

In solidarity, more than ever



In solidarity, more than ever

Solidarity takes on greater significance in the face of adversity. Since it was founded, the Fonds de solidarité FTQ has offered Québécois an opportunity to pool their savings to create a true economic force that can support local businesses in pursuing their ambitions. Over the years, many workers from all across Québec have answered the call. This collective commitment inspires trust and rekindles hope for a better society, driven by a sustainable, responsible and inclusive prosperity. An excellent reason to act in solidarity, more than ever.



Photo:

Employees of Exprolink, a company specializing in designing and manufacturing outdoor cleaning vehicles for cities under the Madvac® brand, start their work shift in an environment where measures have been put in place to continue production in an orderly, effective and safe manner for all (see story on page 42).



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Acting in solidarity

To help those most vulnerable to the pandemic, the Fonds gave \$300,000 to the following organizations: Cuisines Solidaires – a Tablee des chefs' initiative, SOS violence conjugale, Fondation Tel-Jeunes, United Way Centraide, Red Cross, Little Brothers.

Collective commitment takes on its full meaning when challenges occur

Collective commitment helped make the Fonds de solidarité FTQ Québec's largest development capital investment network. Channeling the savings of workers to support businesses in all industries, the Fonds has become a vital player in the Québec economy.

A true crossroads of knowledge and resources for its savers and partner companies, the Fonds pursues its mission, which has remained wholly relevant for 37 years:

- Create, maintain or protect jobs
- Provide financial and economic training to workers
- Contribute to developing the Québec economy
- Help Québécois prepare for retirement

Our results at a glance

Annual returns to the shareholder

Years ended May 31
(in %)

2020	0.8
2019	7.8
2018	7.5
2017	9.1
2016	4.4

0.8%

Annual compound returns to the shareholder

As at May 31, 2020
(in %)

1 year	0.8
3 years	5.3
5 years	5.9
10 years	6.4

6.4%

(10 years)

Net assets

As at May 31
(in millions of \$)

2020	13,794
2019	15,627
2018	14,329
2017	13,116
2016	11,750

\$13,794M

Net assets per share

As at May 31
(in dollars)

2020	44.24
2019	43.90
2018	40.73
2017	37.88
2016	34.73

\$44.24

Comprehensive income

Years ended May 31
(in millions of \$)

2020	230
2019	1,134
2018	1,006
2017	1,085
2016	498

\$230M

Total operating expense ratio

Years ended May 31
(in %)

2020	1.5
2019	1.3
2018	1.4
2017	1.4
2016	1.4

1.5%

The Québec economy, like the world economy, was shaken by the COVID-19 pandemic starting in the first quarter of 2020. Many Fonds partner companies were affected by this crisis that temporarily slowed down, or even halted, their operations. Despite the challenging conditions that prevailed during the second six-month period of its financial year, the Fonds posted a positive annual return of 0.8%, bringing the share value to \$44.24. Due to share redemption requests by our savers, which totaled \$3 billion, the Fonds' net assets stood at \$13.8 billion as at May 31, 2020.

True to its mission, the Fonds invested more than ever in Québec businesses. With record development capital investments totalling \$1.4 billion, the Fonds exceeded by 40% its forecast to support its partner companies from the onset of the crisis. As at May 31, 2020, it had 3,329 partner companies, up 203 from a year ago. Through its investments in Québec businesses, the Fonds contributes to supporting 221,267 jobs.

Number of partner companies

As at May 31
(Fonds and network)

2020	3,329
2019	3,126
2018	2,839
2017	2,719
2016	2,636

3,329

Development capital investments¹

Years ended May 31
(in millions of \$)

2020	1,416
2019	1,211
2018	1,108
2017	873
2016	686

\$1,416M

¹ These investments include funds committed but not disbursed as well as guarantees and suretyships.



Gaétan Morin,
President and Chief
Executive Officer

**Together, building a more
prosperous, greener and
fairer society**



Claude Séguin,
Chairman of the Board
of Directors



Daniel Boyer,
President of the FTQ and
First Vice-Chair of the
Board of Directors

Québec has an amazing pool of driving forces. Time and time again we have shown our resilience and ability to combine our efforts to face adversity. This time is no exception. The dedication of our workers and the resourcefulness of our entrepreneurs will make a difference. And Québécois' solidarity, stronger than ever, remains a tremendous driver of economic vitality. **Gaétan Morin**, President and Chief Executive Officer, **Claude Séguin**, Chairman of the Board of Directors, and **Daniel Boyer**, President of the FTQ and First Vice-Chair of the Board of Directors discuss the highlights of the 2019-2020 financial year and what the Fonds should do to continue its activities while helping keep Québec on the path to sustainable prosperity.

“It is in largely thanks to the confidence of Québecers who entrust their savings to us that we have the financial capacity needed to contribute to economic development and to create, maintain and protect jobs.”

– *Gaétan Morin, President and Chief Executive Officer*

How would you sum up the 2019-2020 financial year?

Gaétan Morin – The most recent financial year certainly was an opportunity to confirm the relevance of the Fonds, both when the economy is operating at capacity and when we are facing adversity. Throughout the first nine months of the year, we continued our effort at the same pace as in the previous year to support a continuously increasing number of businesses. All our network components once again posted remarkable results, and the Fonds régionaux, the fonds locaux and the Fonds immobilier de solidarité FTQ invested as much, if not more, as the amount invested in the prior year, which already was a record. On December 31, 2019, we announced that the share value reached a new high at \$46.20, which testified to the solid performance of our partner companies and the vitality of the Québec economy at that time.

During the last quarter, the onset of the COVID-19 pandemic changed everything. We quickly revised how we deploy our efforts to stay true to our principal mission, which is to support local businesses and protect jobs. We were there to meet the most pressing needs of our partner companies, and that led us to adopt an action plan to, among other things, ease the financial burden of those that had to change or temporarily halt their operations. We also offered them the support needed so that they could regain their momentum when the recovery began and their workers could return to their jobs as quickly as possible.

Including the additional financing granted in response to the pandemic, we invested \$1.4 billion in the Québec economy during the financial year ended May 31, 2020, up 40% compared to the amount originally forecast in our business plan. The value of our development capital investments now exceeds \$10 billion.

For the whole financial year, the Fonds posted comprehensive income of \$230 million, which translates into a share value of \$44.24 as at May 31, 2020 and an annual return to the shareholder of 0.8%. In other words, the solid performance for the first half of the year offset the negative impact of the pandemic that followed.

It is in largely thanks to the confidence of Québecers who entrust their savings to us that we have the financial capacity needed to contribute to economic development and to create, maintain and protect jobs. During the year, we issued the equivalent of \$961 million in Class A shares, a new record. We also welcomed over 46,000 new savers, of which a majority is under age 40, bringing our total number of savers to 707,935 as at May 31, 2020.

At the same time, we were there for our savers who were eligible for the redemption of their shares and wanted to exercise that right. Our Saving Services group was remarkably effective and processed redemption requests totalling \$3 billion. We are grateful to all these savers who trusted the Fonds over the years. Their support was fundamental to the pursuit of our mission, and we are proud to have returned their savings with all the accumulated profits to them.

Claude Séguin – Beyond figures, it is mostly through its approach to its role as a development capital firm that the Fonds demonstrates that it is essential to the Québec economy. Throughout the year, the Fonds successfully implemented its action plan to help local businesses meet the challenges of the transformations resulting from the technological, environmental and demographic changes in our society.

There are many examples of entrepreneurs who are pleased with their partnership with the Fonds. I'm thinking more specifically of the people at Exprolink and Moderco, who are mentioned in this report and benefited from the support of the Fonds to bring to life their strategy to strengthen their respective leadership position. I should also mention the specific Life Sciences expertise of the Fonds' professionals, which led to significant investments in the last few months, thereby contributing to boosting this ecosystem and fostering the emergence of new therapies for the well-being of our community.

While slowing down the momentum of many of our partner companies, the pandemic confirmed that the Fonds was a key element of the solution to facilitate the resumption of their operations and a return to a vibrant economy.

Daniel Boyer – I would add that the Fonds once again proved that it is a vital player in the Québec socioeconomic space. Let's not forget that it was founded by the FTQ over 35 years ago, during an economic crisis, to mobilize the savings of workers, support local businesses, and contribute to creating, maintaining and protecting quality jobs. The values of solidarity and collective commitment that underlie the Fonds' mission take on their full meaning in the current conditions.

At the FTQ, we are especially concerned with the pandemic's impact on jobs in Québec. We can only commend the efforts deployed by the Fonds' professionals to support our partner companies so that they can resume their operations in the best conditions possible once the confinement constraints are lifted. Not only is this about ensuring that workers are going back to work as early as possible, but also that they are going to work in an environment that is completely safe.

Which elements helped the Fonds adapt quickly to the situation?

Claude Séguin – The presence of mind and speed of action of the Fonds' management team from the outset. As soon as the Québec economy was put on pause, they understood that they had to act with diligence and agility, to exercise their leadership in organizing remote working and to mobilize employees to implement support measures for savers and partner companies. Very quickly, everything was ready to provide services to savers and offer businesses that needed financial flexibility the opportunity to defer payments on their loans.

Gaéтан Morin – For my part, I take this opportunity to thank, on behalf of the whole management team, all the employees of the Fonds. This was not an easy job. While they had to change the way they do things and start working remotely at an accelerated pace, they also had to answer a significant volume of questions and requests from savers and contact each of our partner companies to offer them our support. They did a colossal amount of work while facing unprecedented constraints. Thanks to their professionalism and dedication, the Fonds rose to the challenge.

Daniel Boyer – There is no doubt the one of the elements that makes the Fonds unique remains its network of local representatives across Québec. They play an essential role in making people aware of the Fonds' mission and its importance as a tool for social and economic progress. Since the beginning of the pandemic, local representatives were also tireless in their support of the Fonds' effort. They were on the front line to answer questions from their colleague-savers, directing them to the right resources and ensuring that trust was maintained so that the Fonds could pursue its mission.

How has the current situation affected your just energy transition plan and your sustainable development efforts?

Gaéтан Morin – While the onset of the pandemic forced us to temporarily adjust our priorities, our resolve to contribute to improving society remained unaffected. As you will see when reading the *Sustainable Development and Responsible Investment* section, our teams are continuing the initiatives in that field. With respect to our *Just Energy Transition Plan*, we pursued our work related to each of the four parts. We will soon complete the review of our methodology for calculating the carbon intensity of our investments in publicly traded companies, and this will give us a clearer and more accurate picture of the situation to better inform the choices we will make to reduce by 25% this intensity by 2025. We also began supporting partner companies wishing to improve their energy efficiency. Throughout the year, we also made investments to support businesses that either apply an innovative model or have launched a process to use resources responsibly or reduce GHG emissions. Then there's our active presence in various organizations to advocate the importance of taking action against climate change by promoting a just and coherent energy transition.

“The values of solidarity and collective commitment that underlie the Fonds’ mission take on their full meaning in the current conditions.”

– Daniel Boyer, President of the FTQ and First Vice-Chair of the Board of Directors

How do you envision the future and the role of the Fonds?

Daniel Boyer – In a post-COVID-19 economy, Québec will more than ever need an organization such as the Fonds, which has its roots in working to improve things and act as a socioeconomic tool to meet the challenges of modern society. Last year, we stated that the Fonds would have much to do in the next decade as Québec cannot escape the transitions resulting from technological, demographic and climate changes. These changes will impact in many ways both businesses and the world of labour. If there is one thing the pandemic confirmed, it is the urgency to act. From this point of view, it is reassuring to know that the Fonds remains proactive and has pertinent action plans, notably by continuing its effort to achieve a just energy transition.

Claude Séguin – One of the Fonds’ most important assets continues to be its ability to innovate and adapt to meet Québec’s evolving needs: this was confirmed once again in the early days of the pandemic. In that respect, it is clear that the Fonds will continue its actions to remain a relevant organization that is firmly focused on the future while staying true to its mission and its values whereby people are at the forefront of its actions. As the Fonds was one of the pioneers of responsible investment, this concept will no doubt be an increasingly integral part of its decision-making process. In other words, in the wake of the pandemic, what contributed to making the Fonds a one-of-a-kind organization, whether it is the mobilizing role of the FTQ, the commitment of local representatives, the professionalism and dedication of employees to both businesses and savers, will continue to serve it in building a better society.

Gaéтан Morin – Québec’s vibrant strengths are the keys to our success. Well before the pandemic, entrepreneurs and business leaders were working hard, driven by the resolve to give a collective meaning to their actions. I’m thinking here about the movement to buy local food products, which was facilitated by businesses such as Lufa Farms, whose purpose is sustainable agriculture. I should also mention Bestar, which manufactures ergonomic furniture that fits perfectly with the new reality of remote working. Or IMV, a biopharmaceutical company that is racing to find a COVID-19 vaccine and is focusing on developing new therapies for neurodegenerative diseases such as Alzheimer’s disease. Our investments in these businesses testify to our commitment to the movement for an economy that is more humane, greener and more than ever geared toward the needs of society.

More recently, the Fonds also invested to support the rapid transformation of our partner companies. This led to the creation of GNR Québec Capital, in partnership with Xebec, to support initiatives aimed at processing organic waste to make renewable natural gas. This fund is a first in Québec. We are also partnering with InvestEco, whose mission is to help entrepreneurs who promote healthier food networks in a more sustainable environment.

These examples clearly show the intention of Québec society to embark on a sustainable and fair path. The Fonds intends to help build, together with local entrepreneurs and workers, this prosperous new economy that respects the environment and places people at the forefront of growth. That is the very essence of the Fonds.

A great builder

Fernand Daoust (1926-2020)

Fernand Daoust left us on January 23, 2020. During his lifetime, he helped make Québec a modern, fairer and more democratic society. Here's a tribute to a great builder.

Fernand Daoust's impressive career was marked by his love for Québec and his tremendous respect for workers. He was at the forefront of the movement that brought together unions and led to the formation of the FTQ. He played a crucial role in building and strengthening this organization and making it an indispensable social player in modern Québec. He was also a great promoter of French as the official language and language of work. We wish to highlight here his significant contribution to the creation and development of the Fonds de solidarité FTQ.

"Thanks to the boldness and courage of Fernand Daoust, Québec workers can now rely on a unique socioeconomic development institution. On behalf of the Fonds' employees and local representatives, I say 'Thank you, Mr. Daoust!'"

– *Gaétan Morin, President
and Chief Executive Officer*

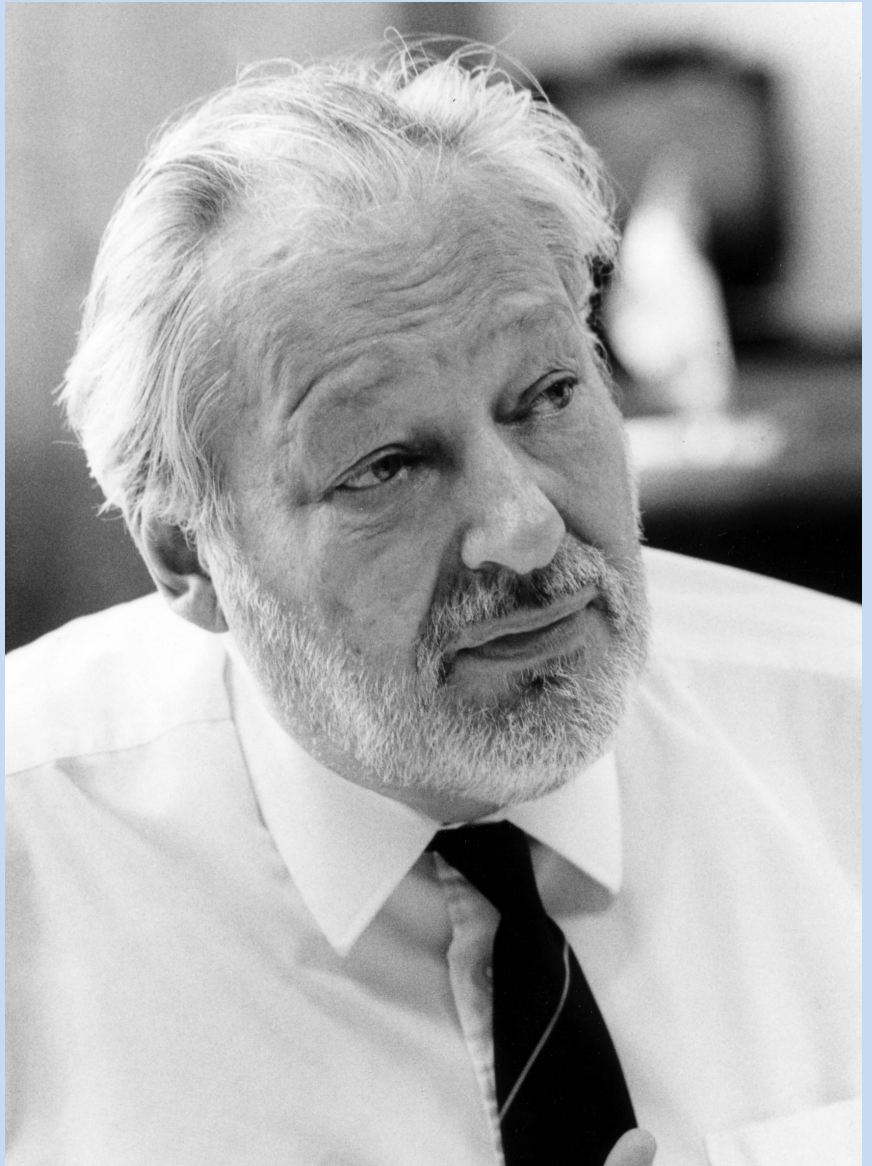
When a business closed, Fernand Daoust always expressed what a shame it was to see women and men find themselves without a job, often after giving the best years of their lives to an employer. This is why, in 1974, he was one of the supporters of the workers of Regent Knitting Mills, in Saint-Jérôme, who, after the plant's closing was announced, created Tricofil, a business managed by its workers. This initiative was a source of hope for seven years, and its abrupt ending triggered some deep reflection. Fernand Daoust, like his colleague Louis Laberge, believed it was inconceivable for one group of workers to be left alone to carry the burden of

maintaining their own jobs. This is how the idea of the Fonds de solidarité FTQ originated.

From the creation of the Fonds until 1993, Fernand Daoust was its secretary general. He was very proud of his association with this institution. He did not hesitate to promote it at every opportunity, with unions affiliated with the FTQ and in many other forums, both in Québec and abroad. To this day, the Fonds owes part of its international reputation as a unique socioeconomic development institution to him.

"Fernand Daoust was a man of conviction and great vision. He contributed to making the Fonds a true catalyst for social progress and an essential instrument for both Québécois and local businesses."

– *Claude Séguin, Chairman
of the Board of Directors*



“Fernand Daoust made every effort to create a tool for emancipating workers, an extension of their union actions. As a result of his determination, union values are deeply entrenched in the Fonds’ mission.”

*– Daniel Boyer, President of the FTQ
and First Vice-Chair of the Board of Directors*

SAVINGS



Wholeheartedly supporting our savers, more than ever

Over 700,000 workers have invested their savings with the Fonds to build their retirement. Through the years, this spirit of solidarity has significantly contributed to Québec's economic vitality. In these more trying times, the Fonds is there. We are more than ever attentive to our savers, committed to show that they were right to trust us to grow their savings.

COVID-19:
responding first and
foremost to our savers

As of March 16, while Québec was putting its economy on hold, the Fonds was facing a double challenge: deploying its teams so that they could work remotely while effectively responding to savers who wished to redeem their shares either to make up for lost revenues or to meet their retirement needs. Faced with a significant number of requests, the Fonds reacted quickly to support its savers and inform them of available options based on their situation.

During the financial year, the Fonds received share redemption requests representing some \$3 billion. Since its creation, the Fonds has returned to its shareholders close to \$13 billion in savings.

Redemption by criterion

Year ended May 31, 2020

Redemptions provided for in the Fonds' incorporation act and in the purchase-by-agreement policy	Number of requests	Value (\$M)	%
Age 65, retirement and early retirement	102,735	2,858	94
Death, disability, redemption within 60 days	3,404	90	3
Access to home ownership	5,939	67	2
Unforeseen events ¹	3,028	17	1
Return to studies	374	3	-
Other criteria ²	324	9	-
Total	115,804	3,044	100

¹ Job loss or other

² Capital injection into a business, emigration, redemption of pension credits and ineligibility for tax credits

An increasingly popular savings product

The Fonds' main savings product, the Class A share, which is eligible for RRSP deductions and gives rise to additional tax credits, was more popular than ever. Our savers invested an impressive \$961 million in our shares for their retirement. This sustained growth in our number of savers confirms that the Fonds is attractive to many Québécois who want to grow their savings while supporting local businesses and jobs.

Share issues (Class A)

Years ended May 31
(in millions of \$)

2020	961
2019	897
2018	833
2017	900
2016	774

\$961M

Number of shareholders

As at May 31

2020	707,935
2019	694,357
2018	667,417
2017	645,664
2016	618,551

707,935

Shareholder profile

As at May 31, 2020

Unionized

52%

Non-unionized

48%

A focus on positive savings

For much of the year, the Fonds continued with its educational communication campaigns on retirement preparation, personal finance and sustainable consumption issues.

These campaigns demonstrate the Fonds' desire to create a savings culture, enhance Québécois' financial literacy and promote the benefits of local and sustainable consumption.

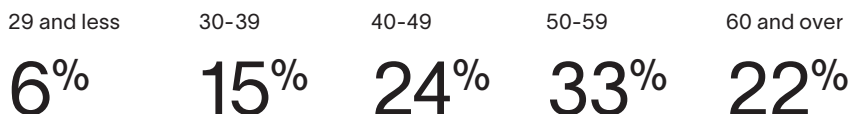
One of the communication activities, the second edition of the "Bâtisseurs de retraite" campaign, which is aimed at making people under age 40 aware of what retirement and the benefits of good retirement planning are, was widely successful. The four-episode web series had over one million views. According to a survey conducted by Léger in March 2020, 86% of people who watched the episodes said that after viewing them, they understood the importance of preparing for retirement.

Thanks to all targeted communication efforts, more than 61% of savers who joined the Fonds for the first time during the year were under age 40, and 18% were under age 25. These younger savers are needed to offset the departure of savers who will retire and redeem their shares in the coming years, and their arrival confirms the relevance of the Fonds' main savings product.

Positive actions for the environment and local economy

The Fonds also looked at Québécois' relationship with the environment and, more specifically, their spending habits. Between March 11 and 18, 2019, a survey of 1,002 Québécois was conducted in conjunction with Léger to verify their perceptions, behaviours and purchasing habits. The Fonds then invited the general public to answer an online questionnaire for comparison with Québécois as a whole. By completing the questionnaire, the 41,000+ respondents learned about the positive actions they can take to save the environment and encourage the local economy.

Shareholders by age group
As at May 31, 2020



Automatic savings gaining in popularity

To encourage good saving habits, the Fonds continued its effort to grow savings through payroll deduction and automatic bank withdrawals.

One of the Fonds' strategies is to encourage more employers to offer the RRSP+ through payroll deduction. Again this year, a campaign aimed at this group ran continuously, positioning the use of payroll deduction to subscribe to the Fonds' product as a way to attract and retain qualified personnel. This initiative led to the enrolment of 505 new employers and over 1,700 new savers to payroll deduction. For the year, the volume of subscriptions through automatic bank withdrawal and payroll deduction represented more than 79% of annual subscriptions, for a total of \$758.6 million.

A busy first year for FlexiFonds

The year was marked by the launch of FlexiFonds and the offering of three mutual funds to our savers, especially to those who reached retirement age and have to transfer the amounts invested in Class A shares of the Fonds into savings products that are better suited to their situation.

Although this offering was deployed on a gradual and targeted basis, the results and response of our savers exceeded our goals. The wave of redemptions caused by the pandemic was an opportunity to offer the FlexiFonds products to our savers, and many of them chose to transfer their savings into these vehicles. A total of \$22.4 million from redemptions made on or after March 16 was transferred to FlexiFonds, making it possible to surpass the objectives set at the start of the year. As at May 31, 2020, cash inflows for the three FlexiFonds products totalled \$33.7 million. As a result, nearly 1,200 savers elected to continue their savings experience with the Fonds' extended family.

Each FlexiFonds mutual fund (Conservative, Balanced and Growth) has 70% of its assets linked to the Québec economy, including 30% in Class C shares of the Fonds de solidarité FTQ. With the FlexiFonds products, our savers can continue to support the Fonds' mission and our economy.

Cash inflows for the three FlexiFonds products

As at May 31, 2020

\$33.7M

Number of savers for the three FlexiFonds products

As at May 31, 2020

1,179

LRs, a force at work across Québec

The reason the Fonds is able to gain the trust of an ever increasing number of workers is largely due to the ongoing efforts of local representatives (LRs). Workers themselves, they are in the field and do not hesitate to invest time and energy to make their colleagues aware of the importance of preparing for retirement and, at the same time, to promote the benefits of investing their savings with the Fonds. "Our LR network is without a doubt our greatest strength, the Fonds' ultimate distinctive feature," said **Serge Cadieux**, Senior Vice-President, Subscription Local Representative Network Development and Economic Training Centre of the Fonds. "These women and men exhibit exemplary dedication when they share with other workers the mission of the Fonds and its essential role in Québec's economic vitality."

For LRs, no additional proof is needed. "I have been an LR for 32 years now and have always believed in the importance and relevance of the Fonds," explained **Pierre Benoît**, a worker at Metro's Meat and Frozen Food Division in Montréal-Nord. "With COVID-19, it's the third time that I have seen it face a crisis that has severe economic consequences." It has always managed to bounce back, and this time will be no exception. "Over the years, I have never received a comment from anyone who regretted investing with the Fonds. And if anyone expresses regrets, it's to say that they should have started earlier. In my case, with retirement approaching, I have accumulated an amount that I never thought would be possible, and I am truly grateful for that."

Given how important this network is to raising the profile of the Fonds with workers across Québec, the LR Services team put in place measures so that each LR could access the information and tools to continue their activities remotely. "With COVID-19, interacting with our colleagues is completely different," said **Michel Blais**, an LR and machinist at IPL, a plastic product manufacturer located in Saint-Damien-De-Buckland, Bellechasse. "Quickly, LR Services implemented new tools so that we could continue our effort while observing social distancing directives. We received a weekly newsletter with useful information, in particular to help us better understand financial markets in time of crisis. The LR extranet is also a very effective tool to enrol new members."

As at May 31, 2020, some 1,836 people were acting as ambassadors of the Fonds in the workplace. "Coming out of this crisis, the Fonds will have a crucial role to play in helping the Québec economy regain its momentum," added **Serge Cadieux**. "The ongoing support of savers remains a key success factor. And it is reassuring to know that LRs will be there with us in the field to make this happen."



**Local representatives (LRs)
by region**

As at May 31, 2020

Abitibi-Témiscamingue	66
Bas-Saint-Laurent	54
Capitale-Nationale	144
Centre-du-Québec	45
Chaudière-Appalaches	120
Côte-Nord	62
Estrie	66
Gaspésie-Îles-de-la-Madeleine	19
Lanaudière	48
Laurentides	84
Laval	36
Mauricie	56
Montérégie	286
Montréal	560
Nord-du-Québec	21
Outaouais	56
Saguenay-Lac-Saint-Jean	113
Total	1,836

INVESTMENT



Partnering with local businesses, more than ever

Solidarity means being open and agile. At a time when many businesses are facing huge challenges, the Fonds is taking the necessary steps to review and adapt its practices so as to provide financial solutions and support that will enable as many businesses as possible across Québec to restart and go forward.

COVID-19: offering quick and tangible support to our partner companies

In March, as soon as the economy was put on hold, the Fonds was there. It immediately offered its partner companies the option to defer loan payments (principal and interest) for six months to give them the financial leeway needed to weather the crisis. This was the first of three components of an action plan implemented in light of the pandemic. The Investments teams contacted the leaders of each business to listen to them, assess their specific situation and confirm that they could rely on the Fonds' support.

Record investments in Québec businesses

During the first nine months of the year, Québec experienced an intense period of economic activity. The Fonds' Investments teams continued their efforts to support an increasing number of businesses in achieving their ambitions. For the 2020 financial year as a whole, the Fonds reached a new high, with development capital investments totalling \$1.4 billion. This amount is 40% greater than the initial forecast, due in particular to additional investments made in response to the pandemic. As at May 31, 2020, the Fonds and its network had 3,329 partner companies, and the fair value of its development capital investments stood at close to \$10.4 billion.

The onset of the COVID-19 pandemic dashed the prevailing momentum of economic growth. Businesses from all industries and of all sizes had to revise their action plans and practices to take into account health requirements. True to its mission, the Fonds flexed its agility and acted promptly to protect as many jobs as possible. As early as March 19, it implemented the first of three components to help partner companies by offering them the option to defer loan payments

(principal and interest) for six months. As a result, all network partner companies, including those associated with the Fonds régionaux de solidarité FTQ and the Fonds locaux de solidarité FTQ, had the opportunity to reduce their financial burden and focus on continuing or resuming their operations. Over 1,300 partner companies took advantage of this offer.

As part of the second component, the Investments teams contacted business leaders to learn about their working capital requirements to safely resume their operations and discuss available solutions to enable Québécois to quickly return to their jobs.

The third component deals with recapitalizing businesses through injections of patient capital. This will ultimately restore an adequate debt level conducive to achieving growth projects.

Number of partner
companies

As at May 31 (Fonds and network)

3,329

2020	3,329
2019	3,126
2018	2,839
2017	2,719
2016	2,636

Fair value of development
capital investments¹

As at May 31 (in millions of \$)

\$10,390M

2020	10,390
2019	9,958
2018	9,288
2017	8,483
2016	7,571

¹ These investments include funds committed but not distributed as well as guarantees and suretyships.

Investing to improve society

The COVID-19 pandemic revealed the shortcomings of our economy and the challenges we must meet if we want to strengthen Québec's socioeconomic fabric. More than ever, the Fonds strives to maximize the positive impact of its investments and bring tangible solutions to the issues facing businesses and Québec society. An interview with Janie Béique, Executive Vice-President, Investments.



Why the shift to impact investing?

The Fonds was created in the wake of the severe recession of the early 1980s, when businesses were closing on a massive scale and thousands were losing jobs. Québec did not have all the tools to support businesses and jobs. The FTQ created the Fonds to fill that void. While this component of our mission remains relevant—especially during an economic crisis—we felt that we could do more to meet the challenges currently facing Québec society. That said, we see private capital being mobilized around the world to ensure socioeconomic well-being. Institutional investors increasingly recognize that they have a role to play in that respect. With this in mind, we started structuring our teams and shifting our corporate culture toward the idea of impact investing, which means investing a portion of our capital with the intention of having a positive impact on certain socioeconomic issues.

Did the COVID-19 crisis delay the implementation of your project?

The COVID-19 crisis forced us to reconnect with the aspect of our mission focused on supporting businesses and jobs during an economic crisis. Over the last few months, we focused on offering financial support to our partner companies and giving them guidance to help them bring their employees back to work as quickly as possible and to minimize the impact on their operations. COVID-19 also confirmed that we were right in choosing to move toward impact investing. The pandemic exposed the fragility of ultra-globalized systems, the need to quickly find answers to emerging health issues, the urgency of minimizing our negative impact on the environment and climate and the importance of achieving just energy and technology transitions.

Which issues do you want to focus on?

Since our creation, we have more specifically sought to develop in workers the reflex to save and invest the funds thus collected to grow the economy and support jobs. These two components of our mission are still relevant and will always be central to our activities. However, we want to do more. For instance, on the climate front, we know that Québec must reduce its greenhouse gas emissions by 3 to 4% a year over the next 10 years if it wants to meet the objectives it set. We want to put our expertise and capital to work to help solve this and many other issues, such as the health and well-being of the population and employability of workers.

How will you get the positive impact you are seeking?

We have many levers available. During the last two years, we put in place a team that focuses on developing and executing projects that we refer to as “structuring.” That means identifying a problem and getting stakeholders to work together to design and implement an innovative and sustainable solution. The creation of GNR Québec Capital, a fund whose purpose is to develop and invest in efficient organic waste processing facilities to produce renewable natural gas, is a good example of the Fonds’ positive impact in the fight against climate change. We will also allocate a portion of our capital to businesses or investment funds that offer solutions in areas such as clean technologies, life sciences and sustainable agrifood. And we can also support or influence businesses in many industries so that they develop practices and products that are greener, healthier and focused on the well-being of workers and the general public.

Will you be able to achieve both positive impact and profitability?

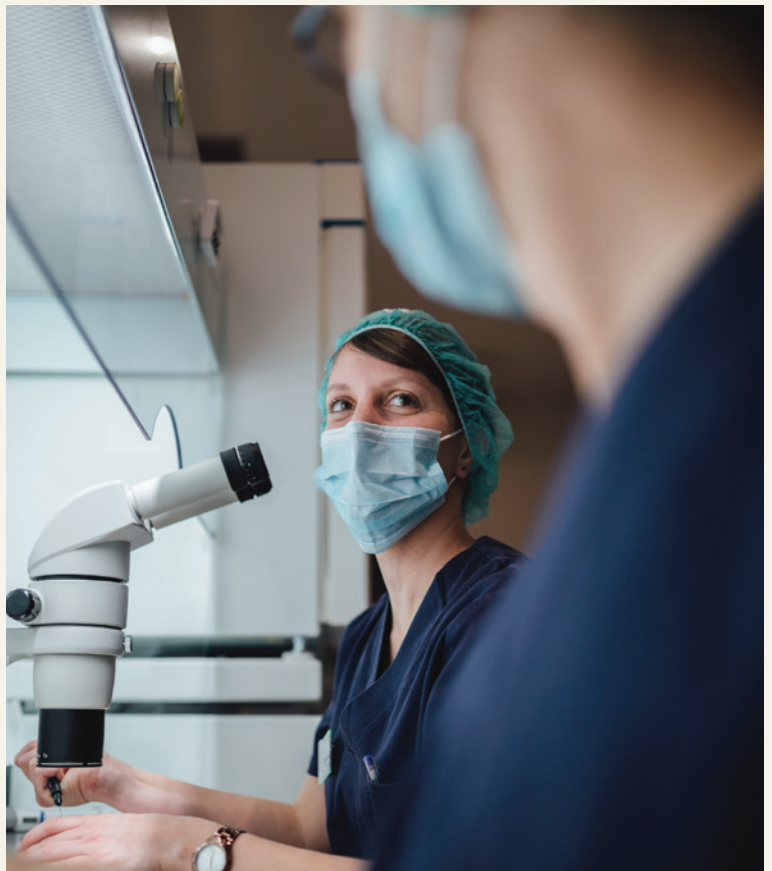
Impact investing is about optimizing the risk, return and potential impact of a business or project. The Fonds has always successfully generated both an attractive return for its savers and socioeconomic benefits for Québec. Today, we need to go even further. Our savers expect that we will both grow their holdings and invest to improve Québec society.

Which strengths will you build on to achieve your mission?

The engagement of our employees, our close to 40 years of investment expertise, the support of the FTQ and our 700,000 savers and, above all, the humanist and innovation values that were instilled in us upon our creation and that still guide us today. Impact investing is about making a real difference. And that is in the Fonds’ DNA. We have solid foundations to meet our goal of becoming a benchmark impact investor.

Life Sciences: Investing for the health and wellness of communities

When it comes to the Québec life sciences sector, the Fonds already has a solid track record with its investments in businesses and specialized funds. Since 1989, it has invested approximately \$1.6 billion in this sector. The only institutional investor in Canada with a team of life sciences professionals entirely dedicated to this sector, the Fonds actively contributes to the vitality of the ecosystem and the emergence of technologies and drugs that improve the health and wellness of communities.





“The COVID-19 pandemic reminds us more than ever how important research and development are in life sciences,” said **Didier Leconte**, Vice-President, Investments – Life Sciences and Funds of Funds. “Québec has hundreds of world-class scientists who work in quality research infrastructures. It is essential to create links between businesses and investment funds so that researchers can access the needed capital and their discoveries can improve the quality of life of patients across the world.”

It was in this spirit that, last April, as the world scientific community was working together to protect the population against the coronavirus, the Fonds granted \$7.5 million in financing to **IMV**, a biopharmaceutical company, which enabled it to continue developing targeted immunotherapies for cancer treatment and a candidate vaccine to prevent COVID-19.

More recently, the Fonds was also there for the Initial Public Offering of **Repare Therapeutics**, a Montréal-based company, investing \$8.2 million. This was the third investment in this biotech specializing in precision oncology that the Fonds has been supporting since 2017.

“We were also very proud this year to witness the signing of a collaboration agreement between British pharmaceutical giant **GlaxoSmithKline** and **Medicago**, a Québec City-based pharmaceutical company, for the development and evaluation of a COVID-19 candidate vaccine,” added Mr. Leconte. “Medicago, which developed a unique technology that uses plants as bioreactors, is one of Québec’s success stories that the Fonds trusted and financially supported throughout their development.”

These three examples clearly show the vibrancy of the life sciences sector in Québec. This dynamism prompted the creation of a significant partnership between the Fonds, the Québec government and Investissement Québec. This initiative, which will lead to the introduction of a \$150 million envelope over five years, with equal contributions from the Fonds and Investissement Québec, unequivocally confirms the prominent position of this sector. It will support Québec businesses and the development of life sciences and medical technologies knowledge and skills in Québec, in addition to strengthening the investment ecosystem by attracting international funds specialized in life sciences.

Renewable natural gas: Toward a lower-carbon economy

Launched at the end of the 2020 financial year, the GNR Québec Capital investment fund is a first in Québec to support renewable natural gas (RNG) projects. With an initial capitalization of \$20 million, GNR Québec Capital intends to fund about 15 projects and generate aggregate investments of \$400 million in Québec over the next decade.

GNR Québec Capital, the result of a partnership between the Fonds and Xebec Adsorption, will offer project promoters access to the capital and expertise needed to develop and operate efficient facilities to process organic waste. Farmers, municipalities, waste management companies and other industry participants will be able to benefit from this structuring and innovative initiative to take part in the fight against climate change.

“RNG production can accelerate the decarbonization of sectors such as transportation, home heating and manufacturing,” said **Dany Pelletier**, Vice-President, Investments – Structuring Capital, Energy and Environment at the Fonds. “At the same time, it supports the circular economy through responsible management of organic waste.” This initiative is consistent with the Fonds’ vision for a just and effective energy transition. It promotes job creation and supports local economies by providing additional revenue streams to farmers, municipalities and businesses.

The Canadian RNG market is still in its early stages. In light of new regulations, it became necessary for Québec to implement new and better adapted structures to co-invest, develop and operate organic waste processing facilities. In that context, the partnership between the Fonds and Xebec is a cornerstone for the development of the sector in Québec, supporting and promoting the expertise and efforts needed to accelerate the replacement of fossil fuels with renewable energy while making sustainable and responsible long-term investments.



Québec's largest development capital investment network



Through the various components of its network, the Fonds has an active presence across Québec. One of the main strengths of this network is its ability to maintain close relationships with entrepreneurs and offer them tailored financing at the right time, wherever they are, whatever the size of their business and whatsoever their needs.

In fact, the Fonds' different teams leverage their expertise to support initiatives that help businesses achieve their ambitions, including the development of new markets, acquisitions, transfers of ownership, facilities expansion, organizational transformation or transition to digital technologies, complete with job-creating real estate development projects that have a structuring effect on communities.

Heading this network, the Fonds has a team of investment professionals who, together, have solid knowledge of some 25 industries. They are able to support and guide businesses in implementing their development plan focused on growth or innovation, and in this case, as part of projects requiring financing of \$5 million and up.

For projects requiring financing of \$100,000 to \$5 million, the **Fonds régionaux de solidarité FTQ (FRS)** take over. They are present in each of Québec's administrative regions. Their mandate is to support the development of SMEs.

They are especially active in financing ownership transfer transactions, whether they are family succession transactions, management buyouts or any other transactions requiring financing to complete a transfer. Furthermore, when a partner company has grown and requires financing exceeding \$5 million, the FRS experts work with their Fonds' colleagues to ensure a smooth transition.

As at March 31, 2020, the FRS had 508 partner companies, and their investments totaled \$146.1 million for the year, up 21% from a year ago. The fair value of their investments amounted to \$380.0 million. During their most recent financial year, the FRS committed to invest \$58.0 million in 53 projects involving the sale of businesses to new owners.

During the 2019-2020 financial year, as a result of the development of economic conditions and SMEs' needs, the maximum amount of unsecured financing the FRS may grant to a partner company was increased from \$3 million to \$5 million.

FRS highlights

Number of investments

For the years ended March 31

2020	137
2019	116
2018	100

137

Amounts invested

For the years ended
March 31 (in millions of \$)

2020	146.1
2019	120.7
2018	82.2

\$146.1M

Number of new
partner companies

For the years ended March 31

2020	95
2019	76
2018	71

95

Number of
partner companies

As at March 31

2020	508
2019	466
2018	427

508

The fonds locaux de solidarité FTQ (FLS) comprise a network set up in partnership with the Québec Federation of Municipalities. Their mandate is to act as a growth lever for local economies.

The leaders in this network are continuing their efforts to expand it into Québec territories that are not yet served and, in the last financial year, eight new local funds were created, bringing their total number to 86 as at December 31, 2019. Six administrative regions are now fully covered by the FRS: Bas-Saint-Laurent, Côte-Nord, Centre-du-Québec, Montréal, Laval and Outaouais.

Each constituent in this network has the resources needed to grant financing of up to \$100,000 to support the start-up of a business or the expansion or succession of existing SMEs. During its most recent financial year, the network made 444 new investments. Although the number of investments is lower than last year, the total amount invested remained the same at \$16.5 million.

On April 1, 2020, in the wake of the pandemic, Inno-Centre, the Québec Federation of Municipalities and the fonds locaux de solidarité FTQ launched the "PME-911" help unit to advise the leaders of businesses that contribute to the economic strength of the regions.

FLS highlights

Number of investments

For the years ended
 December 31

2019	444
2018	506
2017	370

444

Amounts invested

For the years ended
 December 31 (in millions of \$)

2019	16.5
2018	16.5
2017	10.2

\$16.5M

Number of new
 partner companies

For the years ended
 December 31

2019	361
2018	452
2017	313

361

Number of
 partner companies

As at December 31

2019	1,596
2018	1,448
2017	1,193

1,596

The Fonds immobilier de solidarité FTQ contributes to Québec's economic development by investing in real estate projects that are profitable, create jobs and are socially responsible, in partnership with industry leaders.

It invests in diversified assets: mixed-use projects, residential, commercial, office and industrial real estate, social or community projects and socioeconomic infrastructure.

During its financial year ended December 31, 2019, the Fonds immobilier once again set a record and authorized investments of \$367.5 million, compared to \$203 million for the prior year. Most of this amount will be used to develop and build 26 new projects, a \$247 million investment by the Fonds immobilier.

Fonds immobilier de solidarité FTQ highlights
as at December 31, 2019

Ongoing
development and
construction projects

56

Jobs
created
(nearly)

30,000

Total value
of projects

\$3.6G

Land to be
developed

1.3M sq ft

Buildings under
management

74

SUPPORT
AND TRAINING



Striving for the success of our businesses, more than ever

Solidarity also means sharing knowledge and know-how. Through training and support programs that promote innovating, mobilizing workers in a change environment, consolidating their skills and buying into the vision of the business, the Fonds affirms its willingness to offer more than development capital so that partner companies can always go further.

At the first signs of the pandemic, the containment and social distancing measures announced resulted in suspending group activities offered by the Fonds' *Economic Training Centre* (ETC). The team then examined the possible ways to continue knowledge sharing, including a series of webinars for FLS administrators. Simultaneously, the *Transition Support* group was developing an action plan to support businesses that had to halt their operations, thereby ensuring an orderly and effective resumption of operations when confinement measures are lifted.

Training, a core component of the Fonds' mission

Training workers is a key element of the Fonds' mission. Its approach enables workers to be mobilized and trained in various activities involving collective intelligence (discussion groups, workshops), to be aware of the business environment and vision of their employer and to enhance their knowledge of the many aspects of retirement savings.

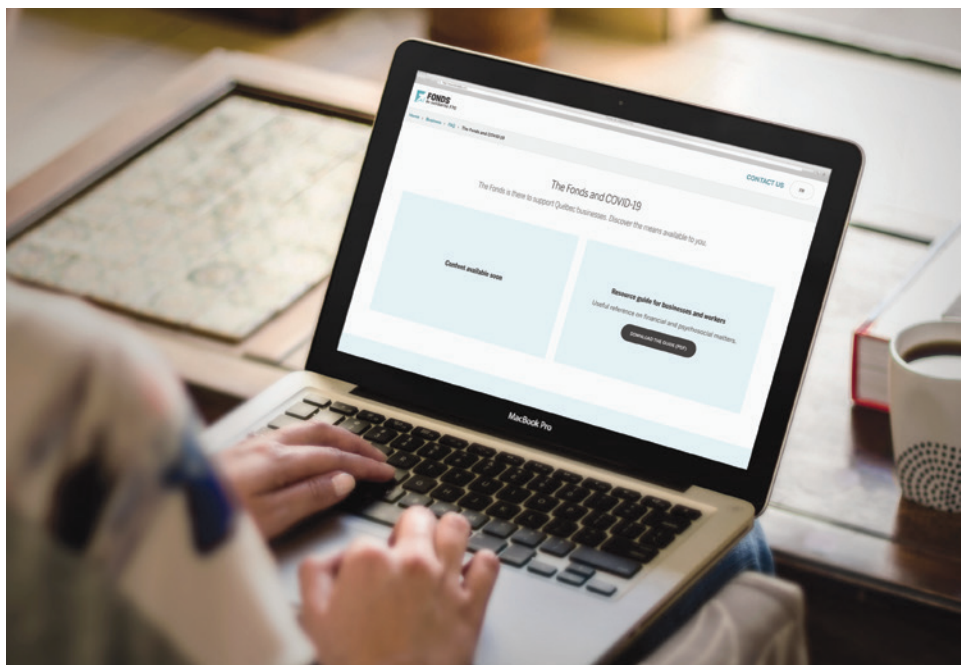
The onset of the pandemic obliged the ETC to interrupt a portion of its training activities as physical gatherings of people were forbidden. However, many activities were tailored to be offered remotely. This was the case for activities conducted in cooperation with the Fonds locaux de solidarité network to continue helping regional county municipalities (MRCs) develop the skills of people who analyze local investment projects. As a result, people involved in economic development in each MRC and members of the Québec Federation of Municipalities attended webinars, the first three of which dealt with the financial analysis process in a crisis environment, the six operational areas to prioritize for a safe resumption of operations, and the creativity of the customer approach in a crisis situation. With respect to training in the workplace, many activities and follow-ups were carried out remotely. The ETC also offered personalized support to these partner

companies at a time when support needs were more important than ever.

A reference centre available to businesses

With the multiplication of resources and programs made available to businesses once non-essential activities were halted, the Labour Relations team quickly identified the need to compile all information in one location to make it easier to find. This guide was part of the Fonds' objective to deploy the necessary means to support local businesses.

At the same time, the ETC adapted its offering to include workshops for partner companies aimed at promoting the mobilization of workers with respect to the rules issued by the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST).



In partner companies	Activities	Participants	Hours of support
Working with employees using a tailored support approach comprising up to 150 hours of consulting which may lead to various activities, including training.	89	706	7,245

Savings and retirement	Activities	Participants
Transferring knowledge about savings and retirement as well as supporting workers in their roles as trustees on pension committees and union representatives responsible for promoting and administering supplemental plans.	6	361

For local representatives	Activities	Participants
Training on the knowledge and skills needed to fulfill their role with savers, particularly in light of regulatory compliance requirements.	101	2,377

For FLS administrators	Activities	Participants
Program for FLS representatives serving on regional county municipality (MRCs) investment committees.	30	318

Expertise for successful transformations

While a significant portion of its mission is to provide development capital, the Fonds also wants to take tangible actions in the field to help partner companies and their workers effectively implement the transformations they consider necessary for their success. In the last few years, the Fonds expanded its range of actions to support businesses that have to revise how they operate to meet the technological, demographic and environmental challenges. This led to the creation of the *Transition Support* group, which has that mandate.

This group works closely with our Investments professionals, who liaise with partner companies, as well as the Labour Relations and the Economic Training Centre teams, recognized for their solid expertise in change management and knowledge transfer. If needed, it works with external partners who are experts in specific areas, such as digital marketing, logistics and supply, environmental management, occupational health and safety, etc. Support can take many forms depending on the nature and extent of the ongoing transformation in the partner company.

Acting to help partner companies transform

While a transformation program is essential for many partner companies, the Fonds developed an approach to providing support that could be adapted to the specific circumstances of each of them. Under this approach, we first gain an understanding of the transformation's impact on all business operational levers with a continuous focus on the human aspect as the driving force of change. We then get business leaders to ask the right questions and have a complete vision of what is left to be done and the action plan to be implemented.

Through this type of support, we aim to increase the economic and social impact of our investments.



Restarting operations on the right foot to better continue previously initiated transformations

“After having stopped production for several weeks, businesses had to make sure they were doing things well, in several cases to be able to continue the transformation they previously initiated. Each action and instant counted, especially because businesses had to incorporate strict employee and public safety directives. We quickly came to the conclusion that we could make a difference by proposing an action plan that would promote resuming operations in an orderly, effective and safe manner.”

- *Sophie Robillard, Vice-President, Investments – Transition Support*

From the onset of confinement, when authorities announced the halt of non-essential activities, the *Transition Support* group quickly revised its approach while partner companies needed to plan restarting their operations taking into account new economic and health conditions.

According to **Sophie Robillard**, Vice-President, Investments – Transition Support, it was important to act diligently. “After having stopped production for several weeks, businesses had to make sure they were doing things well, in several cases to be able to continue the transformation they previously initiated. Each action and instant counted, especially because businesses had to incorporate strict employee and public safety directives. We quickly came to the conclusion that we could make a difference by proposing an action plan that would promote resuming operations in an orderly, effective and safe manner.”

This reflection led to the development of an operational resumption plan with six key components. “For each of these components, we identified actions to assess, plan and deploy the effort needed for a gradual and structured resumption of operations,” added **Thomas Martinuzzo**, Director of Investments, Innovation. “Specialists from the Fonds and partner companies worked together to design practical tools and propose them to partner companies. The aim was to ensure that they could take appropriate measures to mobilize workers and resume operations in the best possible conditions.”

Moderco: Consolidating forces to strengthen its leadership position



Moderco, a company specialized in designing and manufacturing operable acoustic partition systems, is one of many partner companies that benefits from the Fonds' support and guidance. To support its growth and continuously strengthen its leadership position, it plans to consolidate its operations, currently spread over three different sites, into one location. While temporarily halting its operations as a result of the COVID-19 pandemic prompted management to momentarily change its priorities, it is still committed to pursue its growth plan.

"Through our various discussions with specialists that the Fonds made available to us, we were able to better guide the gradual resumption of our operations by targeting the right actions," said Moderco's President, **Stephan Julien**. "We had to be agile to meet the pressing demand of our priority customers which, in many

cases, had not interrupted their operations. We had access to simple tools, well-made and not overly complicated. Recommendations that resulted from our discussions were realistic, easily applicable and consistent with our needs."

While support was initially granted to resume operations, its impact will be long-lasting, as Moderco pursues its growth strategy. "The increased employee mobilization, the measures to ensure a safe work environment, the improvement of some processes and our presence on the Web will all be useful in the long run," added Mr. Julien. Within a few weeks, the company had regained its momentum and was back to where it was before the pandemic. It had even increased its workforce to close to 200 employees and was considering further hiring.



Exprolink: An accelerated transformation in a booming market

exprolink **Madvac®**

In March 2020, the Fonds invested \$3 million in Exprolink, a company specializing in designing and manufacturing outdoor cleaning vehicles for cities. This investment exemplifies the Fonds' commitment to support the Québec transportation electrification industry and drive energy transition projects in Québec.

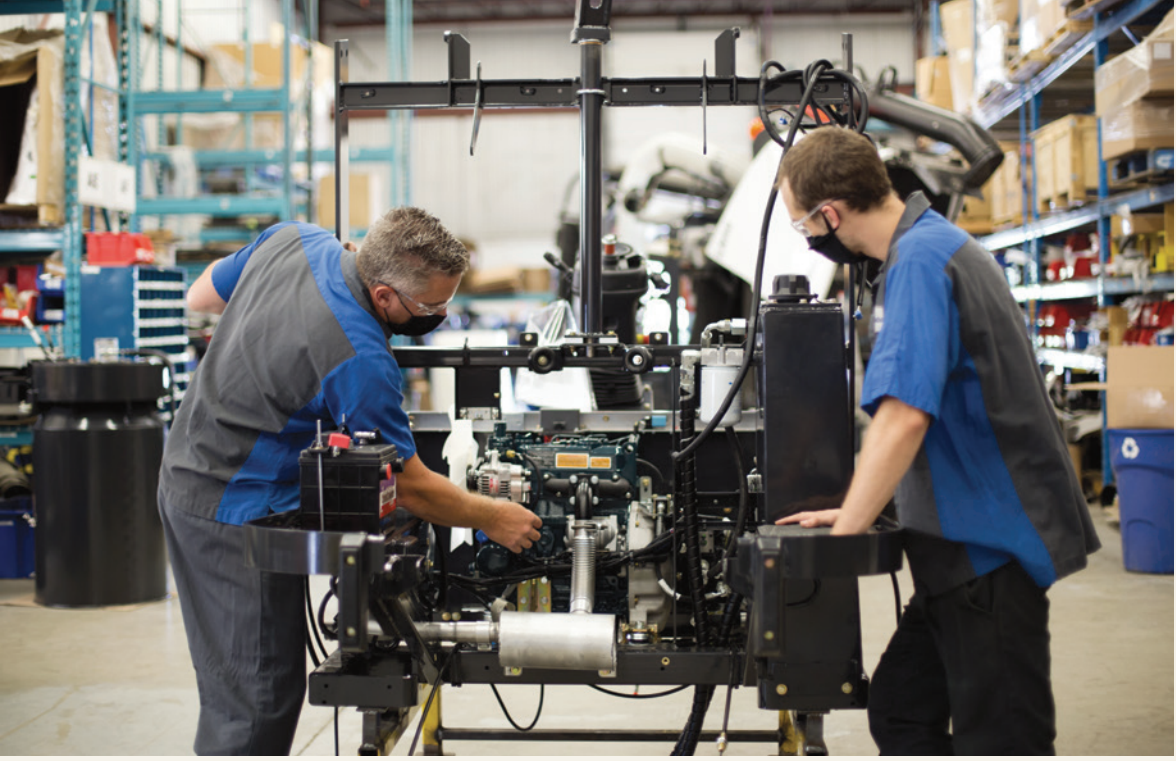
Exprolink manufactures from A to Z ride-on litter vacuums and compact sweepers under the Madvac® brand in its Longueuil, Québec, facilities and ships them to cities in North America and elsewhere in the world. It initiated an important shift to meet the ever-growing demand for its electric vehicles. With urban densification and the proliferation of bike paths, parks and pedestrian areas around the world, cities are increasingly looking for compact and high-performance equipment to maintain a clean environment.

"Requirements are increasingly stricter and more specific," said Louis-Martin Durand, Exprolink's Vice-President, Business Development. "We are asked for vehicles that are both clean and silent. The electrification of our product line became essential if we wanted to grow the company." This is how Exprolink electrified a first ride-on litter vacuum model. The response was immediate, with cities showing strong interest.

"To accelerate the shift to electrifying our vehicles, we had no other choice but to find a credible partner," added Jean Bourgeois, Exprolink's President. "The Fonds immediately became the preferred partner to support us. From our first discussions, we noted that they took the time to get a good understanding of our business, its market and its growth potential. Right away, we felt confident and knew that we could count on more than financing to successfully go through each step of our transformation."







SUSTAINABLE DEVELOPMENT
AND RESPONSIBLE INVESTMENT



Taking action for a better society, more than ever

The principles for sustainable, responsible and inclusive prosperity have guided the Fonds since its creation. Relying on the values of solidarity that drive us, we have set solid foundations to support the well-being of communities. More than ever, we are committed to ensure that our actions contribute to building a better society.

For a coherent and just energy transition

In September 2017, the Fonds announced its intention to help fight climate change through its just energy transition plan, which was formally launched in 2018. Since then, many initiatives have been implemented, such as excluding from the portfolio companies that own coal reserves to produce electricity and companies in the Québec oil exploration and production sector, as well as integrating C\$1.4 billion into the MSCI World Low Carbon ESG Target Screened Index. The integration into this new index enabled the Fonds to sell the securities of many companies with a high carbon footprint while promoting the purchase of the securities of companies with superior environmental, social and governance (ESG) practices.

The objective of the four-part just energy transition plan is to enable workers, communities and businesses to seize the opportunities that will arise from the needed transition to a low-carbon economy.

The four parts of the action plan

In addition to its just energy transition approach, the Fonds discloses every year data on its economic, environmental and social performance. Data for the 2019-2020 financial year are disclosed in accordance with the Global Reporting Initiative (GRI) Standards in the Fonds' 2020 GRI Index, which is available in the Sustainable Development section of its website.

Summary of initiatives put in place and progress made for each of the four parts of the just energy transition plan during the financial year:

Part 1
Reducing the carbon intensity of our investments

The Fonds is engaged in a process to reduce the carbon intensity of its investments in publicly traded companies by 25% by the year 2025. It is actively pursuing this goal and to do so, measuring carbon intensity is crucial to understand and manage climate change risks. Given the rapid evolution of methodologies used to calculate carbon intensity, the Fonds decided to conduct a review of its methodology to ensure alignment with international best practices. In the interest of thoroughness and transparency, the carbon intensity calculation is currently under review and will be made public in the coming months, once the work is completed.

Part 2
Supporting partner companies for the transition

Together with experts, the Fonds developed an innovative support program offered to its partner companies to help them identify energy efficiency improvement opportunities. During the year, energy audits were conducted at five facilities owned by three of our partner companies. These audits identified high-potential projects that will help these businesses reduce their energy consumption, recover energy or replace certain fossil fuel-based equipment. The ultimate objective of this type of support is to promote energy transition with partner companies and guide them in reducing GHG emissions. The Fonds intends to continue and strengthen this support program in the coming years.

Part 3
Investing in a low-carbon economy

The Fonds strives to increase its impact through investments aligned with the energy transition. For instance, the Fonds invested once again in Lufa Farms, whose business model is based on urban and local agriculture, and supported CIF Metal, a Thetford Mines company operating a foundry that does not emit any GHG emissions. These investments show that the Fonds is committed to supporting new businesses with innovative models as well as established businesses that have begun the transition process.

The Fonds also announced this year an initial structuring project, namely the creation of GNR Québec Capital, in partnership with Xebec, a global provider of clean energy solutions and a Fonds partner company. GNR Québec Capital is a fund that intends to support renewable natural gas projects, a first in Québec. With an initial capitalization of \$20 million, it will be able to finance 12 to 15 renewable natural gas projects in Québec and generate investments of \$400 million in the next decade. This new fund will provide various partners with the capital and expertise needed to develop and operate efficient organic waste conversion facilities. Renewable natural gas is an indispensable sector of the future in the fight against climate change.

In line with its commitment to identify and seize investment opportunities related to the energy transition, the Fonds continued to support key players in the Québec clean technologies ecosystem. This made the Fonds one of the strategic partners of Propulsion Québec, the Québec cluster for electric and smart transportation. This partnership is particularly relevant as transportation is the largest source of GHG emissions in Québec.

Part 4

Assuming a leadership role in the just energy transition

The fourth part encompasses many initiatives whereby the Fonds assumes a leadership role in the just energy transition and climate change.

Dialogue activities and climate change The Fonds has mandated Shareholder Association for Research & Education (SHARE) to conduct dialogues with targeted businesses for several years. This year, 188 dialogue activities with 132 companies were conducted, all industries combined. These dialogues addressed various topics, such as reconciliation, decent work and human rights as well as just energy transition.

During the last year, SHARE's shareholder engagement plan was mainly focused on certain companies' lobbying practices with respect to climate change bills. Working with SHARE, the Fonds filed a shareholder proposal at the annual general meeting of two U.S. companies, asking them to provide better disclosure of their lobbying activities with respect to climate change. These proposals received significant backing from shareholders with support rates exceeding 30%.

Signing of the Montréal Carbon Pledge True to its commitment, the Fonds has supported the Montréal Carbon Pledge, an initiative endorsed by Principles for Responsible Investment (PRI) aimed at encouraging investors to annually measure and disclose the carbon footprint of their investment portfolios.

Offsetting our greenhouse gas emissions The Fonds purchased carbon credits to offset the greenhouse gas emissions related to its activities, more specifically those associated with operating the Louis-Laberge building and with employee business travel and commuting.

LEED Platinum certification for the Louis-Laberge building The Louis-Laberge building is the first building in Québec to receive the highest level of the new LEEDv4 O+M certification. Achieving the Platinum level for this building that has already earned the LEED Gold certification in 2014 shows continuous improvement in building management operational practices.

In addition to ranking amongst the most energy efficient buildings in Canada, the Louis-Laberge building stands out for its water consumption management and optimization practices and the quality of its indoor spaces.

There are other inhabitants that also benefit from the quality of the building: the bees that live in the four beehives installed on the roof since 2017. Each year they produce honey for the Fonds employees and are visited once on month by Alvéole, an organization that looks after their well-being.

Certifications obtained by the Louis-Laberge building:

LEEDv.4 O+M Platinum certification on April 4, 2020	Boma Best Platinum certification in 2019	LEED v.2009 O+M Gold certification in 2014
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Building modern and inclusive living environments for today and tomorrow



Through its real estate subsidiary, the Fonds is actively involved in creating modern and inclusive living environments. Given the shortage of affordable housing units, this commitment is more vital than ever for households in need of decent housing. Over the years, the Fonds immobilier has spent some \$90 million to build or renovate buildings so that low- or modest-income households may access quality and affordable housing. In total, close to 5,200 social or community housing units were made available to them at an affordable price.

Over 1,000 community housing units in Montréal

In 2019, the Fonds d'Investissement de Montréal (FIM) passed the 1,000 mark in community housing units renovated or being renovated. With an innovative financing structure, the FIM unites the efforts of not-for-profit local players and private investors to acquire and renovate affordable rental buildings, thereby providing

households in need with decent housing conditions. According to **Normand Bélanger**, President and Chief Executive Officer of the Fonds immobilier de solidarité FTQ, the FIM makes it possible to combine social development and economic profitability. "We have been partners with the FIM since its beginnings because we believe in the importance of social diversity and the need to modernize the built heritage. The 1,000 housing units developed with the FIM not only allowed maintaining quality jobs, but also improved the quality of life of lower-income households." For instance, the FIM helped the organization *Bâtir son quartier* purchase four buildings with 90 units in Montréal's Rosemont-La-Petite-Patrie borough to consolidate community real estate and promote social diversity in a high economic value area.

Housing units for at-risk households

In 2019, the Fonds immobilier enabled, through the Fonds d'acquisition de Montréal, the organization Carrefour familial Hochelaga to purchase land in the Mercier-Hochelaga-Maisonneuve borough. This land will be used to complete the *Les Glaneuses* project, a 20-unit building for at-risk households, chiefly intended to prevent homelessness.

For inclusive housing in Québec City

In Québec City, Groupe O'Drey, a not-for-profit organization advocating for inclusive housing for the whole population. In partnership with the Fonds immobilier, which put in place the \$19.6 million Fonds d'acquisition québécois, Groupe O'Drey acquired land to build a 78-unit building, in which over 30 units will be adapted for people with reduced mobility. The building will be designed with an emphasis on social diversity and inclusion, in particular by prioritizing interactions among residents to promote mutual aid and cooperation.

Parameters of the Operations and Sustainability Report

This Operations and Sustainability Report is for the 2019-2020 financial year, which is the period from June 1, 2019 to May 31, 2020. It mainly covers the activities that are under the direct control of the Fonds de solidarité FTQ. It also includes data and information related to the components of its network, namely the Fonds régionaux de solidarité FTQ, the Fonds locaux de solidarité and the Fonds immobilier de solidarité FTQ. Specialists at the Fonds validated the contents of this report, which was read by our independent auditors. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The GRI Indicators Index, which includes all information required to meet these requirements, is available in the Sustainable Development section of the Fonds' website (fondsftq.com).

The Fonds de solidarité FTQ's governance structure



The Management Committee

As at June 30, 2020

- 1 GEOFFREY BAINBRIDGE
Vice-President, Human Resources
- 2 JANIE C. BÉIQUE^L
Executive Vice-President, Investments
- 3 CHANTAL DORÉ
Senior Vice-President, Information Technology,
Project Management and Administration
- 4 DENIS LECLERC
Executive Vice-President,
Savings Market Development
- 5 GAÉTAN MORIN^{A, C, J, O}
President and Chief Executive Officer
- 6 SYLVAIN PARÉ^{J, N}
Executive Vice-President, Finance
- 7 MARIO TREMBLAY
Vice-President, Public and Corporate Affairs,
Corporate Secretary, and Chief Compliance Officer
- 8 SERGE CADIEUX (guest member)
Senior Vice-President, Subscription Local Representative
Network Development and Economic Training Centre



1



2

- ^A Member of the Executive Committee
- ^C Member of the Financial Assets Management Committee
- ^J Member of the Fonds immobilier de solidarité FTQ II, s.e.c. Advisory Committee and of the Fonds immobilier de solidarité FTQ inc. Board of Directors
- ^L Member of the Fonds régionaux de solidarité FTQ s.e.c. Advisory Committee
- ^N Member of the Fonds immobilier de solidarité FTQ Audit Committee
- ^O Member of the FlexiFonds de solidarité FTQ inc. Board of Directors



Guest member

The Board of Directors

As at June 30, 2020

1	YVON BARRIÈRE	Regional Executive Vice-President of the Public Service Alliance of Canada (PSAC), and Vice-President, FTQ
2	CHRISTINE BEAUBIEN ^{A, B, F, G, I}	President of Groupe BSC and Corporate Director
3	ÉRIC BOISJOLY	General Manager of the FTQ-Construction, and Vice-President of the FTQ
4	DENIS BOLDUC ^{A, E, F, G, J, K, L, M, P}	General Secretary, Fédération des travailleurs et travailleuses du Québec (FTQ), and Third Vice-Chair of the Board of Directors, Fonds de solidarité FTQ
5	BENOIT BOUCHARD	President, Canadian Union of Public Employees (CUPE), Québec, and Vice-President, FTQ
6	DANIEL BOYER ^{A, E, F, G, K, O}	President, Fédération des travailleurs et travailleuses du Québec (FTQ), and First Vice-Chair of the Board of Directors, Fonds de solidarité FTQ
7	ANOUK COLLET ^I	Executive Assistant to the National President of the United Food and Commercial Workers (UFCW), and Vice-President of the FTQ
8	MICHÈLE COLPRON ^{B, C, E, K}	Corporate Director
9	SONIA ETHIER	President of the Centrale des syndicats du Québec (CSQ)
10	PIERRE FORTIN ^O	Agricultural and industrial import/export Consultant
11	RENAUD GAGNÉ ^J	Québec Director, Unifor, and Vice-President, FTQ
12	DENIS LABRÈCHE ^{B, D, G, J, K, N}	Corporate Director
13	DOMINIC LEMIEUX ^H	Québec Director, United Steelworkers, and Vice-President, FTQ
14	GAÉTAN MORIN ^{A, C, J, O}	President and Chief Executive Officer, Fonds de solidarité FTQ
15	SYLVIE NELSON	President, Québec Service Employees Union (QSEU), Local 298, and Vice-President, FTQ
16	ROGER A. RENAUD ^{B, C, G, I, K, O}	Corporate Director
17	JEAN-CLAUDE SCRAIRE ^{A, E, F, H, J, K, P}	Corporate Director
18	CLAUDE SÉGUIN ^{A, E, F, O}	Corporate Director and Chairman of the Board of Directors, Fonds de solidarité FTQ
19	PIERRE-MAURICE VACHON ^{A, F, G, H, L, M}	Corporate Director and Second Vice-Chair of the Board of Directors, Fonds de solidarité FTQ

^A Member of the Executive Committee

^B Member of the Audit Committee

^C Member of the Financial Assets Management Committee

^D Member of the Valuation Committee

^E Member of the Governance and Ethics Committee

^F Member of the Human Resources Committee

^G Member of the Investment Committee – Development Capital

^H Member of the Investment Committee – Mining Sector

^I Member of the Investment Committee – Innovation and Venture Capital

^J Member of the Fonds immobilier de solidarité FTQ II, s.e.c. Advisory Committee and of the Fonds immobilier de solidarité FTQ inc. Board of Directors

^K Member of the Integrated Risk Management Committee

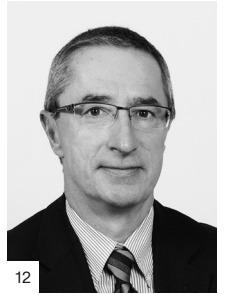
^L Member of the Fonds régionaux de solidarité FTQ s.e.c. Advisory Committee

^M Member of the Fonds locaux de solidarité FTQ s.e.c. Advisory Committee (only members appointed by the Fonds de solidarité FTQ, on its own or jointly, are indicated in this list)

^N Member of the Fonds immobilier de solidarité FTQ Audit Committee

^O Member of the FlexiFonds de solidarité FTQ inc. Board of Directors

^P Member of the Fonds immobilier de solidarité FTQ Governance and Ethics Committee



Members of our Boards and Committees who are independent from the Fonds and the FTQ

As at June 30, 2020

1	CHRISTINE BEAUBIEN ^{A, B, F, G, I} President of Groupe BSC and Corporate Director	12	LUCIE LEBEUF ^O Corporate Director	23	CHRISTIAN PICHETTE ^H Corporate Director
2	LYNE BOUCHARD ^K Associate Professor, Faculty of Business Administration, Université Laval	13	DENIS LESSARD ^L President and Chief Executive Officer, A & R Belley Inc.	24	ROGER A. RENAUD ^{B, C, G, I, K, O} Corporate Director
3	MICHÈLE COLPRON ^{B, C, E, K} Corporate Director	14	RENALD LETARTE ^O Director	25	LOUISE ROCHETTE ^{J, N} Corporate Affairs Compliance Officer, Kaleido Growth inc.
4	MICHEL CYR ^J Strategic advisor in real estate development	15	GERVAIS LEVASSEUR ^{J, N} Investment Management Consultant	26	JULIE SALVAIL ^{J, P} Senior Director, Legal Affairs Department, and Assistant Corporate Secretary, Jean Coutu Group
5	RENÉ DELSANNE ^O President, Delsanne Conseil inc.	16	CLAUDE LÉVESQUE ^L President, Armstrong-Hunt Inc.	27	MICHELLE SAVOIE ^I Certified Corporate Director
6	PIERRE FORTIN ^G Agricultural and industrial import/ export Consultant	17	PIERRE MAILLÉ ^D Consultant, PwC Canada	28	JEAN-CLAUDE SCRAIRE ^{A, E, F, H, J, K, P} Corporate Director
7	MARCEL GAGNON ^G Corporate Director	18	HUBERT MANSEAU ^I Corporate Director	29	CLAUDE SÉGUIN ^{A, E, F, O} Corporate Director and Chairman of the Board of Directors, Fonds de solidarité FTQ
8	MARC-ANDRÉ GIRARD ^D Vice-President, Finance, and General Manager, Pro Kontrol	19	MICHEL NADEAU ^D Expert-advisor to the Chief Executive Officer, IGOPP	30	JACQUES SIMARD ^I Full Professor, Université Laval, and Director, Cancer Genomics Laboratory at the CHUQ/ CHUL Research Centre
9	CHANTAL LABERGE ^I Corporate Director and Management Consultant	20	MARIE HÉLÈNE NOISEUX ^O Full Professor, School of Management, Université du Québec à Montréal	31	BERNARD TANGUAY ^O Corporate Director
10	DENIS LABRÈCHE ^{B, D, G, J, K, N} Corporate Director	21	LOUISE PELLERIN-LACASSE ^K Risk Management Specialist	32	PIERRE-MAURICE VACHON ^{A, F, G, H, L, M} Corporate Director and Second Vice-President of the Board of Directors, Fonds de solidarité FTQ
11	DENIS LANDRY ^H Financing Advisor to mining companies	22	JEAN-CLAUDE PÉRIGNY ^L Territory Director, CIA Informatique, a division of Informatique Côté, Coulombe inc.		

^A Member of the Executive Committee

^B Member of the Audit Committee

^C Member of the Financial Assets
Management Committee

^D Member of the Valuation Committee

^E Member of the Governance
and Ethics Committee

^F Member of the Human
Resources Committee

^G Member of the Investment
Committee – Development Capital

^H Member of the Investment
Committee – Mining Sector

^I Member of the Investment
Committee – Innovation and
Venture Capital

^J Member of the Fonds immobilier
de solidarité FTQ II, s.e.c. Advisory
Committee and of the Fonds
immobilier de solidarité FTQ inc.
Board of Directors

^K Member of the Integrated Risk
Management Committee

^L Member of the Fonds
régionaux de solidarité FTQ s.e.c.
Advisory Committee

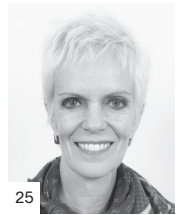
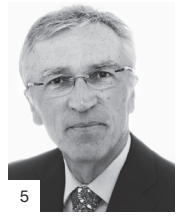
^M Member of the Fonds locaux
de solidarité FTQ s.e.c. Advisory
Committee (only members appointed
by the Fonds de solidarité FTQ, on its
own or jointly, are indicated in this list)

^N Member of the Fonds immobilier
de solidarité FTQ Audit Committee

^O Member of the FlexiFonds de
solidarité FTQ inc. Board of Directors

^P Member of the Fonds immobilier
de solidarité FTQ Governance and
Ethics Committee

^Q Member of the FlexiFonds funds
Independent Review Committee



The governing bodies of the Fonds de solidarité FTQ and its network

As at June 30, 2020

In addition to the Fonds' Board of Directors and Executive Committee, the Fonds and its network have the following governing bodies:

Governance and Ethics Committee	Claude Séguin, <i>Chair</i> ² Daniel Boyer, <i>Vice-Chair</i> Denis Bolduc Michèle Colpron ² Jean-Claude Scraire ²	Financial Assets Management Committee	Michèle Colpron, <i>Chair</i> ² Gaéтан Morin Marie-Hélène Noiseux ² Roger A. Renaud ²
Human Resources Committee	Claude Séguin, <i>Chair</i> ² Daniel Boyer, <i>Vice-Chair</i> Christine Beaubien ² Denis Bolduc Jean-Claude Scraire ² Pierre-Maurice Vachon ²	Fonds immobilier de solidarité FTQ Board of Directors ¹	Jean-Claude Scraire, <i>Chair</i> ² Denis Bolduc, <i>Vice-Chair</i> Michel Cyr ² Renaud Gagné Denis Labrèche ² Gervais Levasseur ² Gaéтан Morin Sylvain Paré Louise Rochette ² Julie Salvail ²
Audit Committee	Denis Labrèche, <i>Chair</i> ² Michèle Colpron, <i>Vice-Chair</i> ² Christine Beaubien ² Roger A. Renaud ²	Fonds régionaux de solidarité FTQ s.e.c. Advisory Committee	Luc Pinard, <i>Chair</i> Denis Bolduc, <i>Vice-Chair</i> Janie C. Béique Denis Lessard ² Claude Lévesque ² Jean-Claude Périgny ² Pierre-Maurice Vachon ²
Valuation Committee	Denis Labrèche, <i>Chair</i> ² Marc-André Girard ² Pierre Maille ² Michel Nadeau ²	Fonds locaux de solidarité FTQ s.e.c. Advisory Committee ³	Luc Pinard, <i>Chair</i> Denis Bolduc, <i>Vice-Chair</i> Pierre-Maurice Vachon ²
Investment Committee – Development Capital ¹	Pierre-Maurice Vachon, <i>Chair</i> ² Daniel Boyer, <i>Vice-Chair</i> Christine Beaubien ² Denis Bolduc Pierre Fortin ² Marcel Gagnon ² Denis Labrèche ² Roger A. Renaud ²	FlexiFonds de solidarité FTQ inc. Board of Directors	Claude Séguin, <i>Chair</i> ² Daniel Boyer Gaéтан Morin Roger A. Renaud ² Bernard Tanguay ²
Investment Committee – Innovation and Venture Capital ¹	Christine Beaubien, <i>Chair</i> ² Anouk Collet, <i>Vice-Chair</i> Loïc Breton Chantal Loberge ² Hubert Manseau ² Roger A. Renaud ² Michelle Savoie ² Jacques Simard ²	FlexiFonds Funds Independent Review Committee	Renald Letarte, <i>Chair</i> ² René Delsanne ² Lucie Lebeuf ²
Investment Committee – Mining Sector ¹	Pierre-Maurice Vachon, <i>Chair</i> ² Dominic Lemieux, <i>Vice-Chair</i> Denis Landry ² Christian Pichette ² Jean-Claude Scraire ²		
Integrated Risk Management Committee	Jean-Claude Scraire, <i>Chair</i> ² Daniel Boyer, <i>Vice-Chair</i> Denis Bolduc Lyne Bouchard ² Michèle Colpron ² Denis Labrèche ² Louise Pellerin-Lacasse ² Roger A. Renaud ²		

¹ All investments must be authorized by a governing body, depending on the appropriate economic sector and, in certain cases, in particular when investment thresholds are reached, by the Fonds' Board of Directors.

² Indicates directors who are independent from the Fonds and the FTQ.

³ Only members appointed by the Fonds de solidarité FTQ, on its own or jointly, are indicated in this list.

Union Executive Committee

As at June 30, 2020

1. MARIE-CLAUDE ROULEAU
Chair
2. SAMIA AKLIL
Vice-Chair
3. GUILLAUME LEMIRE
Second Vice-Chair
4. NATHALIE GARCIA
Treasurer
5. GUILLAUME BENOIT
Secretary
6. YOUSSEF LEMGENDEZ
Advisor



Labour and social delegates, workplace health and security officials, francization representatives and local representatives

Johanne Bissonnette
Cédric Brabant
Tania D'Anjou
Peyman Eslami
Nathalie Gallant
Marie-Ève Garceau
Martine Gaudette
Stéphane Gaudreault
Mélanie Gauthier
Jacques Grégoire
Lucie Hamiaux
Gaétan Hudon
Sandra Kulenovic

Dominic Lainesse
Mathieu Larocque
Alexandre Lemieux
Jocelyn Levasseur
Nawfel Maaroufi
Louis Neamtam-Lapalme
Robert Paradis
Marie-Noëlle Perrier
Martin Rivest
Sylvain Tellier
Jennifer Tremblay
Jean-François Truffert

To learn more

This report was produced by the Public and Corporate Affairs Department. It complements the following documents issued by the Finance Department. These documents are all available on the Fonds' website (fondsftq.com) under About us/Financial information.

If you have comments or questions, please contact us by mail or phone, or by email at vpaffairespubliques@fondsftq.com

We would like to thank everyone who contributed to creating this document.



Consolidated financial statements

Management discussion and analysis

Statement of development capital investments, at cost

Relevé des autres investissements (in French only)

Index of the share of the Fonds in investments made by the specialized funds, at cost

Based on the Rolland products selected compared to products in the industry made with 100% virgin fiber, our savings are*:

Tons of wood

34 trees

6

Water

101 10-minute showers in North America

10 m³

CO₂

8,904 km driven by car

2,235 kg

GJ

274,878 60-W light bulbs for one hour

60

NM VOC

10,835 km driven by car

11 kg

* Calculated with the Rolland Eco-calculator (www.rollandinc.com)

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