted individuals' savings, as well as the priorities of the companies we work with.

## Amplification

A total of 115,809 shareholders have subscribed to shares over the past year. Share issues enabled Fondation to raise nearly \$389 million, compared to \$390 million in 2023-2024 and \$369 million in 2022-2023.

Fondation welcomed 12,790 new savers in 2024-2025, bringing the total number of shareholders to 225,451 as at May 31, 2025.

**Another indicator of amplification, payroll deduction increases Fondation's power of action, as well as that of savers.**

Systematic savings encourages shareholders to adopt long-term saving habits, better manage their budget, and plan for their retirement.

Moreover, RRSP tax deductions and income tax credits associated with a labour-sponsored fund can be applied to every paycheque. This frees up an amount each payday that can be used to save more or to meet other needs.

**\$180.3M**

**Amount received as payroll deductions in 2024-2025**

(\$178 M in 2023-2024)

**Target for May 31, 2025: \$194M**

**Target for May 31, 2026: \$230M**

**12,790**

**New shareholders in 2024-2025**

(14,147 in 2023-2024)

**6,185**

**New shareholders signed up for payroll deduction in 2024-2025**

(6,219 in 2023-2024)

## Engagement

The engagement dimension is essential to Fondation's impact savings model. It's based on two levers:

- ▶ Increasing worker engagement by training them and raising their awareness of retirement savings within companies through Fondation representatives;
- ▶ Bringing together committed organizations and individuals to work together for positive transformation through intentional savings.

A group operating in sustainability belongs to an organization or company whose:

- ▶ mission is social or environmental in nature or
- ▶ revenue comes mainly from the sale of products and services that contribute to the Sustainable Development Goals.

# 208

**Number of active Fondation Representatives as at May 31, 2025**

(182 as at May 31, 2024)

**Target for May 31, 2025: 200**

**Target for May 31, 2026: maintain 200**

# 1,734

**Number of activities carried out by Fondation Representatives in target groups in 2024-2025**

(1,395 in 2023-2024)

**Target for May 31, 2025: 1,600**

**Target for May 31, 2026: 1,600**

# 188

**Number of participants in workshops on retirement planning, offered in collaboration with Bâtirente, in 2024-2025**

(384 in 2023-2024)

# 56%

**Share of new groups operating in sustainability in 2024-2025**

(37% in 2023-2024)

**Target for May 31, 2025: 50%**

**Target for May 31, 2026: 50%**

## Impact

L'Observatoire québécois des inégalités (Québec Inequality Observatory) reports that an elderly woman receives \$0.69 for every dollar received by an elderly man\*.

The outlook is also worrying for people of immigrant background, who often arrived here as adults. These individuals have fewer years of contributions to the public pension system, which limits their benefits.

In this context, Fondation increases the impact of savings by addressing specific issues, such as lack of pension plans, gender and gender identity, and belonging to an ethnic or visible minority group.

The majority of our savers, 52%, are women or people who identify as non-binary, two groups to

whom we pay particular attention. As a result of this inclusive approach, these two groups account for more than half of Fondation's shareholders and 59% of new savers using payroll deduction.

In 2025, 42% of new groups opened resulted in an employer contribution.

**59%**

**Share of women and non-binary individuals among new shareholders who opted for payroll deduction in 2024-2025**

(60% in 2023-2024)

**Target for May 31, 2025: 63%**

**Target for May 31, 2026: 63%**

**42%**

**Share of new groups that have introduced an employer contribution in 2024-2025**

(50% in 2023-2024)

**Target for May 31, 2025: maintain 50%**

**Target for May 31, 2026: 50%**

\* Source: Elmer van der Vlugt and Vincent Audet-Nadeau (2020), "Bien vieillir au Québec : Portrait des inégalités entre générations et entre personnes âgées" (Aging Well in Québec: Portrait of inequalities between generations and among seniors), Montréal, Observatoire québécois des inégalités.

## 4.2 Sustainability of investments

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## Carbon intensity and avoided emissions

Fondaction measures the carbon exposure of its portfolio and assesses its contribution to efforts to decarbonize the economy.

Every year, Fondaction calculates its carbon footprint in order to estimate the greenhouse gas (GHG) emissions that are financed by its investments. This makes it possible to assess their environmental impact and associated climate risk.

In addition, Fondaction has been calculating the emissions avoided by the various companies and projects funded in its development capital investment portfolio for several years. This allows the investment team to evaluate the progress and environmental performance of projects.

A disclosure in accordance with the Task Force on Climate-related Financial Disclosures standard\* is available on the Fondaction [website](#).

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

### Carbon intensity

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

Carbon intensity of the entire portfolio\* per million dollars invested as at May 31, 2025\*\*

This intensity is 59% lower than that of the benchmark portfolio\*\*\*

### Avoided GHGs

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

Total amount of avoided emissions for the 2024–2025 fiscal year\*\*\*\*

including approximately 285,979 tonnes CO<sub>2</sub> eq./year in attributable avoided emissions, based on Fondaction’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

\* Carbon intensity of financed GHGs. Fondaction’s asset coverage ratio is 92%. Government bonds, portfolios with alternative strategies, and cash are excluded from the calculation.

\*\* To assess its portfolio’s exposure to risks associated with GHG emissions, Fondaction adopted the Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials (PCAF). 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.

\*\*\* 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.

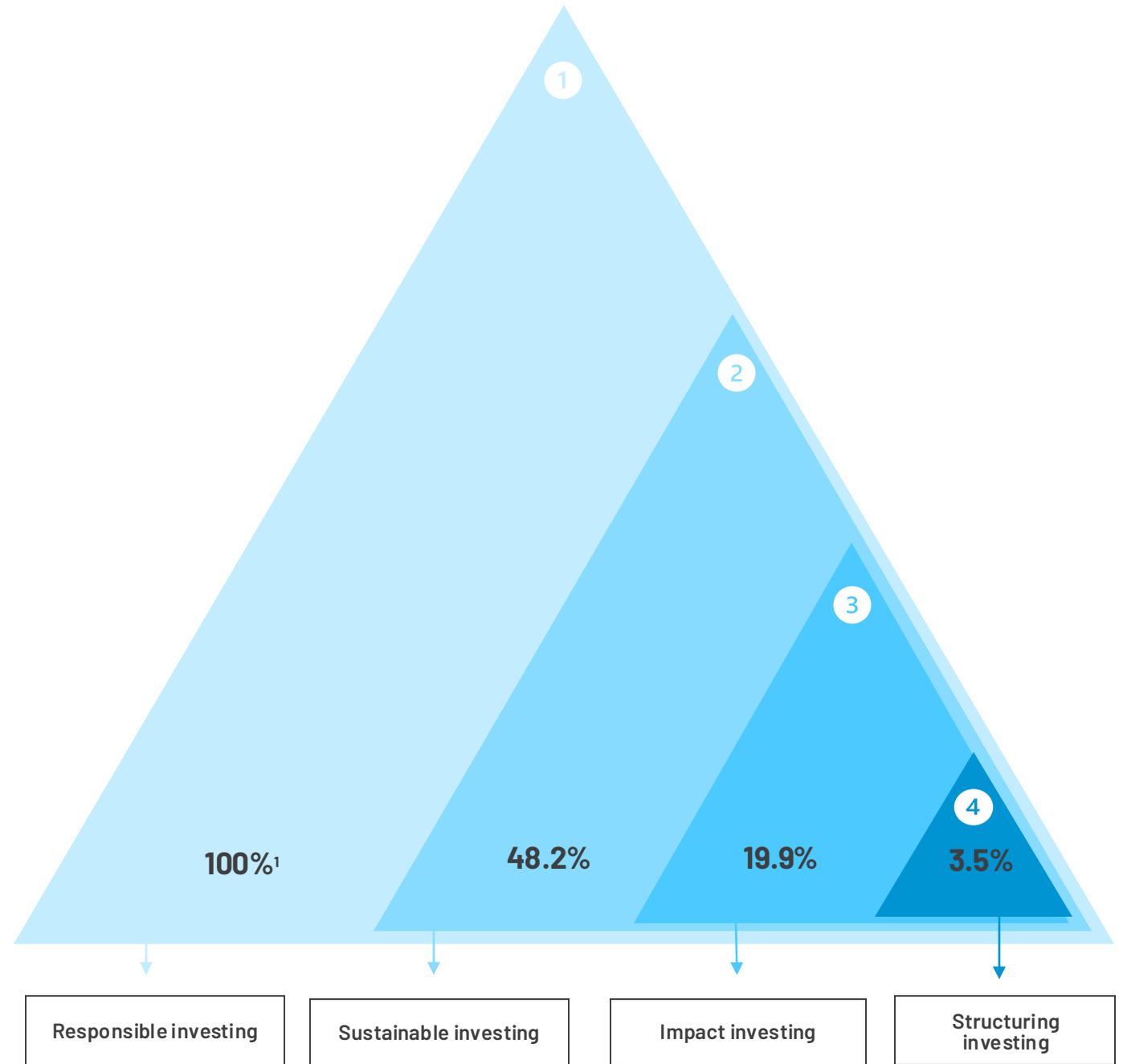
\*\*\*\* In comparison, avoided emissions were 895,911 t CO<sub>2</sub> eq. for the 2024–2025 fiscal year. The reference scenarios used to estimate avoided emissions are based on ISO 14064-2:2019. Attributable avoided GHGs and avoided GHG intensity per million dollars invested are being published for 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.

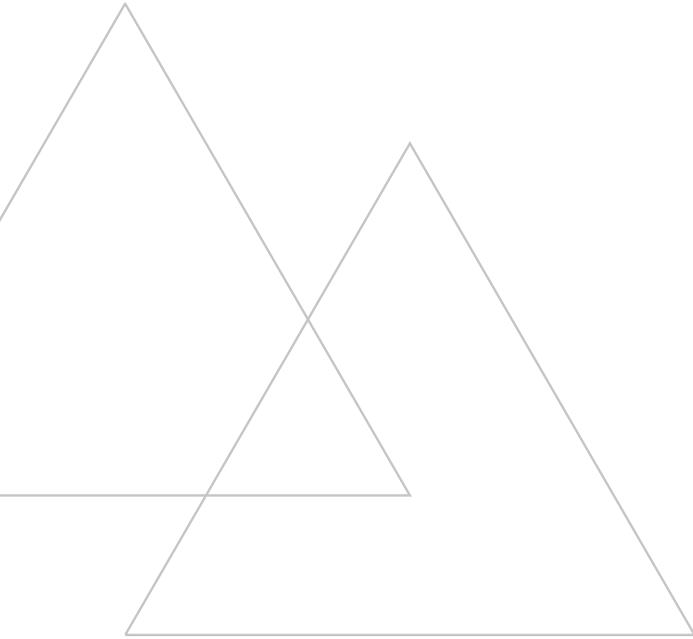
## Sustainable finance strategy: results

The combined results of the deployment of our sustainable finance strategy for development capital investments and other investments (public markets) are presented opposite for each category of our spectrum.

The following pages detail the asset allocation for each of these and provide results for the following aspects:

- ▶ the external managers' practices;
- ▶ the alignment of our sustainable development capital investments with the Sustainable Development Goals;
- ▶ our sustainable real estate strategy;
- ▶ our impact themes;
- ▶ the structuring investments made through Fondation Asset Management.





## Responsible investments

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Other investments (public markets) — Stewardship and external managers' ESG practices	43



Responsible investments

## Asset allocation

Fondaction's strategy is grounded in the belief that companies that integrate a broader approach to risks and opportunities, particularly those related to environmental, social and governance (ESG) issues, will be the most resilient and high-performing over the long term.

**As at May 31, 2025, 100% of investments made at Fondaction are responsible, totaling \$4.5 billion\*.**

Achieving this target demonstrates the level of integration of ESG factors into Fondaction's investment processes, whether for development capital investments or other investments (public markets).

**100%**

**Share of responsible investments in the development capital investments portfolio as at May 31, 2025**

**100%**

**Share of responsible investments in the other investments (public markets) portfolio as at May 31, 2025**

\* The net assets presented in the Management's Discussion and Analysis of May 31, 2025, are \$4.04 billion. The figures used in this report include assets and liabilities, which explains the difference.

Responsible investments

## Other investments (public markets)

### Stewardship and external managers' ESG practices

When selecting managers, we evaluate their ESG practices and require them to adopt the following measures as part of their mandate for Fondaction:

- ▶ Be signatories to the Principles for Responsible Investment (PRI);
- ▶ Comply with Fondaction's [Sustainability Policy for Investments](#), which includes screening by exclusion;
- ▶ Conduct ESG due diligence on all investments made on behalf of Fondaction.

In addition to ensuring compliance with these requirements, Fondaction works with each external manager to support the evolution of their ESG practices.

**External managers' ESG practices are measured every year, enabling us to assess the influence of these discussions on their ESG practices outside the mandate entrusted to them by Fondaction.**

The indicators opposite show the evolution of select external managers' ESG practices outside Fondaction's mandate, which were discussed with them.

### External managers' ESG practices outside Fondaction's mandate as at April 30, 2025

ESG due diligence



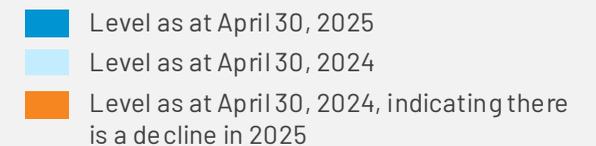
Adoption of standards and exclusion thresholds (negative screen)

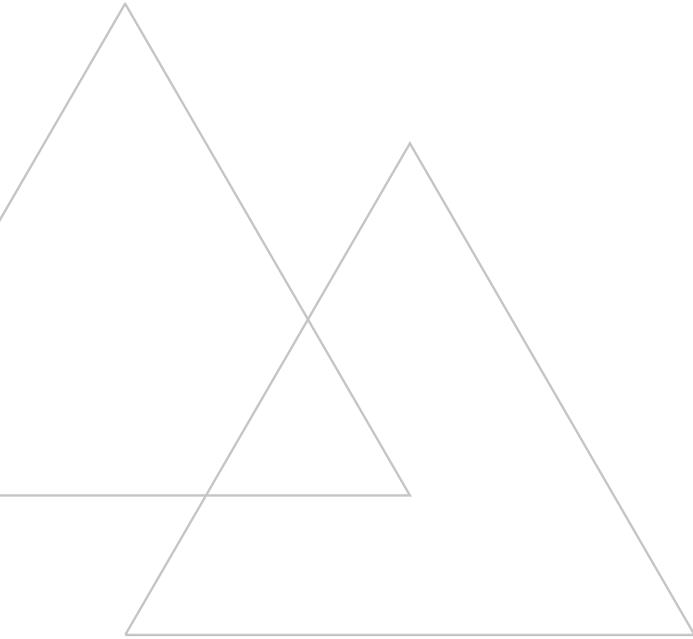


Adoption of inclusion standards (positive screen)



Application of double materiality





## Sustainable investments

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Other investments (public markets) — Stewardship and external managers' sustainability practices	46
Development capital investments — Alignment with the Sustainable Development Goals	47
Development capital investments — Sustainable real estate strategy	48



Sustainable investments

**Asset allocation**

Sustainable investing not only considers ESG criteria and factors in investment decisions, but also creates sustainability spin-offs that contribute directly to achieving the Sustainable Development Goals (SDGs).

**As at May 31, 2025, sustainable investments represented 48.2% of development capital investments (DCI) and other investments (public markets), totaling \$2.2 billion.**

With regard specifically to the DCI portfolio, sustainable investments totalled \$1.4 billion\*. They reached 52.2%, an increase of 18% compared to 2024\*\*. Our target of 51% for May 31, 2025 has therefore been exceeded.

In the other investments (public markets) portfolio, sustainable investments accounted for 42%, or \$762 million. We surpassed our target for May 31, 2025 by 35%.

These investments consist largely of investments in sustainable companies and bonds that contribute to at least one SDG.

**52.2%**

**Share of sustainable investments in the development capital investments portfolio as at May 31, 2025**

**Target for May 31, 2025: 51%**

**Target for May 31, 2026: 55%**

**42%**

**Share of sustainable investments in the other investments (public markets) portfolio as at May 31, 2025**

**Target for May 31, 2025: 35%**

**Target for May 31, 2026: 45%**

\* Assets and amounts committed, including investments in Québec public companies (QPC) and in the Québec Emerging Manager Program (QEMP).

\*\* 2024 results have been adjusted to 44.2%, rather than the 46% indicated in the 2024 Report, in order to include these investments and thus have a comparable value.

Sustainable investments

## Other investments (public markets)

### Stewardship and external managers' sustainability practices

In addition to the ESG practices discussed on page [43](#), external managers of sustainable or impact investing mandates must implement a sustainability strategy and establish an analytical framework to assess the level to which companies or products contribute to the SDGs.

External managers' sustainability practices are also assessed annually with the aim of establishing coaching measures and influencing their practices on a broader scale.

### External managers' sustainability practices outside Fondaction's mandate as at April 30, 2025

Commitment to sustainability standards or principles



Climate-related financial disclosures (TCFD)



Sustainable investing strategy



Sustainability targets



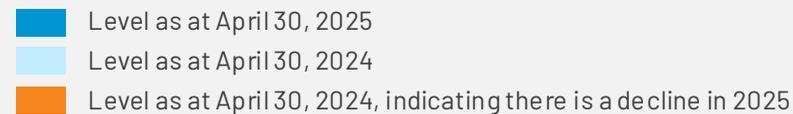
Use of certified bonds (green, social, etc.)



Contribution to the SDGs



0% 20% 40% 60% 80% 100%



Sustainable investments

## Development capital investments

### Alignment with the UN's Sustainable Development Goals (SDGs)

In addition to integrating ESG factors, sustainable investment in development capital at Fondation directly contributes to at least one SDG target.

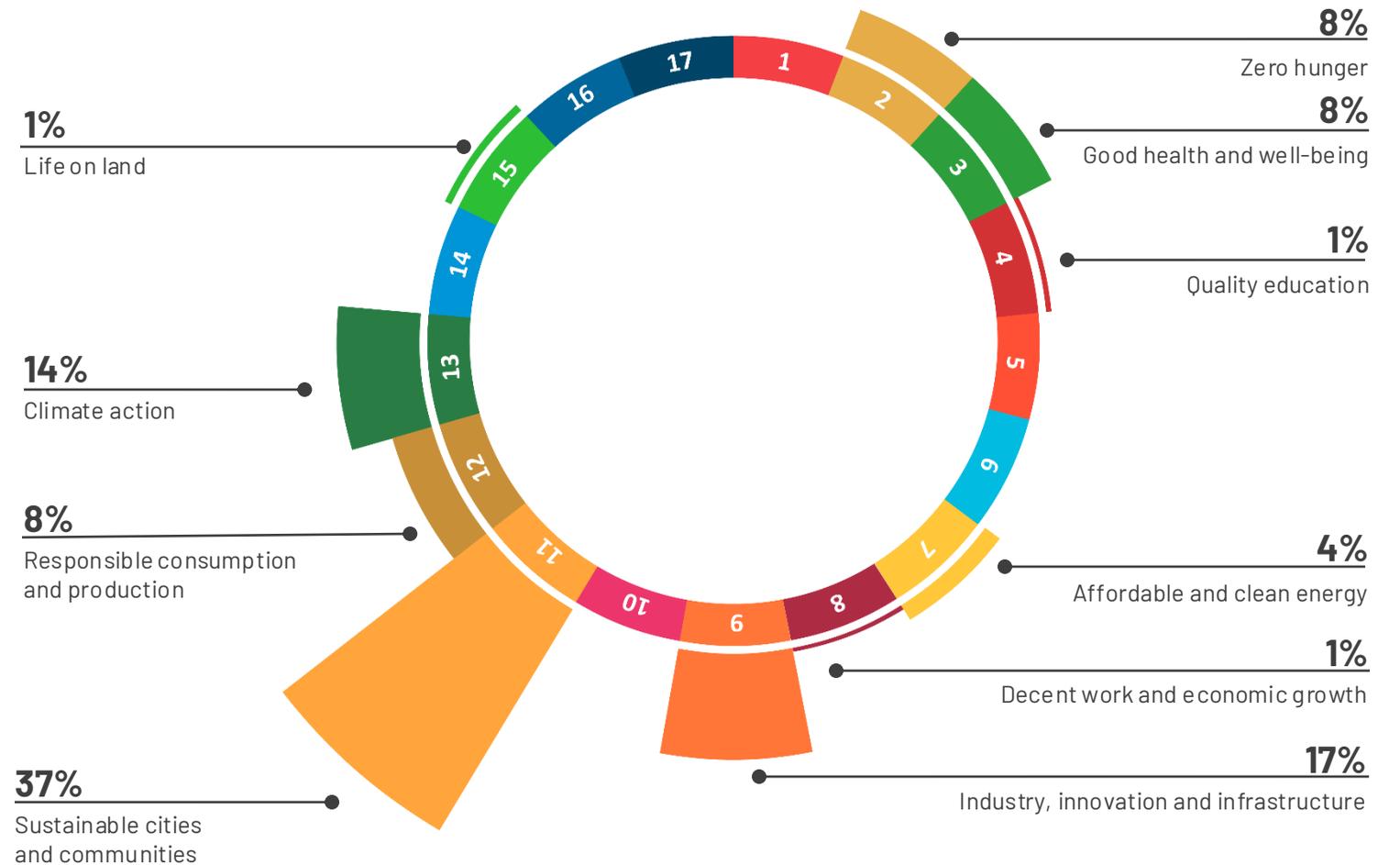
We evaluate the investment's contribution to the SDGs based on the proportion of sales of products or services that meet SDGs.

To be classified as sustainable, an investment must make a significant or very significant contribution.

When the contribution is moderate or limited, an investment is considered responsible.

### Breakdown of DCIs rated sustainable by SDG\*

As at May 31, 2025



\* Sustainable investments whose alignment with an SDG must be confirmed (1%)

Sustainable investments

## Development capital investments



### Sustainable real estate strategy

Our approach is to create human-scale living environments and ensure that buildings have a long lifespan. Our aim is therefore to contribute to the development of sustainable cities and communities.

We select real estate projects that are in line with the three pillars of our sustainable real estate strategy. In direct real estate investments, we work with the promoter or developer to improve sustainability right from the project design stage.

#### Pillar 1

##### Sustainability of the built environment

1. Expand the use of alternative materials
2. Increase the circularity of materials used
3. Reduce the impact of buildings on climate change
4. Develop adaptation strategies for real estate investments to address climate change

#### Pillar 2

##### Social aspects

1. Increase the availability of affordable, social and community housing units in real estate developments
2. Encourage mixed-use projects
3. Prioritize social and economic inclusion in projects

#### Pillar 3

##### Sustainable cities and communities

1. Prioritize providing access to sustainable and alternative transportation in real estate development projects
2. Develop projects that promote urban densification and the creation of a balanced and smart living environment
3. Create projects that aim to decrease or limit urban scattering and urban sprawl

Sustainable investments

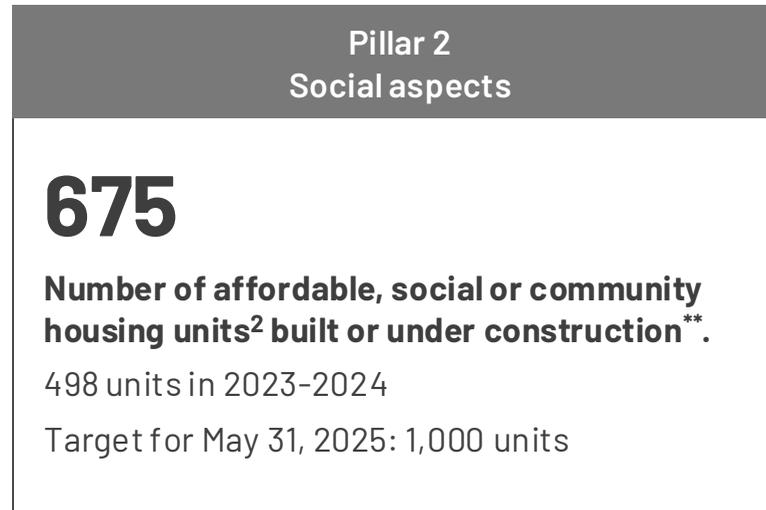
## Development capital investments

### Sustainable real estate strategy

#### Results

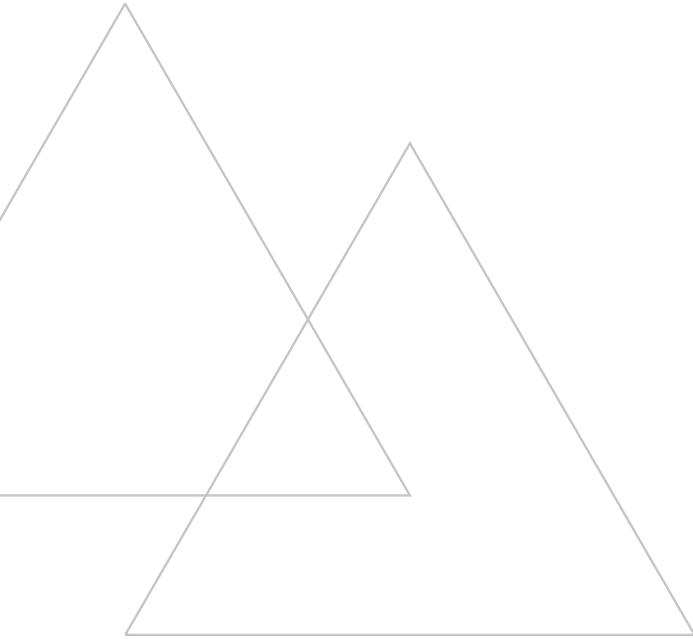
In 2024, we introduced several sustainability indicators. As information is now collected every two years, only the results of the key indicators for each pillar of the sustainable real estate strategy are presented this year.

To achieve our goal of building affordable, social or community housing units, we must rethink industry practices, innovate, rally numerous partners, and take action in areas with significant socioeconomic disparities. The gap between our ambitions and the pace of implementation is explained by this groundwork, combined with the inherent complexity of the real estate industry.



\* Results as at May 31, 2025.

\*\* Cumulative result since the launch of the sustainable real estate strategy and of the PrimAccès fund.



## Impact investments

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— Health and well-being	



Impact investments  
**Asset allocation**

All our impact investments are made with the prior intention of having a positive impact on a sustainability issue covered by one of our impact themes. To identify impact investment projects, we apply an impact screen based on intention, additionality and impact measurement.

**As at May 31, 2025, impact investments represented 19.9% of development capital investments (DCI) and other investments (public markets), totaling \$893.4 million.**

With regard specifically to the DCI portfolio, impact investments deployed by our Impact team across our four themes amounted to \$537.3 million\*, or 20% of DCIs. This represents a 13.8%\*\* decrease in the proportion of DCIs compared to 2024. This is due to the repayment of a large loan by an impact company.

In the other investments (public markets) portfolio,

impact investments accounted for 20%, or \$356.1 million. These are largely investments in companies or impact funds, as well as bonds meeting Fondaction's requirements

The following pages focus on the four impact themes of DCIs: Sustainable agri-food, Sustainable cities and communities, Fight against climate change and Health and well-being. We present the impact measures associated with these themes, as well as impact sheets for four companies that are part of Fondaction's impact investing portfolio, as examples.

A fifth theme – sustainable production and transition – was introduced this year. However, its impact measures will be presented in the next report.

**20%**

**Share of impact investments in the development capital investments portfolio as at May 31, 2025**

**20%**

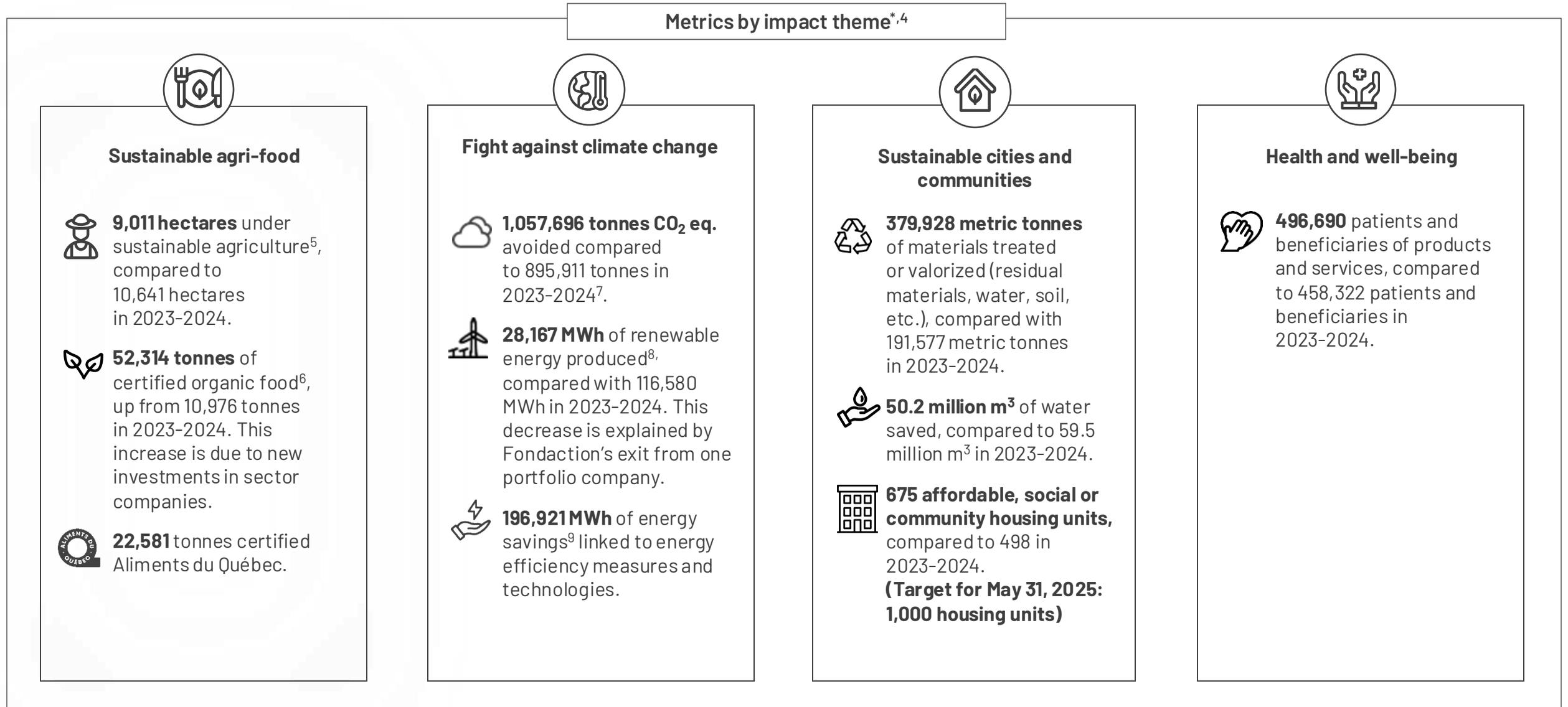
**Share of impact investments in the other investments (public markets) portfolio as at May 31, 2025**

\* Assets and amounts committed, including investments in Québec public companies (QPC) and in the Québec Emerging Manager Program (QEMP).

\*\* 2024 results have been adjusted to 23.2%, rather than the 25.7% indicated in the 2024 Report, in order to include these investments and thus have a comparable value.

Impact investments

**Development capital investments**



\* The results relate to the 2024-2025 fiscal year, except for affordable, social or community housing units, which are cumulative since the launch of the sustainable real estate strategy and of the PrimAccès fund.



La Milanaise



## Sustainable agri-food

### Issues

Food is a major social, economic, territorial and environmental issue for people today. To feed a growing population without destroying the planet, the food system must be transformed to incorporate sustainable and equitable practices.

### Change mechanism

By financing innovative Québec-based companies seeking to increase the sustainability of their processes, source locally and improve their business practices and the quality of their products, Fondation helps strengthen the vitality of this crucial sector, foster regional development and expand the supply of healthy food products to everyone.

### Objectives

Our first objective is to contribute to the creation of a viable food system based on sustainable production methods and enhanced adaptability in a manner that is respectful of the environment and animal welfare. The second objective is to offer quality food that is safe and nutritious.

### Results and impact

- ▶ Improvement of production methods
- ▶ Manufacturing of high-quality, healthy and nutritious food

## La Milanaise



### Description of the company

 [lamilanaise.com](http://lamilanaise.com)

Founded in 1982, La Milanaise is a cereal grain processor that holds organic and Agriculture raisonnée™ (integrated agriculture) certifications. The company specializes primarily in the production of bakers' flours and specialty flours. It also offers a range of personalized support services for farmers, manufacturers and artisans. Since 2016, La Milanaise has been one of Canada's largest organic flour mills.

### Investment theme



#### Sustainable agri-food

Our action in line with the UN's Sustainable Development Goals (SDGs)

Ensuring food security, improving nutrition and promoting sustainable agriculture.



### Impact of the product or service

#### Issues

To feed a growing population without destroying the planet and to ensure that future generations can thrive, it's essential to transition from the conventional food system to one that incorporates sustainable practices.

High-quality, safe, healthy, and above all accessible food is vital for the development and health of the population.

#### Contribution of the company

To meet current food challenges, La Milanaise offers an integrated approach that promotes sustainability, equity and food sovereignty.

- ▶ Its 100% organic agriculture feeds the population without compromising the planet's health.
- ▶ 62% of its wheat is sourced from Canada, including 23% from Québec, to support the local economy.
- ▶ It distributes 67.6% of its flours in Canada to promote accessibility throughout the country.
- ▶ It provides training for local bakers and manufacturers to optimize flour usage and reduce waste.

#### Results



**25,484 tonnes of organic products produced**



**100% organic products**



**23% local sourcing**



## Fight against climate change

### Issues

Climate change is the greatest contemporary challenge of our century. It has far-reaching consequences for the environment, food security, biodiversity, immigration, social peace, people's quality of life, and so on.

### Objective

Contribute to the fight against climate change by increasing the number of concrete and efficient products, services, projects and actions to reduce greenhouse gas (GHG) emissions and adapt to the impacts of climate change.

### Change mechanisms

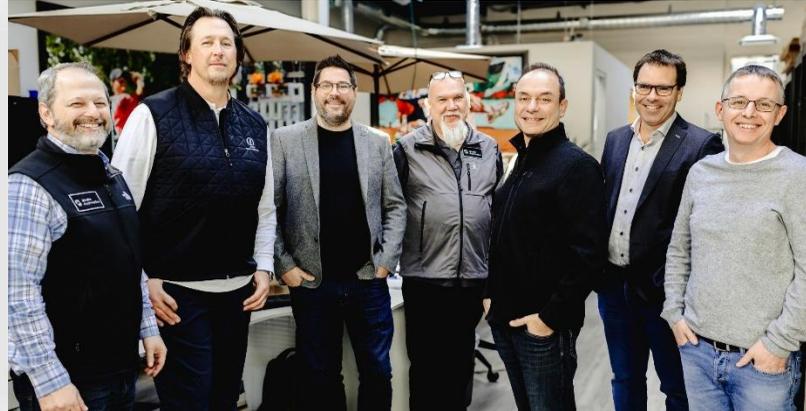
Fondaction contributes to the fight against climate change by adopting a systemic view of climate-related risks and opportunities.

The company continues to pave the way by innovating to reduce GHG emissions with the creation of new financial levers and structuring investments in businesses that participate in the ecological transition. Fondaction has selected three sub-themes to structure its offering: Energy and industrial transition, Renewable energy and Sustainable mobility.

### Results and impact

- ▶ Creation of innovative financing solutions
- ▶ Reduction of the carbon footprint of products, services and business activities
- ▶ Avoidance of GHG emissions

# Strato



### Description of the company

[stratoautomation](https://stratoautomation.com)

Founded in 2010, Strato Automation is a Montréal-area company that develops building management systems (BMS) for commercial buildings. The company's products are designed to facilitate digitization, enhance operational efficiency and reduce energy consumption in small and medium-sized buildings. Its flagship product, OPENSTAT, is a thermostat that enables optimized control of heating, ventilation and air conditioning (HVAC) systems, thereby directly contributing to the reduction of greenhouse gas (GHG) emissions.

### Investment theme



### Fight against climate change

Our action in line with the UN's Sustainable Development Goals (SDGs)

Reducing GHG emissions through increased energy efficiency, focusing on optimization, innovation and performance.



### Impact of the product or service

#### Issues

Small and medium-sized buildings account for 44% of industrial GHG and have energy savings potential of 20% to 25%.

Conventional BMS solutions are complex to install, difficult to operate, and generally expensive, which limits their adoption in this segment.

In Québec and North America, only 13% of these types of buildings are equipped with a BMS.

#### Contribution of the company

To address the challenges associated with energy consumption and digitalization, Strato offers fully integrated solutions designed as an easy-to-use one-stop shop for small and medium-sized buildings.

- ▶ Strato controllers provide intelligent management of HVAC systems, with automatic data recording right from installation, facilitating energy analysis and anomaly detection.
- ▶ The OCN+ energy management platform is scalable and provides real-time alerts for any anomalies.
- ▶ Strato democratizes BMS for this sector with affordable solutions that are easy to install and use, and minimize operating costs while maximizing energy savings.
- ▶ Its products are designed and manufactured in Québec, which reduces dependence on imports and limits the carbon footprint of the supply chain.

#### Results



**2,381 tonnes of CO<sub>2</sub> avoided**



**5,196,053 kWh saved,** including 1,348,866 kWh in Québec



**497,358 m<sup>3</sup> of natural gas saved,** including 104,141 m<sup>3</sup> in Québec



SDA, LG2 Building (Technopôle Angus)



## Sustainable cities and communities

### Issues

People live in cities and communities where they concentrate their resource use and their production of waste, wastewater, GHGs and pollutants. Result: communities continue to expand without respecting the ecosystem's support capacity.

### Change mechanism

By financing innovative companies that offer solutions in the fields of water, soil and residual materials management or urban planning, by financing sustainable real estate projects and by supporting distinctive economic sectors throughout Québec, Fondation helps to ensure that cities and human settlements are safe, resilient and sustainable.

### Objective

Develop sustainable, healthy, safe and accessible living environments that generate vitality and minimize negative impacts through better management of natural resources, spaces and residual materials in urban, suburban and rural areas.

### Results and impact

- ▶ Creation of accessible, affordable, safe, healthy and sustainable living environments
- ▶ Better management of resources and spaces
- ▶ Development of alternative products and solutions

# Laforest Project

# LAFOREST



## Project description

[lafortest.dev](https://lafortest.dev)

Spearheaded by the Statera development group, the Laforest project is currently under construction in city of Québec based on the ESGA<sup>®</sup> (Environmental, Social, Governance and Art & architecture) concept. This mixed-use complex, combining residential housing units and commercial spaces, will be built in two phases. The first phase is scheduled for completion in the summer of 2026. It's also the first building in the city to aim for the prestigious Zero Carbon Building (ZCB) certification.

## Investment theme



**Sustainable cities and communities**

Our action in line with the UN's Sustainable Development Goals (SDGs)

Reducing the environmental impact of cities and communities through better management of resources and residual materials.



## Impact of the product or service

### Issues

Cities and metropolitan areas account for almost 70% of the world's carbon emissions and over 60% of used resources.

In order to limit urban sprawl and take advantage of existing public transportation infrastructure, it's best to optimize the use of urban land by densifying existing neighborhoods.

### Contribution of the project

As a solution to current urban challenges, the Laforest project offers an integrated approach that promotes smart densification, social equity and environmental sustainability.

- ▶ The ZCB certification addresses an environmental issue by reducing the ecological footprint of the residential sector.
- ▶ Densifying an existing neighbourhood enables more efficient use of urban land, limits urban sprawl and leverages existing public transportation corridors.
- ▶ Built entirely of wood and subsidized for its innovative design, the top floor will serve as a communal area for residents.
- ▶ Energy efficiency is improved through geothermal energy, heat recovery, heat pumps and solar panels.

### Expected results



**Obtain the ZCB-Design V3 certification**



**Deliver a low-carbon building** thanks to a structure and envelope optimized by a compact design, reduced use of concrete and steel, and innovative construction methods.



**Achieve energy savings** by increasing energy performance by at least 42% above building code requirements.



**Manage rainwater** by installing rain gardens that naturally absorb accumulated water and promote biodiversity.



Moozoom



## Health and well-being

### Issues

Like many developed nations, Québec is coping with an aging population and a growing prevalence of chronic diseases. It must find solutions to ensure a good quality of life for the most vulnerable, from the youngest to the oldest. Chronic diseases continue to be the primary cause of death in OECD countries, putting greater pressure on health care systems. These issues require concrete action and an expanded offering of adapted products and services.

### Objective

Accelerate the implementation of effective solutions to enhance people's health and quality of life, and empower individuals to fully engage in society.

### Change mechanism

Fondaction supports businesses whose products and services promote prevention, better personal care and the adoption of healthier lifestyles.

### Results and impact

- ▶ Avoiding health problems and delaying their progression through prevention and better individual care will help alleviate the pressure on our healthcare system.
- ▶ Improving the well-being of people who are aging or have health issues by adapting their living environment to promote social inclusion.

# MY01®



## Description of the company

[my01.io](https://my01.io)

MY01 is a Montréal-based company that designs, develops, manufactures and distributes intracorporeal pressure monitoring devices intended to monitor and facilitate the diagnosis of compartment syndrome. Resulting from a McGill University research project, it's the only solution on the market to offer continuous, reliable, real-time pressure measurements. In addition, it has been awarded the Food and Drug Administration (FDA) Breakthrough Device designation, which attests to its credibility and innovative potential.

## Investment theme



### Health and well-being

Our action in line with the UN's Sustainable Development Goals (SDGs)

Providing quality access to healthcare through technological innovation, early detection and rapid treatment of diseases for the common good.



## Impact of the product or service

### Issues

The prevalence of intramuscular disorders is increasing in North America, thereby raising the risk of compartment syndrome.

Without continuous blood pressure monitoring, it's difficult for physicians to take action at the right time, which complicates recovery and increases costs.

When faced with clinical uncertainty, physicians often opt for early surgery, which is both invasive and more expensive.

### Contribution of the company

To tackle challenges related to diagnosing compartment syndrome and premature surgery, MY01 offers an innovative solution to improve the quality of care and reduce clinical risks.

- ▶ Early intervention reduces the length of hospital stays, which lowers healthcare costs.
- ▶ The solution is covered by several insurance codes, including those from public plans, making it more accessible to patients.
- ▶ Its designation as a Breakthrough Device by the FDA paves the way for its accelerated clinical adoption.
- ▶ Approximately 50 devices are used each month in 40 hospitals.
- ▶ The [10<sup>th</sup> edition](#) of the trauma and orthopaedics course handbook positions the solution as the new gold standard for diagnosing compartment syndrome.

### Results



**745 beneficiaries this year**  
(more than 2,500 in total)



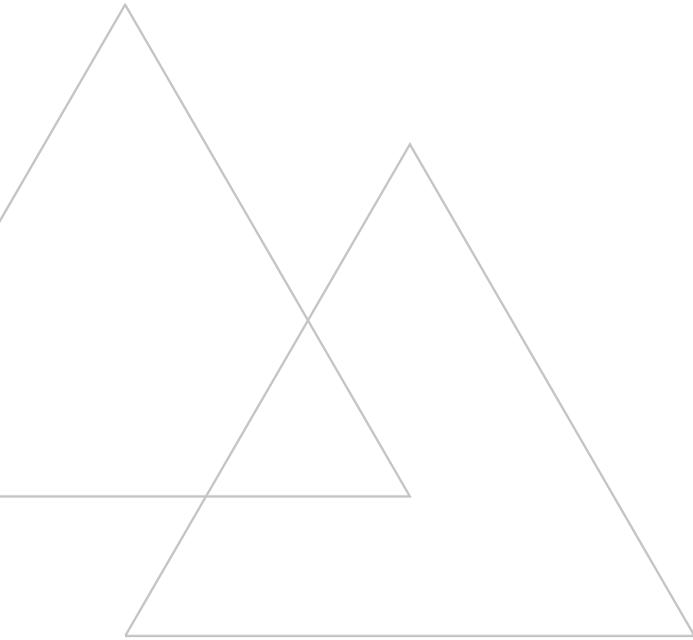
**Over 1,500 users trained**



**2 scientific studies completed and published**, with 2 more in progress



**A database of over 10 million pressure points**, collected and linked to cases of compartment syndrome, in order to advance scientific research related to this pathology.



## Structuring investments

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Structuring investments

## Fondaction Asset Management's impact thesis

What problem are we trying to solve?

Who does this concern?

Our society's prosperity depends on the health of natural systems. The economy and financial markets operate within these same systems and depend on their resilience and the resources they provide. Nowadays, the very foundations of this balance are under increasing pressure from various sources. Environmental degradation, social inequalities, geopolitical instability and governance failures – amplified by rapid technological disruptions – are increasing risks and weakening the overall resilience of natural systems.

These interconnected crises are significantly exacerbated by our current economic model, which is based on short-term growth and outsourcing costs. Although the economy is a structural driver of the global polycrisis, it also has considerable transformative potential.

As the core mechanism of the economic system, finance is in a unique position to redirect capital flows, reinvent incentives, and accelerate systemic change. Adequately responding to the global polycrisis requires more than minor adjustments; it demands an overhaul of economic and financial systems so that they operate within the planet's limits while ensuring well-being for all.

How does FAM contribute to resolving these issues?

FAM intends to act as a catalyst, accelerating and amplifying the positive transformation of the financial sector. To achieve this, it plans to develop and demonstrate solutions that address major environmental and social issues, while encouraging other stakeholders to embrace this change.

- ▶ Innovative solution design: developing financial products with high impact potential in underexplored or underserved areas, targeting structural gaps.
- ▶ Strategic alliance building: collaborating with industry leaders and other like-minded organizations to co-create scalable solutions and ensure technical excellence.
- ▶ Capital raising and alignment: acting as a facilitator to engage investors, asset holders, public decision-makers and other market players to direct capital toward high-impact transformation opportunities, in order to foster collective mobilization for systemic change.
- ▶ Showing the range of possibilities: demonstrating agility and selectivity, as well as the ability to adapt in order to trigger large-scale transformations through targeted interventions.

The SDGs most relevant to FAM's activities



Structuring investments

## Asset allocation

Structuring investments are made in promising and innovative projects. Fondation is involved in this area, primarily through its subsidiary Fondation Asset Management (FAM).

These projects, mainly specialized financial vehicles, aim to structure a sector and implement solutions that address a market failure and generate positive and measurable impacts, while providing a financial return.

**As at May 31, 2025, structuring investments totaled \$159.4 million\*, which represents 3.5% of Fondation's total assets, or 5.9% of the development capital investments (DCI) portfolio.**

To date, Fondation's structuring investments are solely attributable to the DCI portfolio. Fondation invests in fund platforms developed by FAM, alongside other investors.

The following pages present FAM:

- ▶ its approach and key figures;
- ▶ its impact thesis;
- ▶ the impact measurements of its five investment fund platforms.

# 5.9%

**Share of structuring investments in the development capital investments portfolio as at May 31, 2025**

\* Assets and amounts committed

Structuring investments

## Fondaction Asset Management, a lever for Fondaction's structuring investments

Fondaction has created Fondaction Asset Management (FAM) to maximize its positive impact and help transform economic sectors by scaling up financial innovation.

FAM raises capital, and develops and manages innovative, impact-focused fund platforms. This independent entity was established in 2022 and is owned by Fondaction. It manages several structuring investment vehicles, most of which were originally created by Fondaction and are aligned with its sustainable finance strategy.

Structuring investments aim to address market issues linked to pre-defined social and environmental objectives. Each investment is tied to a theory of change, which provides a framework for how investments are made and changes are brought about. This makes it possible to clearly establish the project's objectives and the logic surrounding the generation of positive impacts.

Its investment thesis is based on the conviction that the investment opportunities that will shape

tomorrow's society and economy will generate not only competitive returns, but also significant environmental and social impacts.

Both diversified and complementary, its platforms target five impact themes and cover different asset classes. Each time FAM opens a fund, it develops a theory of change and thinks about the beneficiaries to provide a solution to an existing problem that has not been sufficiently addressed and has high potential for impact.

### The five impact themes

- ▶ Climate change mitigation;
- ▶ Energy efficiency;
- ▶ Circular economy;
- ▶ Affordable housing;
- ▶ Sustainable land management.

## FAM in figures

5

### asset classes

- ▶ Venture capital
- ▶ Energy transition infrastructures
- ▶ Natural capital and environmental markets
- ▶ Real estate
- ▶ Private equity

50+

Investors from Canada, the United States and Europe

70+

Investments in Canada and beyond

5

### fund platforms that invest to achieve environmental and social impact

New platforms are also being designed in the fields of sustainable real estate, climate mitigation and nature-based solutions.

**\$838.4M**

in capital under management\*, including assets entrusted by Fondaction

\* This section's financial results now include equity and debt, both in terms of assets under management and fund size. The results presented in the 2024 Report on Positive Transformation only included equity. The results presented on this page relate to the 2024-2025 fiscal year, as at May 31, 2025.

Structuring investments

## Five innovative financing platforms



### Energy efficiency **SOFIAC**

Energy efficiency financial vehicle that offers a turnkey service to companies in Canada and France.

Developed in partnership with Econoler, it helps businesses in the commercial, industrial and multi-residential sectors increase their profitability and competitiveness by reducing their energy costs and, at the same time, their greenhouse gas (GHG) emissions.

Thanks to the involvement of major financial partners from Canada and France, SOFIAC is now the largest energy efficiency and decarbonization initiative for the private sector in Canada.

Year  
**SOFIAC Canada: 2021**  
**SOFIAC France: 2024**

Size  
**SOFIAC Canada: CAD 185M**  
**SOFIAC France: CAD 305M**

Geographical presence  
**Canada, France**

**SOFIAC Canada – Project impact indicators\***

-  Energy savings\*\*<sup>10</sup>  
**21,120 GJ**
-  Reduced GHGs<sup>11</sup>  
**1,135 tonnes CO<sub>2</sub> eq.**

**SOFIAC France – Project impact indicators**

Data relating to impact will be available once the projects have been implemented.



### Climate change mitigation **Inlandsis**

Decarbonization fund that finances GHG reduction and sequestration projects in North America, while generating high-quality carbon credits.

Developed in partnership with Priori-T Capital, Inlandsis II builds on the success of Inlandsis, Canada's first carbon finance fund, and one of the few in the world. Thanks to significant financial contributions from Fondation, Priori-T Capital and more than 15 other investors from Québec and beyond, this fund is helping to decarbonize the economy as well as preserve biodiversity and natural capital.

Year  
**Fund I: 2017**  
**Fund II: 2022**

Size  
**Fund I: CAD 30M**  
**Fund II: CAD 130M**

Geographical presence  
**Canada, United States**

**Fund I – Project impact indicators\*\*\***

-  Protected land<sup>12</sup>  
**22,456 hectares**
-  Avoided GHGs<sup>13</sup>  
**29,565 tonnes CO<sub>2</sub> eq.**
-  GHGs removed from the atmosphere<sup>14</sup>  
**9,575 tonnes CO<sub>2</sub> eq.**
-  Reduced GHGs<sup>15</sup>  
**3,005,087 tonnes CO<sub>2</sub> eq.**

**Fund II – Project impact indicators\*\*\***

-  Protected land<sup>12</sup>  
**23,005 hectares**
-  Avoided GHGs<sup>13</sup>  
**55,692 tonnes CO<sub>2</sub> eq.**
-  GHGs removed from the atmosphere<sup>14</sup>  
**13,795 tonnes CO<sub>2</sub> eq.**



\* The SOFIAC impact data presented in the 2024 Report on Positive Transformation were projections. We are now able to present the actual results associated with projects that are now operational (as at March 31, 2025).

\*\* The SOFIAC indicators relating to reducing energy consumption have been revised to cover all targeted forms of energy and to provide a more accurate reflection of the generated impact.

\*\*\* Impact results are cumulative since the fund's inception and were measured as at March 31, 2025.

Structuring investments

**Five innovative financing platforms**



Circular economy  
**Fonds Économie circulaire**

Venture capital fund that invests in and supports innovative circular economy companies in Québec. Developed in partnership with RECYC-QUÉBEC and the City of Montréal, it's the first venture capital fund of its kind in Canada. Its mission is to support the emergence of SMEs whose business practices are rooted in the circular economy.

Backed by investors such as Fondation, the Lucie and André Chagnon Foundation, and Concordia University's Inter-Generational Fund, among others, the Fonds économie circulaire is accelerating the ecological transition and environmental protection.

Year  
**2021**

Size  
**CAD 20 M**

Geographical presence  
**Québec**

**Corporate impact indicators\***

-  Valorized residual materials<sup>16</sup>  
**16,936 tonnes**
-  Substituted virgin materials<sup>17</sup>  
**10,183 tonnes**
-  Avoided GHGs<sup>18</sup>  
**11,110 tonnes CO<sub>2</sub> eq.**



Sustainable housing  
**PRIMAccès**

Fund dedicated to improving access to home ownership by investing in cooperative housing projects in Québec that offer affordable solutions.

Developed in partnership with the *Confédération québécoise des coopératives d'habitation* (Québec Confederation of Housing Cooperatives) and the Government of Québec, it supports initiatives that increase access to homeownership for all.

Year  
**2023**

Size  
**CAD 90 M**

Geographical presence  
**Québec**

**Project impact indicators\***



Number of affordable housing units built<sup>19</sup>  
**48**



Climate change mitigation  
**Fonds LCC\*\***

Growth capital fund that supports Québec companies offering innovative climate solutions to reduce GHG emissions.

Developed in partnership with Piori-T Capital, it supports initiatives that actively fight against climate change and promote a sustainable future for all.

Year  
**2019**

Size  
**CAD 60 M**

Geographical presence  
**Québec**

**Corporate impact indicators\*\*\***



Avoided GHGs  
**326,718 tonnes CO<sub>2</sub> eq.**



\* Impact results are cumulative since the fund's inception.

\*\* LCC stands for "fight against climate change."

\*\*\* The Fonds LCC result covers only the 2024-2025 fiscal year and was measured as at May 31, 2025. The annual avoided GHGs for Inlandsis Fund I are included in the result.

## 4.3 Engagement and dialogue

Increasing and amplifying impact	68
Staying connected to better anticipate and bring about change	69
Biodiversity indicators for Québec investors	70
<i>Génération d'impact</i>	71
Canadian Impact Investing Working Group	72



An Engagement Meeting at Fondation

## Increasing and amplifying impact

By maintaining an ongoing dialogue with leaders from different backgrounds, Fondation aims to improve consultation and ensure an effective transition to action.

Through dialogue, Fondation intends 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.

To anticipate change and bring about the necessary transformations, Fondation works on two fronts: financing the transformation and changing finance.

### 1<sup>st</sup> area

#### Financing the transformation

Fondation aims to make retirement savings more accessible to those who need them and who want their money to contribute to building a more sustainable world.

We direct these collectively accumulated savings through our private investments and listed investments.

In doing so, Fondation acts to:

- ▶ Invest without harming: mitigate negative effects (i.e. by directing 100% of investments toward companies and activities that, at the very least, do not cause further harm to either the planet or people);
- ▶ Invest to change for the better: increase positive impacts (i.e. by aligning investments toward companies and activities that generate positive impacts on the planet and for people).

### 2<sup>nd</sup> area

#### Changing finance

Fondation brings together a wide range of stakeholders from all sectors and the world of finance to ensure that investments are geared toward transformation:

- ▶ as quickly as possible;
- ▶ as decisively as possible;
- ▶ as honestly as possible.



Sommet de la finance durable, May 14, 2025  
Graham Carr, President and Vice-Chancellor, Concordia University; Geneviève Morin, President and Chief Executive Officer, Fondation; Philippe Zaouati, Founder and Managing Director, Mirova; Béatrice Alain, Managing Director, Chantier de l'économie sociale.

## Staying connected to better anticipate and bring about change

To bring about transformation in the most optimal manner, Fondaction believes in:

- ▶ forging stronger connections between the everyday experiences of the majority of people, the real economy and the financial sector;
- ▶ dialogue that fosters a more resolute, rapid and efficient mobilization toward the necessary changes.

The following pages present projects carried out by Fondaction whose success can be attributed to its engagement with certain partners and the way it establishes a dialogue with different audiences:

- ▶ launch of biodiversity indicators for Québec investors;
- ▶ launch of the first report of the Canadian Impact Investing Working Group;
- ▶ *Génération d'impact's* third cohort.



Montréal Climate Summit, May 6, 2025 – A major collective rally to conclude the event, which brought together more than 800 people.

## Biodiversity indicators for Québec investors

### Issues and challenges

It's estimated that a total of \$700 billion will need to be invested each year until 2030\* to address the biodiversity financing deficit.

In order to integrate biodiversity into the parameters that guide investors, tools must be jointly developed with local experts and environmental and conservation organizations to efficiently measure the impact of financing decisions at an early stage.

### Strategy

Fondaction, the [Société pour la nature et les parcs du Québec](#) (SNAP Québec; Québec Society for Nature and Parks), [La Caisse](#), [Biodiversité Québec](#) and the [Centre de la science de la biodiversité du Québec](#) (Québec Centre for Biodiversity Science) developed nine biodiversity indicators based on scientific consensus to help investors predict a project's impact on local biodiversity and, consequently, determine whether or not it should be financed.

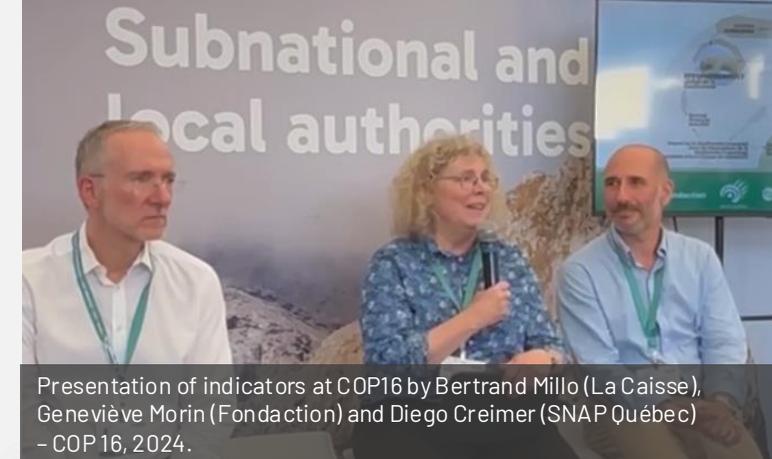
This project represents an unprecedented collaboration between the finance sector, academia and the conservation community. It has received support from the *Ministère de l'Économie, de l'Innovation et de l'Énergie* (Ministry of Economy, Innovation and Energy), the *Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs* (Ministry of Environment, Fight Against Climate Change, Wildlife and Parks) and the Natural Sciences and Engineering Research Council of Canada.

### Targets

The themes identified for these indicators are aligned with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and targets 14 and 19 of the new Kunming-Montréal Global Biodiversity Framework, an overview of which is provided below.

**Target 14:** Ensure the full integration of biodiversity and its multiple values into [...] strategic environmental assessments, environmental impact assessments and [...] across all sectors, in particular those with significant impacts on biodiversity, progressively aligning all relevant public and private activities, and fiscal and financial flows with the goals and targets of this framework.

**Target 19:** Substantially and progressively increase the level of financial resources from all sources, [...] including by [...] leveraging private finance, promoting blended finance, implementing strategies for raising new and additional resources, and encouraging the private sector to invest in biodiversity, including through impact funds and other instruments; [...].



Presentation of indicators at COP16 by Bertrand Millo (La Caisse), Geneviève Morin (Fondaction) and Diego Creimer (SNAP Québec) – COP 16, 2024.

### Results

The nine biodiversity indicators assess the impact of implementing a project (industrial, commercial, real estate, transportation, etc.) on ecosystem services provided within the concerned perimeter; species with status and of cultural interest; conservation; habitat destruction; pollution; introduction and spread of invasive alien species; ecological connectivity; cumulative stressors; and the destruction of natural carbon sinks.

The impact of investments on natural environments can therefore be modeled based on these indicators, whose highly local nature complements the global indicators more commonly used in portfolio analysis.

These nine indicators and their methodology were unveiled at the 16<sup>th</sup> meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 16) in Colombia. They were first shared with representatives of Québec's financial industry during a workshop held at Fondaction's offices on September 13, 2024.

A platform will be launched in winter 2026 to enable investors and the general public to use these indicators. The methodology and data sources are already available on the [Biodiversité Québec](#) website.

\* Source: The Paulson Institute, The Nature Conservancy, and the Cornell Atkinson Center for Sustainability. [Financing Nature: Closing the Global Biodiversity Financing Gap.](#)

## Génération d'impact

### Issues and challenges

The codes of business success are changing. They now include the environmental and social impacts of companies. Those that take this into account improve their performance and the retention rate of new employees. Young professionals have this desire for change, but they may feel isolated or ill-equipped. Organizations are not always prepared to support the next generation of business leaders' creativity and drive to find tangible solutions.

*Génération d'impact* provides these young intrapreneurs with resources and amplifies their ability to innovate and generate a positive impact, both within and beyond the organizations in which they work. The diverse projects, ranging from sustainable development training to the implementation of environmentally responsible or inclusive practices, benefit not only our own practices, processes, teams and business models, but also wider society.

### Strategy

*Génération d'impact* was co-developed by Fondaction and the [Jeune chambre de commerce de Montréal](#) (JCCM; Montréal Junior Chamber of Commerce) in 2022 to support young intrapreneurs who want to change the world from the inside ("Change the world without changing jobs").

*Génération d'impact* solicits and supports intrapreneurs who:

- ▶ seek first and foremost to make a positive impact on people and the planet;
- ▶ are helping to change the codes that define professional and business success as something other than financial success and profitability.

It implements:

- ▶ a collective training approach to increase the impact of emerging leaders in their organizations;
- ▶ networking activities involving speakers and JCCM members to develop cohort members' impact leadership skills.

### Targets

With *Génération d'impact*, our goal is to redefine the standards of success for the next generation of business leaders. Our aim is to develop *Génération d'impact* in order to amplify results by offering more services and a more sustained commitment to young leaders.

- ▶ A new cohort will undergo training in the fall of 2025.
- ▶ The involvement of business leaders will increase, as organizations have an undeniable role to play in giving more space to young impact intrapreneurs in their community.
- ▶ This will facilitate networking between individuals and companies, and the sharing of impact practices developed by intrapreneurs.
- ▶ New activities will be planned to offer an improved formula for the fifth cohort in 2026.



2024-2025 cohort celebrating the program's closing in May 2025.

### Results

Over the past three years, three cohorts have been trained, involving 52 people from 49 different organizations, including Fondaction.

- ▶ From the third cohort onwards, official support from the employer is required for participation, for which a fee is charged. This support further promotes the achievement of the impact challenge and the participants' journey.
- ▶ Coaching continues to improve. In addition to the professional coaching offered since the second cohort, courtesy of HEC Montréal's Pôle Idéos, two mentors have been added for each member of the third cohort.
- ▶ Since the first year, media coverage has been provided by *Les Affaires* for cohort members following a partnership agreement with *Génération d'impact*.
- ▶ In September 2023, *Génération d'impact* won the Impact Initiative of the Year award at the "Grands prix de la relève d'affaires" gala, organized by the *Regroupement des jeunes chambres de commerce du Québec* (Québec Federation of Junior Chambers of Commerce).

## Canadian Impact Investing Working Group (CIIWG)

### Issues and challenges

In 2024, assets under management (AUM) allocated to impact investing exceeded US\$1.5 trillion, which represents less than 1.2%\* of global AUM.

In Canada, impact investing AUM are estimated at C\$14 billion, or 0.68% of the global industry. Therefore, there is significant room for growth in impact investing in Canada, where AUM could potentially triple by 2030.

However, obstacles remain, particularly in terms of perceptions, practices, and economic uncertainty. Therefore, it is crucial to inform people and to catalyze collaboration, innovation and adoption of best practices in order to foster growth in the impact market.

### Strategy

Fondaction spearheaded the establishment of the Canadian Impact Investing Working Group (CIIWG), which brings together like-minded investors who want to transform finance.

The CIIWG's mission is to raise awareness about impact investing in the traditional finance world and attract new investors. Its strategy includes organizing working meetings with industry stakeholders, providing Canadian asset owners with access to European expertise, as well as encouraging action, collaboration and the development of impact investment products.

Its main activities consist of:

- ▶ targeting and mobilizing certain Canadian pension funds, organizing direct meetings with decision-makers, and providing training;
- ▶ organizing an awareness and information tour for asset holders and associations to dispel misconceptions and demonstrate how impact investing can be beneficial and profitable;
- ▶ creating a dedicated impact investing platform to attract Canadian institutional capital (\$1 billion in impact investments over a three-year period).

### Targets

- ▶ Organize two round tables in May 2025 in Montréal and Toronto, bringing together nearly 50 participants who are not members of the CIIWG.
- ▶ Mobilize a majority of the Canadian asset holders in attendance. Sixty-six organizations were invited to take part in the events, of which 25 attended, representing a 38% participation rate.
  - Organizations that participated in Montréal: 11 (70% of target achieved)
  - Organizations that participated in Toronto: 11 (55% of target achieved)

As hoped, a majority of asset holders (64%) participated in these roundtables.

Plans to create an impact investment platform in the country are underway. The goal is to attract \$1 billion in impact investments over a three-year period.



CIIWG members

### Results

In 2024, the CIIWG published a roadmap presenting a series of recommendations and setting certain targets.

The dialogue, which began in 2025 with the organization of two roundtables, led to four key priorities:

- ▶ Act quickly to seize opportunities arising in Canada during this period of crisis;
- ▶ Allocate resources toward initiatives that generate solutions and maximize benefits for stakeholders;
- ▶ Transform financial culture;
- ▶ Promote segmented scaling - i.e., design solutions tailored to the specific challenges of each type of investor and each organization.

Although participation by Canadian institutional investors in the roundtables was lower than expected, mainly due to logistical issues, this initiative confirmed the financial community's interest in and openness to impact investing.

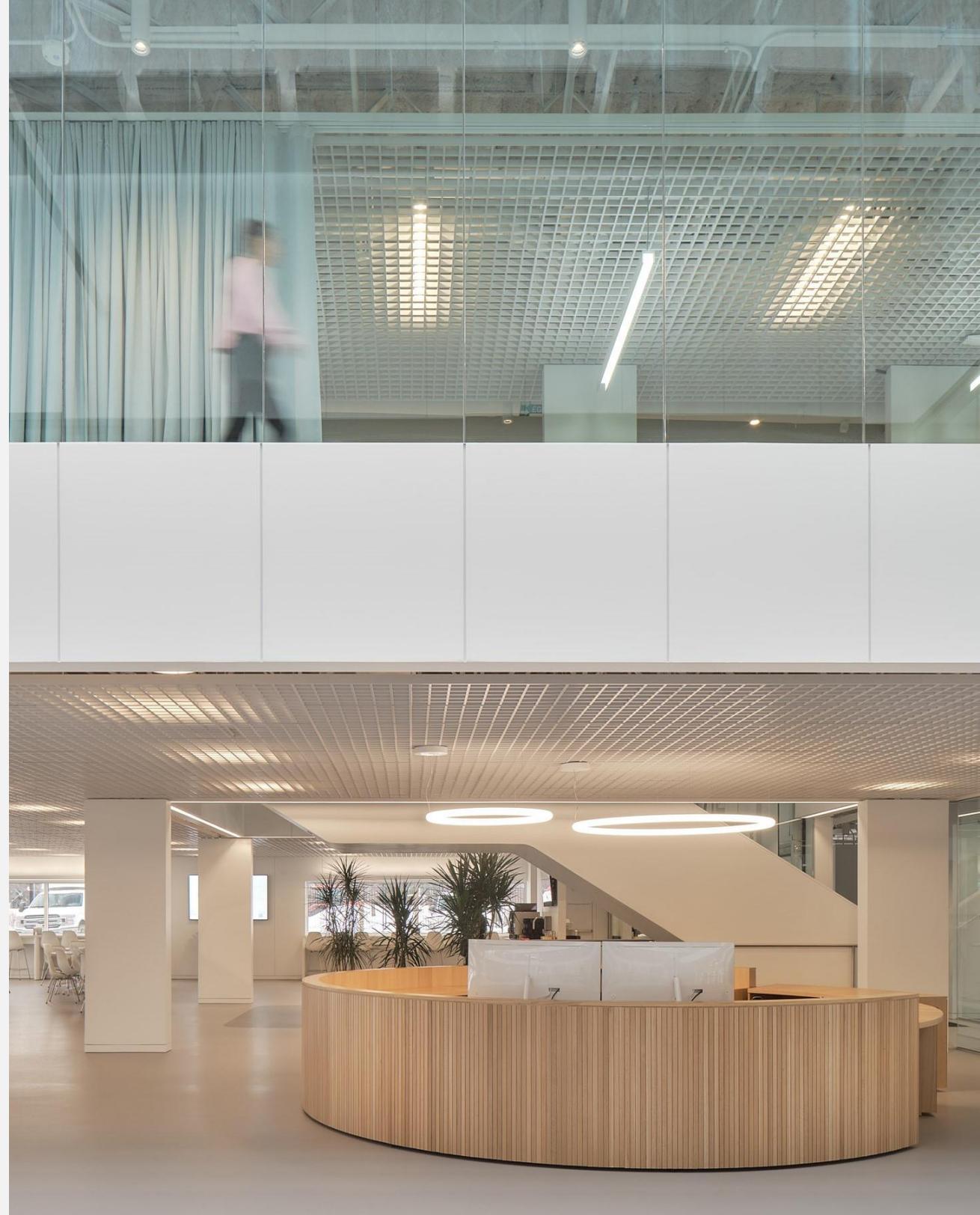
The combined AUM of participating asset holders was C\$2.104 trillion, which is 300 times more than the C\$7 billion managed by the CIIWG member organizations.

\* Source: According to the Boston Consulting Group's [Global Asset Management 2025](#) report, the global asset management industry reached a record high of \$128 trillion in AUM in 2024.

# 5.

## Our internal practices

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5.3 As an employer	77



## 5.1 Consistency

Fondaction is dedicated to reflecting its vision of positive transformation through its practices.

The organization strives to always apply its impact principles and measures to its internal practices, choices and activities.

It seeks to embody change and bring its own vision of positive transformation to life.

As an organization and as an employer, Fondaction is committed to making the economy fairer, more inclusive, greener and more performant.



## 5.2 As an organization

### An updated Environmental Responsibility Policy

Since its inception, the organization has been working diligently to incorporate the sustainable development principles in its day-to-day activities.

An updated version of the Environmental Responsibility Policy was adopted in May 2025 and now applies to:

- ▶ sourcing of goods and services;
- ▶ building management;
- ▶ waste management;
- ▶ transportation;
- ▶ the organization of internal events.

This policy sets out the considerations that should govern decision-making, namely:

- ▶ the consistency between our belief as an investor and our activities, as well as exemplary behaviour;
- ▶ the environmental and social impacts throughout the life cycle;
- ▶ the fight against climate change and the protection of biodiversity;
- ▶ our role in raising awareness among our business partners and suppliers.

In the 2024 Report on Positive Transformation, we indicated that the identification of priority actions to be taken was underway. Our efforts have focused on assessing sourcing practices and profiling our suppliers' social and environmental practices. We have begun to set goals, indicators and targets based on this data.



## Greenhouse gas (GHG) emissions report

Managing GHG emissions to fight climate change is one of the central components of the organization’s Environmental Responsibility Policy.

Although our activities have a limited environmental impact and are not subject to specific GHG emissions regulations, we believe this aspect must be analyzed, monitored and improved. The table opposite shows the GHG emissions report, by scope.



Scope 1 emissions	Result (t CO <sub>2</sub> eq.)
Fossil fuel consumption <sup>20</sup> of buildings under Fondaction’s operational control, as a proportion of the area occupied by Fondaction	None in 2024-2025
Refrigerant gas leaks <sup>21</sup> , as a proportion of the area occupied by Fondaction	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>22</sup> )	61,662.7
<b>Total for Scope 3</b>	<b>61,986.1</b>

<b>TOTAL</b>	<b>62,015.1</b>
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## 5.3 As an employer

### Our vision

Diversity and inclusion are integral to our organization’s vision of sustainability.

We recognize that there’s always room for improvement, particularly with regard

to enhancing our practices and raising awareness within the organization about diversity and inclusion issues. On the following pages, we present five initiatives that meet these goals.

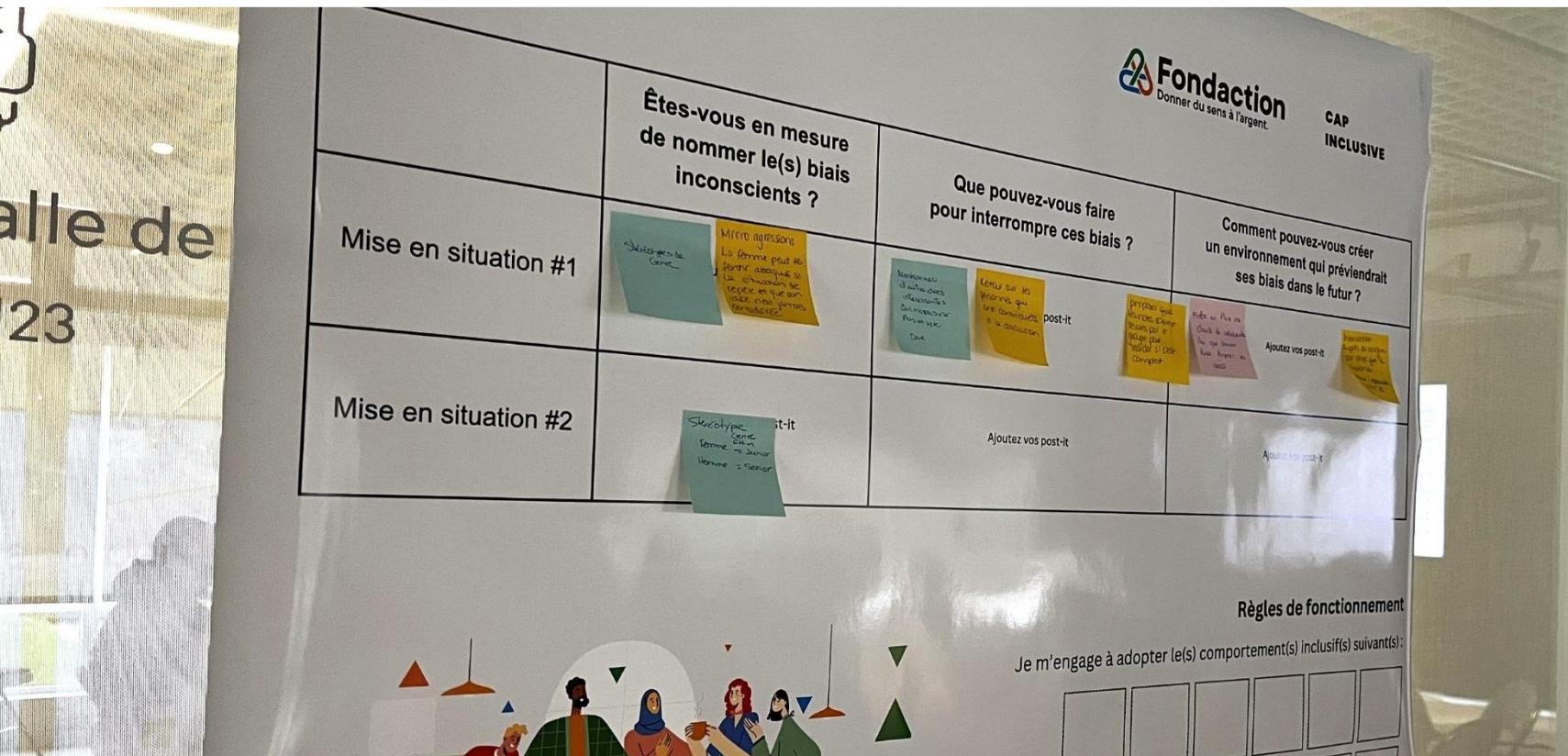
### Pay equity

Fairness is achieved, most notably, through salaries, which are set by collective agreement for unionized staff.

The organization established a parity committee for salary relativity in order to ensure the fairness of each job category in accordance with the principles set out in the Québec Pay Equity Act. Wage indexation is set according to the collective bargaining agreement and takes into account increases in consumer prices.

The Fondation employee supplemental pension plan is a defined benefit contributory plan.

Furthermore, the annual salary of the organization’s highest-paid individual as at May 31, 2025 is equivalent to 4.09 times the median annual salary of all employees, compared to 4.08 as at May 31, 2024. This demonstrates the low salary dispersion within the organization.



## Diversity and inclusion awareness

### Training to recognize and prevent unconscious bias

To strengthen the conditions most conducive to inclusion, Fondation offered its teams workshops on unconscious bias. Since the launch of this initiative in

May 2024, a total of 245 employees – more than 92% – have completed the training.

According to a survey of the three groups that attended this year's workshop, 72% of participants said they felt more comfortable taking action when they witness situations involving bias, while 69% said they were fully capable of identifying biases and recognizing situations involving bias.

### Evaluating the recruitment process

As part of the third cohort of the *Génération d'impact* program, which is discussed on page 71, an intrapreneur working within our organization was tasked with making our recruitment process more inclusive and accessible, and ensure it takes diversity into account. This included adapting job postings to more accurately reflect the reality of neurodivergent, dyslexic and allophone people.

The next steps will involve gaining a better understanding of the barriers encountered during the recruitment process, with the aim of implementing concrete solutions in response to accommodation requests.

### Encouraging dialogue and celebrating the rich culture of Black communities

Every year, Black History Month is celebrated in collaboration with the union executive and the Afro-Entrepreneurs Fund.

In 2024-2025, various activities took place on this occasion:

- ▶ Invitations to local Black entrepreneurs to promote their products and services;
- ▶ Awareness-raising workshops on historical and contemporary issues around equality and inclusion, and on possible ways to show empathy and solidarity;
- ▶ Tasting activities featuring typical dishes from Haiti, Jamaica, Senegal, Nigeria, Ivory Coast, Congo and West Africa, celebrating Black cultures through their iconic flavours;
- ▶ Opening of the temporary exhibition *Mosaïque*, produced in partnership with the [Montreal Afro-Canadian Cultural Centre](#), the [Afromusée](#) and [Arbangbang](#).



Artist Adja Diagne at the opening of the Mosaïque exhibition

## Diversity and inclusion awareness

### A diversity snapshot to provide an updated view of our organization<sup>23</sup>

This year, we invited all staff members to participate in a voluntary self-identification process to help us gain an accurate snapshot of the make-up of our team.

The high participation rate (82%) reflects keen interest in this exercise, which provided an overall view of the current realities within the organization. The participation rate of board members reached 100%.

Target groups	Board members
<b>Gender identity</b>	
Women	67%
Men	33%
Non-binary individuals	0%
<b>Visible minorities</b>	<b>7%</b>
<b>Ethnic minorities</b>	<b>7%</b>
<b>Persons with a disability</b>	<b>0%</b>
<b>Native people</b>	<b>0%</b>

All staff	Comparison with Canada and Québec employment statistics <sup>24</sup>
50%	47%
49%	53%
1%	0.33%
<b>22%</b>	<b>27.2%</b>
<b>11%</b>	<b>NA</b>
<b>6%</b>	<b>14.7%</b>
<b>2%</b>	<b>2%</b>

### Gauging the perception of inclusion to advance collectively

A questionnaire for employees was developed based on a rigorous literature review to identify concrete areas for improvement and indicators from which to derive an overall diversity and inclusion index.

This questionnaire was designed to gather honest and balanced feedback, with the aim of strengthening measures that promote respect for people’s uniqueness, while ensuring a fair approach to talent management and professional development.

Following a test phase involving a sample of 10 people, the organization intends to distribute the questionnaire to all employees in a confidential and accessible format in 2025-2026.

# 6.

## Outlook

6.1 Moving faster, going further

81



Art Massif, Sentier des cimes Laurentides

## 6.1 Moving faster, going further

Fondaction is a company that is constantly evolving.

In January 2025, we joined forces with the *Comité syndical national de retraite Bâtirente* (Bâtirente National Pension Union Committee; Bâtirente) through a new entity: the *Regroupement entre Bâtirente et Fondaction* (Bâtirente and Fondaction Combination). On June 2, 2025, the Regroupement was registered as an investment fund manager with the *Autorité des marchés financiers* (Financial Markets Authority).

Bâtirente is a group retirement system created in 1987 at the initiative of the CSN and incorporated in 1995. [A pioneer in responsible investing](#), Bâtirente was one of the first signatories of the Principles for Responsible Investment (PRI) in 2006. In 2015, it co-founded *Æquo*, a shareholder engagement services firm.

Bâtirente has developed expertise in retirement planning and created a comprehensive range of savings products and planning tools to support individuals throughout their working lives and into retirement.

By bringing together two highly complementary partner institutions, we have pooled our employees

and expertise in order to:

- ▶ better meet the financial needs of savers;
- ▶ increase access to a wide range of financial products and services that seek to balance needs and values;
- ▶ harness these savings towards investments that promote a positive transformation of the economy, making it fairer, more inclusive, greener and more performant.

We will continue to integrate our activities over the coming months. A joint accountability reporting will be presented in next year's report on positive transformation, once this process has been completed.

—

Following the creation of Fondaction Asset Management in 2022 and the combination with Bâtirente in 2025, Fondaction has been developing and growing in an innovative and ambitious way to strengthen its actions and ability to fulfill its mission.

If we want to transform the economy, we must be the driving force behind this change. We must move ever faster, go ever further, and influence our ecosystem's stakeholders to follow suit.



La décision, Roger Langevin

# 7.

## Appendices

7.1 Methodological notes

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7.2 Lexicon

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## 7.1 Methodological notes

Indicator	Page(s)	Notes
1. Share of investments classified as responsible	40	For the sake of transparency, the exact figure is 99.9%, since the ESG analysis of one investment had not been finalized as at May 31, 2025.
2. Number of affordable, social or community housing units	49	The definition of affordable, social or community housing unit varies depending on the geographic location of the project and the target socio-demographic group. Moreover, construction must have started for the units to be counted.
3. Share of real estate projects contributing to the densification or redevelopment of an existing building	49	A project is considered to contribute to densification when it helps increase density by 50% per acre. Redevelopment means changing the function or purpose of an existing building.
4. Metrics by impact theme	52	The results of these indicators are calculated based on data that companies self-report during the annual impact data collection process. The data that each company must collect and disclose annually is determined in collaboration with Fondaction and is linked to their respective impact thesis.
5. Number of hectares under sustainable agriculture	52	Organic, integrated, biodynamic and hydroponic agriculture
6. Tonnes of certified organic food	52	The food is certified organic by Ecocert.
7. Avoided GHGs (tonnes CO <sub>2</sub> eq.)	52	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.
8. Renewable energy produced (MWh)	52	For this indicator, the total MWh produced by each company are attributed to Fondaction proportionally, based on its percentage ownership.
9. Energy savings (MWh)	52	This is an MWh equivalent, since we add the actual electricity savings (in MWh) to the natural gas savings, which have been converted into MWh.
10. Energy savings (SOFIAC)	65	The energy performance of new equipment is measured using processes established and approved by an independent auditor. The performance of new equipment is then compared with the replaced equipment for a reference year. The total energy savings in electricity (kW), propane (L), fuel oil (L) and natural gas (m <sup>3</sup> ) are converted into gigajoules (GJ) and reported accordingly.

## 7.1 Methodological notes

Indicator	Page(s)	Notes
11. Reduced GHGs (SOFIAC)	65	The energy consumption of new equipment is measured using processes established and approved by an independent auditor. The energy consumption is then converted into CO <sub>2</sub> equivalent emissions using emission factors, according to the type of fuel consumed. SOFIAC uses the <i>National Inventory Report 1990-2022: Greenhouse gas sources and sinks in Canada</i> to convert electricity into CO <sub>2</sub> equivalent emissions. To convert propane, fuel oil and natural gas consumption into CO <sub>2</sub> equivalent emissions, it uses the Québec government's emissions and conversion factor table (2019). These emissions are then compared from the energy consumption of the replaced equipment for a reference year.
12. Protected land (Inlandsis)	65	The protected area is determined based on the geographic coordinates of the project perimeter. These are established through field mapping or spatial data, then converted into acres and then into hectares. This indicator covers all land conserved by the project, beyond the land eligible for Inlandsis carbon credits. The data is validated by independent auditors, and its availability depends on the specific audit schedule for each project.
13. Avoided GHGs (Inlandsis)	65	Avoided GHGs are calculated by comparing emissions from a reference scenario without the project, to those generated with the project, according to the methodologies of the American Carbon Registry (ACR), Climate Action Reserve (CAR) and California Air Resources Board (CARB). Although the calculations are performed by qualified professionals and validated during periodic checks, they remain subject to the limitations of the applied protocols, which vary depending on the project.
14. GHGs removed from the atmosphere (Inlandsis)	65	GHGs removed from the atmosphere are calculated by comparing emissions from a reference scenario without the project to those observed with the project, according to ACR methodologies. The calculations take into account the emissions generated by the project and are validated by independent auditors but remain subject to the limitations of the applied protocols, which vary depending on the project.
15. Reduced GHGs (Inlandsis)	65	The term "Reduced GHGs" is used in accordance with the term "Reductions" utilized by the California Compliance Offset Protocol for U.S. Forest Projects (2015), which did not explicitly distinguish between avoided emissions and emissions removed from the atmosphere. Historically, these credits were considered as overall emission reductions. According to current standards, one part could be classified as avoided GHG emissions and another as GHGs removed from the atmosphere. However, in the absence of precise data on the distribution, we are retaining the original terminology.
16. Valorized residual materials (Fonds Économie circulaire)	66	This refers to residual materials that would usually be sent to landfill sites, but which are instead sent to other treatment facilities. The data used for this indicator is self-reported by companies and has not been independently audited. If data is missing or inconsistent, the internal team makes estimates based on conservative coefficients or assumptions.
17. Substituted virgin materials (Fonds Économie circulaire)	66	This refers to the quantity of virgin raw materials whose consumption has been avoided thanks to their substitution by circular economy materials or through strategies to optimize existing resources. The data used for this indicator is self-reported by companies and has not been independently audited. If data is missing or inconsistent, the internal team makes estimates based on conservative substitution coefficients or assumptions.

## 7.1 Methodological notes

Indicator	Page(s)	Notes
18. Avoided GHGs (Fonds Économie circulaire)	66	The quantity of GHGs avoided by substituting virgin materials with circular economy materials or by optimizing existing resources is estimated using reference scenarios that consider several stages of the life cycle. Avoided GHG emission factors are established for each type of material. The data used for this indicator is self-reported by companies and has not been independently audited. If data is missing or inconsistent, the internal team makes estimates based on conservative coefficients or assumptions.
19. Affordable housing units built (PrimAccès)	66	These are affordable housing units, sold at 25% below market price, whose construction has been completed.
20. Perimeter of Scope 1 emissions	76	Only stationary emissions and fugitive emissions are included in Scope 1, since Fondaction does not own any vehicles and does not generate process emissions.
21. Fugitive emissions	76	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.
22. Financed emissions	76	Fondaction's total asset coverage ratio is 92%. Government bonds, portfolios with alternative strategies, and cash are excluded from the calculation.
23. Portrait of diversity	79	This report is limited to Fondaction's activities and results, although a combination with Bâtirente was announced on January 1 <sup>st</sup> , 2025. Therefore, the data relating to employees does not include Bâtirente staff, except for the diversity profile. The questionnaire was sent to all employees of the Bâtirente and Fondaction Combination. Since the questionnaire was anonymized, it was not possible to pinpoint only those employees who were initially with Fondaction.
24. Comparison with Canada and Québec employment statistics	79	In Canada, the proportion of people who identify as belonging to an ethnic minority (i.e. those whose mother tongue is not French or English and who do not have Indigenous or visible minority status) is not recorded in active employment. This is why the notation "not available" (NA) is indicated for this group. Labour market statistics are sourced from Statistics Canada and the <i>Office des personnes handicapées du Québec</i> (Québec Office for Persons with Disabilities). With regard to the "visible minorities" group, the labour market data used comes from the Montréal labour force (excluding the north and south shores). The dates of the data collected vary between 2021 and 2023.

## 7.2 Lexicon

**ACR:** American Carbon Registry

**CAR:** Climate Action Reserve

**CARB:** California Air Resources Board

**CIWG:** Canadian Impact Investing Working Group

**CSDS:** Canadian Sustainability Disclosure Standard

**DCI:** Development capital investments

**ESG:** Environmental, social and governance issues

**FAM:** Fondation Asset Management Inc.

**FR:** Fondation Representatives

**GIIN:** Global Impact Investing Network

**GRESB:** Global Real Estate Sustainability Benchmark

**ICMA:** International Capital Market Association

**ILPA:** Institutional Limited Partners Association

**IMP:** Impact Management Project

**OPIM:** Operating Principles for Impact Management

**PCAF:** Partnership for Carbon Accounting Financials

**PRI:** Principles for Responsible Investment

**QEMP:** Québec Emerging Manager Program

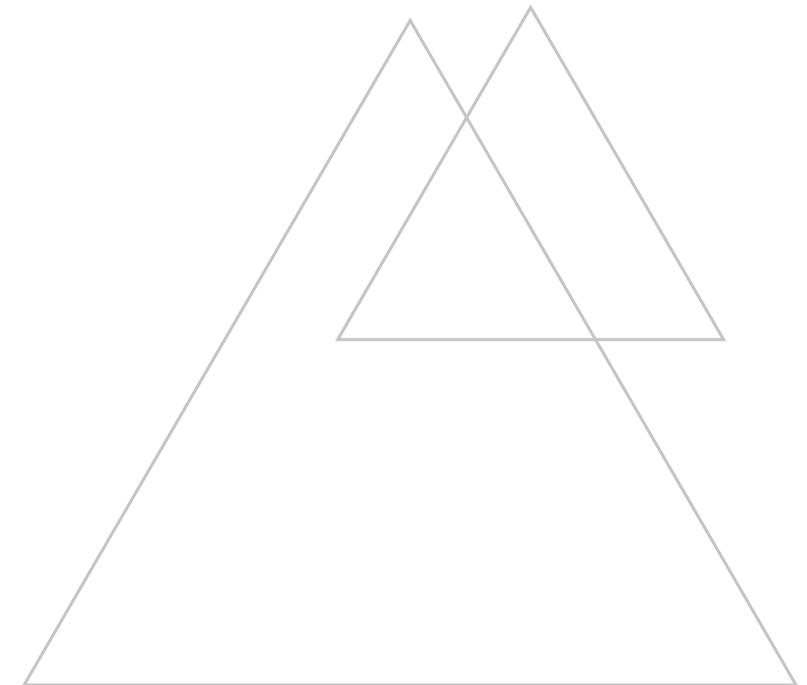
**QPC:** Quebec public companies

**RFR:** Regional Fondation Representatives

**SASB:** Sustainability Accounting Standards Board

**SDG:** United Nations' Sustainable Development Goals

**TCFD:** Task Force on Climate-related Financial Disclosures



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