



**BATIRENTE**

**2019 Annual Report**

**My retirement.  
Our strength.**





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# Statement of the Chair of the Board



Pierre Patry, Bâtirente's Chair of the Board



I had expected my mandate to end at our corporation's annual general meeting (AGM) that was to be held on June 9, 2020, shortly after my replacement at the Treasury of the CSN on the occasion of the 66<sup>th</sup> Congress of our labour union organization which should have been in full swing as I write these lines at the end of May.

Covid-19 has decided otherwise! It has upset all the plans and forced our board of directors to postpone the AGM to October 16<sup>th</sup>, while the CSN Congress has been delayed until January 2021. It goes without saying that, in these difficult times for our organizations, I decided to hold the fort to the best of my capacities and therefore continue to serve as Treasurer of the CSN and remain Bâtirente's Chair of the board of directors until the end of my mandates in 2021.

I will be there to present to you the 2020 annual report and I will very likely, introduce my successor at the 2021 AGM. More than 30 years after its launch, our Corporation is more reliable than ever, thanks to our great achievements. It is ready to forge ahead continuously.

## Strong governance

Strong governance for a solid organization – this has always been our vision. In fact, several decisions have demonstrated this over the years.

In 2017, Bâtirente celebrated its 30<sup>th</sup> anniversary by honoring its builders. It then initiated a reflection on its continuing evolution. Four axes of strategic interventions were identified: Bâtirente's ecosystem,

development and growth, service offering and organizational excellence. These axes guide our actions. They have enabled Bâtirente to advance at a steady pace in 2019, particularly through the recruitment of people within the development, investment and communications teams. Today, Bâtirente is even more capable of supporting the unions and their members to face the challenges of retirement.

## A pillar of responsible investment

Very early on, Bâtirente placed its strong convictions on corporate responsibility at the heart of its actions. Among the first Québec pension plans to incorporate environmental, social and governance (ESG) criteria into its investment policy, Bâtirente was one of the first signatory of the Principles for Responsible Investment (PRI) in 2006.

Several times, our Corporation was honoured on the international scene, particularly by *Responsible Investor Reporting Awards*, for an excellent annual report. The PRI Association also acknowledged Bâtirente's leadership for its responsible investment practices. Once again, in 2019, Bâtirente was assigned a score of A+ for ESG governance in its assessment report. It should also be pointed out that Bâtirente was the only Canadian asset holder to be selected in the *PRI Leaders' Group 2019* for its excellent practices in manager selection.

Today, Bâtirente is engaged more than ever in responsible investment. The value of our impact investments is on an upward trend and has reached 13% of our total assets, and 100% of the assets are entrusted to PRI signatory firms that integrate ESG criteria to their

investment process. We can be proud of these results which are aligned to our four axes of responsible investments: invest, engage, measure and cooperate.

### A development guided by our members' needs

The sole aim of our ambitions and achievements has always been to offer our 23,000 members the best possible retirement. We have developed tools for the benefit of our groups and their members, taking into consideration the 11 Bâtirente Funds, 5 of which are diversified, the introduction of TSFA or Trajectory.

The financial wellbeing of retirees is also essential, and we are honoured to have their trust. At the end of 2019, the accumulated savings of close to 1,000 retired members invested in RRIFs and LIFs reached \$73.1M – evidence of the relevance of our offer.

Let us not forget the many technological tools and on-line services that were developed over the last several years. They were intended to lend support to group representatives in managing their plans. They were also established to inform our members and allow them to keep an eye on their retirement plans. Several developments made these tools readily accessible on mobile devices in 2019. Hence, our members may make transactions and consult their records on their smart phones.

I cannot conclude without thanking all the administrators and external committee members. It is also important for me to acknowledge Marie Massicotte,

**“The sole aim of our ambitions and achievements has always been to offer our 23,000 members the best possible retirement.”**

independent member and René Gélinas, representing the *Syndicat national des pâtes et cartons de Jonquière (CSN)* who left the board in 2019. I would like to thank them for their contribution to our success.

I would also like to thank Daniel Simard as well as the team members who, in 2019, made these achievements possible and contributed to Bâtirente's very positive results that are described in further detail in this report. Their work and devotion make Bâtirente an efficient tool at the service of the workers, members of the CSN for their financial future. The foundations are solid and the future is full of hope!









# Statement of the Chief Executive Officer



Daniel Simard, Bâtirente's Chief Executive Officer



It is now common knowledge: 2020 will be a year in which our resilience, our solidarity and our distinctive model will be tested. Taking stock of 2019, we see that it has been a remarkable year. Such a year allows us to face the many challenges brought by 2020 on extremely solid foundations.

Established over 30 years ago, our organization has never stopped progressing and innovating to provide its members a financial future that meets their needs. The continuous increase in the number of groups, the number of members and the savings they entrust to us drive us to surpass our limits. We do this for the sole purpose of enabling all those who have placed their trust in us, over these decades, to retire successfully.

## Strategic development

As part of the celebrations marking the 30<sup>th</sup> anniversary of Bâtirente in 2017, the board of directors undertook a major strategic reflection process. We concluded this exercise with a vision that unfolds on four strategic development axes: the Bâtirente's ecosystem, development and growth, service offering and organizational excellence.

Since then, we can declare that the administrators and the Bâtirente team members are actively engaged in the implementation of this vision. In 2019, we made tremendous progress in its implementation. To reinforce our collaboration with the Federations and to step up our development efforts, we are proud to have appointed Vickie Lavoie as Director of Development Strategies and to have added to our team two new Group Annuity

Plans Advisors, Catherine Magny and Claire Servant. We have also recruited Jean-François Dumais as Investment Strategy Manager, following the retirement of Louise Charette at the beginning of the year.

Furthermore, significant resources were invested in technology. We are aware of our members' increasing desire to have access to information anywhere, anytime. The significant increase in traffic to our website in recent years is proof of this. That is why we have worked to make the Bâtirente.com website as well as the *My account* secure section accessible on mobile devices. As well, to improve our working procedures and enhance our computer security, we have implemented new technological tools by emphasising cloud computing.

We have also renewed the services agreement with our administrator, Desjardins Financial Security. Our risk management process was strengthened with the assignment of new responsibilities to Marie-Diane Deslauriers, who is now Senior Manager – Corporate and Institutional Affairs. Finally, we have reached a new collective agreement with the *Syndicat des travailleuses et travailleurs de Bâtirente – CSN* and the *Fédération du commerce*.

These developments, that meet the vision expressed in our strategic thinking, position us to face the future with serenity.

## Progress and confidence

We are always pleased to see that, year after year, the number of members who trust us is on the rise. In 2019, this number increased by almost 5%. We now count

## “Bâtirente has been actively engaged in responsible investment.”

22,861 members. Moreover, we are especially pleased to observe an increase of almost 10% among members under 35, since they represent the future of our organization.

Overall, our assets under management continued to progress to reach \$763.3M at the end of 2019, an increase of 15.6%. For the year, contributions and transfers amounted to \$75.6M. Although this is a slight decrease of 5.7% over 2018, it remains in line with the upward trend we have witnessed in recent years. This consistency is proof of the confidence of our groups, both the new ones and those that have been with us for some time.

In 2019, we observed a very strong activity around retirement. This phenomenon is not surprising, given the arrival of baby boomers at this stage in their lives.

The first impact can be seen on our services to retirees in general and more specifically, on Plannuity. The number of members aged 65 and over increased by almost 10% in 2019 and their assets increased by 25.8% to \$94.3M. The accumulated savings held in our retirement plans, RRIFs and LIFs, reached \$73.1M, a

remarkable 30.9% increase over one year. Annuities paid from these plans totaled \$11.7M in 2019, up 14.7% over 2018. Overall withdrawals increased by 23.9% to \$54.7M. This figure includes retirement benefits.

On December 31<sup>st</sup>, 2019, 318 groups were with Bâtirente, 12 more than in 2018. Beyond this number and its growth, we are moved by the loyalty of our groups, which stands at 99.9%. This loyalty motivates us to constantly improve our support and our services.

### Responsible investment

The year 2019 was an outstanding year regarding the world economy and investments. The performance of the Bâtirente Diversified Funds reflected the excellent state of the financial markets. All our Diversified Funds outperformed their benchmark indices by margins of 0.6% to 1.7%.

In the last 20 years, Bâtirente has been actively engaged in responsible investment. As an original signatory of the Principles for Responsible Investment, we follow the 6 principles and we have adopted 4 key axes of commitment, which are invest, measure, engage and cooperate.

Shareholder engagement is fundamental. Through Æquo, Shareholder Engagement Services, we foster dialogues with the companies in which our funds hold investments. The goal is to encourage them to move forward on several fronts related to sustainable development. Thus, by adding prospects of sustainability, impact and a just ecological transition, our members' savings can be invested in more resilient portfolios.

For example, for several years, we have engaged in a constructive dialogue with Enbridge. Congruent with our recommendation, the company published, in 2019, a report in which it analyzes its production system and energy consumption. Moreover, this report addresses the impacts of different scenarios on the company's activities and strategies. It is definitely a first step. We believe that this report is among the best in the sector since it presents different scenarios, one of which is aligned to the objectives of the Paris Agreement and it exposes the impact of these scenarios on the company's activities.

### Special thanks

In closing, I would like to take the time to thank all our stakeholders for their support, efforts and contributions to our success. Be it the CSN and its federations, the unions and their officers that have chosen us, our group representatives who are the local face of the Bâtirente system, as well as our business partners, Desjardins Financial Security and our consultants. It would be remiss of me, however, if I omitted to mention the members of the team that carry out our mission daily. I would like to pay a tribute to all of you!



# Highlights

## Solid

**81%** of members maintain that Bâtirente is a financially sound organization

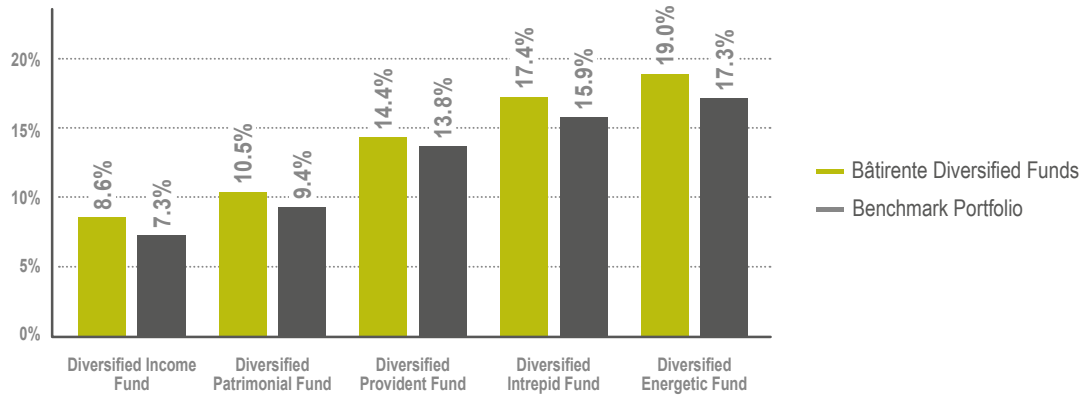


### ▶ TOTAL ASSETS UNDER MANAGEMENT

**\$763.3M**  
growth of 15.6%

### ▶ 2019 RETURNS

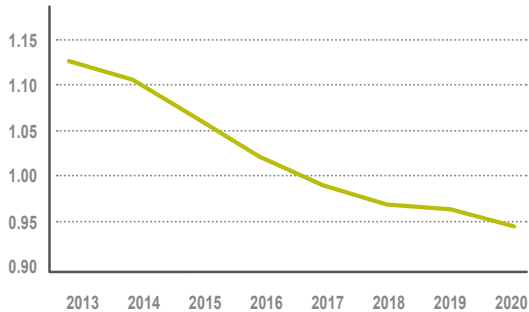
All our Diversified Funds outclass their benchmark portfolios



### ▶ MANAGEMENT FEES

\$6.4M of discounts for members in 2019

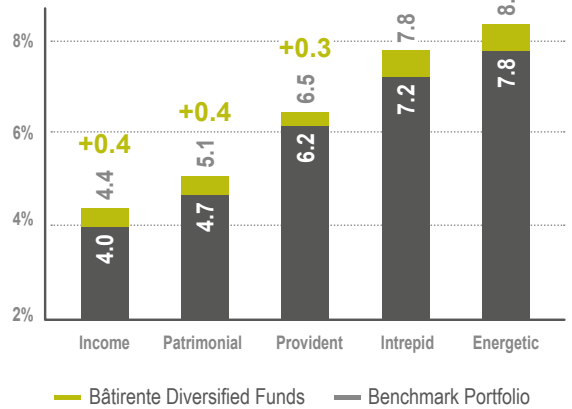
EVOLUTION OF THE MANAGEMENT FEE RATE FOR PARTICIPANTS IN A GROUP



### ▶ ROBUST FUNDS

A stable long-term performance

5-YEAR RETURNS



## Trustworthy

**83%** of members consider Bâtirente to be a trustworthy organization



› NUMBER OF MEMBERS

**22,861**

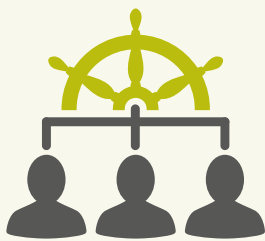
a 4.9% increase in 2019



› GROUPS

**318**

99.9% of group loyalty in 2019



› ANNUAL GENERAL MEETING

**100%**

Satisfaction with the event



› MEMBER SERVICES

**11,000**

Handled calls

**90,751**

Visits on the Member Services Centre

**83%**

Overall satisfaction with the Member Services Centre

# Responsible

**100%** our assets under management are entrusted to PRI signatory firms

**77%** of members believe that Bâtirente is an organization that is committed and dynamic in the area of socially responsible investing



› STRATEGY AND GOUVERNANCE

Only Canadian asset holder **acknowledged worldwide** and appointed to the *PRI Leaders' Group 2019*



› SHAREHOLDER ENGAGEMENT

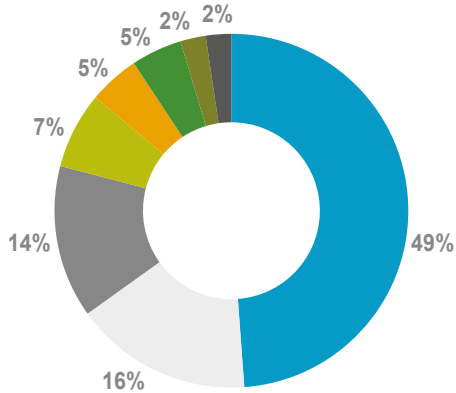
**22%** of our assets



› EXERCISE OF PROXY VOTING RIGHTS

**132** companies  
**1,443** resolutions

› ENGAGEMENT BY SECTOR



- Energy transition
- Energy management
- ESG disclosure
- Diversity and inclusion
- Ecological impact
- ESG integration
- Cyber security and data privacy
- Community relations

## Our 4 key axes of commitment

In 2016, Bâtirente asserted its commitment to four axes: invest, measure, engage, cooperate.

### INVEST

13% of assets held in impact investments



### ENGAGE

Positive dialogues with Enbridge and Suncor for a commitment to climate and energy transition



### MEASURE

Our equity portfolio's carbon footprint is 12% below market average



### COOPERATE

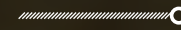
Contribution to the Committee on government policies of the Réseau PRI Québec





# Organization profile

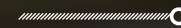
**318**  
Groups



**22,861**  
Members



**99.9%**  
Group loyalty



## The Bâtirente Corporation

In 1984, the *Confédération des syndicats nationaux* (CSN) entrusted Bâtirente with the mission to establish a retirement system for its affiliated unions. The objective was to meet the needs of workers to have access to a high-performance retirement savings system. Hence, Bâtirente developed a comprehensive retirement system under union governance. A unique institution!

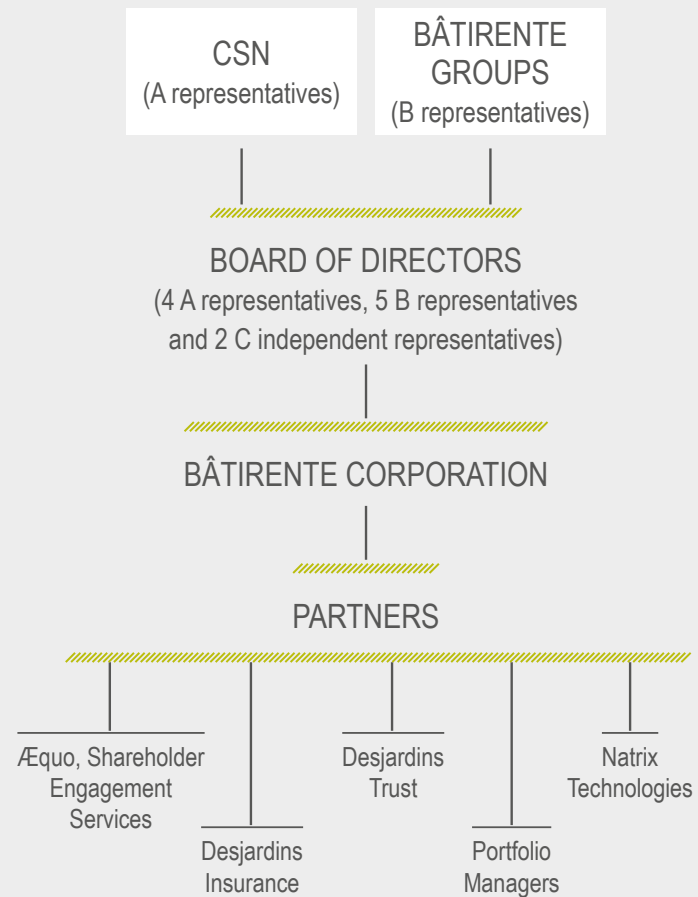
Since its inception, Bâtirente's commitment to its groups has been at the centre of its decisions. This labour union vitality can be explained by the importance placed on the groups in our associative democracy and is reflected by their ever-increasing participation at the annual general meeting (AGM).

Bâtirente is registered with the *Autorité des marchés financiers* as a financial services firm. It is managed by a non-profit corporation consisting of three categories of representatives. The CSN, as a Category A representative, appoints four persons to represent it. Category B representatives come from labour union groups that have a Bâtirente retirement plan as well as entities that have concluded an institutional

management agreement with Bâtirente. Representatives of Category B appoint one or two members to represent them, depending on the size of each group. Finally, two Category C representatives are appointed by the board of directors prior to being elected external members.

To ensure its sound governance, Bâtirente adopted a strong organizational structure comprised of a board of directors which is composed of four CSN representatives, five members who are elected by the groups and two external members. The eleven members are elected at the annual general meeting by member representatives of Categories A, B and C.

The bylaws are meant to ensure that the members of the board of directors possess a wide range of qualities and skills that are necessary for the sound governance of the Corporation and the responsible conduct of the retirement system. On December 31<sup>st</sup>, 2019, the board of directors was composed of nine men and three women. Board members carry three-year terms and renewals are staggered to ensure the continuity of governance.



# 2019: A year of progress

**In 2019, we have continued to deploy projects and initiatives to meet the priorities that were identified in our last strategic reflection exercise.**

Our actions were focused on four key areas: partnerships, growth, enhancement of the service offering and organizational excellence.

Among the key achievements, let us note:

- ▶ The expansion of our organizational structure which led to the appointment of Vickie Lavoie as Director, Development Strategies;
- ▶ The increase in our staff numbers with the hire of two new advisors to effectively serve the groups and members;
- ▶ The recruitment of Jean-François Dumais as Investment Strategy Manager, following the retirement of Louise Charette.

These appointments and new hires strengthen our organization and allow us to provide high-end services to members and groups who have put their trust in us. Our collective agreement has also been renewed for a three-year period.

To support our team and in our pursuit to achieve organizational excellence, we have continued to invest in the development of our range of services and technological solutions.

In 2019, we have:

- ▶ Improved the relevance and the value of our electronic communications to our groups and members;
- ▶ Entered into a service agreement with Natrix Technologies, now a partner for our technological solutions;
- ▶ Renewed our agreement with Desjardins Insurance, our strategic partner since 2014;
- ▶ Implemented new efficient tools for the management of member relationships.



# The board of directors

## Elections at the annual general meeting on June 21<sup>st</sup>, 2019

- ▶ **Category A representatives:** Christian Cyr was re-elected as a board member for a second mandate.
- ▶ **Category B representatives:** René Gélinas from the *Syndicat national des travailleurs et travailleuses des pâtes et cartons de Jonquière*, an administrator since 2013, did not seek the renewal of his mandate. Bâtirente wishes to express its appreciation for the time he was involved with the organization and for his contributions to the Corporation. Nicolas Docquier from the *Syndicat national des employés du papier de Candiac* was elected for a first mandate while Pierre Leduc from the *Syndicat national des produits chimiques de Valleyfield*, was re-elected for a third term.
- ▶ **Category C representatives:** Hélène Jacques was appointed by the board in March 2019 to replace Marie Massicotte and was elected at the annual general meeting in June 2019.

The officers of the Corporation are Pierre Patry, Chair, Nathalie Arguin, Vice-Chair, and Normand Brouillet, Secretary. Daniel Simard is the Treasurer and Chief Executive Officer and has non-voting rights.

## Alignment of interests

Ten board members hold investments worth close to \$1.9M in Bâtirente Funds. This amount stems solely from their own contributions or those of their employer.

## External member compensation

The goal of Bâtirente's external board of director member compensation policy is to attract highly qualified experts. The elected or appointed representatives of labour organizations do not receive compensation. However, their salaries for the time dedicated to governance activities as well as the expenses incurred for their attendance at meetings are reimbursed.

## A representative annual general meeting

Group attendance at our AGM has risen steadily over the past few years. Union and group attendance declined slightly in 2019 (-10%), but it was nevertheless excellent given a heavy union agenda. It should be noted that 100% of the participants said that they were satisfied with the event. As well, 75% expressed total satisfaction. Likewise, 98% of group representatives stated that they were satisfied with the training session that followed the AGM. The session's objective was to better equip them in their role as Bâtirente representatives.

## Committees

The board of directors has mandated four committees to ensure the sound management of investments and risks, the development of services, the preservation of economic profitability and good governance. A minimum of one group representative sits on each committee.

- ▶ Investment and Extrafinancial Risks Committee
- ▶ Audit Committee
- ▶ Member Services Committee
- ▶ Governance Committee

Their mandates and responsibilities are available on our website on the *Board and Committees* page in the *About Us* menu.







Board of Directors on February 28, 2020

From left to right: Hélène Jacques, Richard Fortier, Léopold Beaulieu, Robert Gariépy, Pierre Patry, Néjia Chehidi, Nicolas Docquier, Normand Brouillet, Daniel Simard and Marie-Diane Deslauriers (member of the Bâtirente team)



**THE BOARD OF DIRECTORS**

-  Investment and Extrafinancial Risks
-  Audit
-  Member Services
-  Governance

CSN Representatives // Category A Representatives



**CHAIR**  
**Pierre Patry**   
 Treasurer  
 Confédération des syndicats nationaux (CSN)



**VICE-CHAIR**  
**Nathalie Arguin**   
 Chair  
 Fédération des employées et employés de services publics (FEESP-CSN)




**Léopold Beaulieu**   
 Retired  
 Founder of Fondation Corporate Director




**Christian Cyr**   
 Coordinator, Negotiations  
 Confédération des syndicats nationaux (CSN)

Group Representatives // Category B Representatives



**Néjia Chehidi**   
 President  
 Syndicat des travailleuses et travailleurs de l'Hôtel Le Reine Elizabeth (CSN)




**Nicolas Docquier**   
 Syndicat national des employés du papier de Candiac




**Robert Gariépy**   
 Syndicat des travailleuses et travailleurs de Distribution Multi-Markues Laval (CSN)




**Pierre Leduc**   
 Syndicat national des produits chimiques de Valleyfield (CSN)




**Benoît Théorêt**   
 Secretary  
 Syndicat des travailleurs de Câbles d'acier de Pointe-Claire (CSN)

Independent and Appointed Members // Category C Representatives



**SECRETARY**  
**Normand Brouillet**   
 Retired  
 Confédération des syndicats nationaux (CSN)



**Hélène Jacques**   
 Retired  
 Caisse de dépôt et placement du Québec



**Yvan Duceppe**   
 CPA, CA  
 MCE Conseils  
 Finance and Administration Advisor

External members



**Richard Fortier**   
 CFA  
 Retired

Ex-Officio // non-voting rights



**CHIEF EXECUTIVE OFFICER AND TREASURER**  
**Daniel Simard**

## A competent team and a committed organization

Bâtirente's expertise is deployed through three poles with the purpose of meeting the needs of the unions and their members:

- ▶ The **development** team is responsible for the relationship with union partners, groups and members;
- ▶ The **investment** team watches over the application of the investment policy and is responsible for updating it. The team also monitors the work done by the investment managers to whom Bâtirente entrusts the collective savings while ensuring to remain a leader in responsible investments;
- ▶ The **communications and marketing** team supports the other teams, groups and members so that they may all benefit from a relevant stream of communications as well as clear and high performing tools.

These teams can rely on a strong framework in technology, human and financial resource management, risk management and governance.

On December 31<sup>st</sup>, 2019, Bâtirente had 14 employees, 11 of which were unionized. The collective agreement which expired on December 31<sup>st</sup>, 2017, was renewed in the spring of 2019 for a three-year period.

This agreement provides for:

- ▶ A pay scale whereby the entry-level salary is \$31.82 per hour, which is 2.55 times the legal minimum wage. For all employees, the ratio of women's maximum base salary to men's was 88.4% on December 31<sup>st</sup>, 2019 compared to 98.6% in 2018;
- ▶ Enhanced maternal and parental leaves that cover up to 93% of the basic weekly salaries;
- ▶ An additional vacation day per year between the 6<sup>th</sup> and 9<sup>th</sup> year of seniority;
- ▶ Sustainable mobility measures: public transportation passes, or self-service bicycles are fully reimbursed as well as financial incentives for the purchase of low emission vehicles.

Benefits for Bâtirente employees include a group insurance for which the premiums are paid by the employer as well as a defined benefit plan which had a solvency ratio of 88.3% as of December 31<sup>st</sup>, 2017 and a capitalization rate of 109.1%. Employees also have access to Bâtirente's voluntary enrolment plans for which the management fee rate stood at 0.85% on January 1<sup>st</sup>, 2020.

Bâtirente's finance professionals hold professional certifications issued by the *Autorité des marchés financiers*, the CFA Institute or by the Canadian Institute of Actuaries. Professional development fees are covered by Bâtirente. Moreover, Bâtirente offers financial support to employees who wish to participate in a continuing education programme to acquire knowledge that is relevant to their work, to qualify for a recognized professional designation or with the goal of acquiring a job title in a higher category.




Éric Filion, Chief Operating Officer





From left to right: Catherine Magny and Claire Servant


## THE BÂTIRENTE TEAM


-  Management Team
-  Investment Team
-  Development Team
-  Communications and Marketing





**Daniel Simard**   
Chief Executive Officer  
and Group Annuity  
Plans Advisor



**Éric Filion**   
FCIA, FSA  
Actuary and Chief  
Operating Officer



**Vickie Lavoie**   
FCIA, FSA  
Actuary and Director,  
Development Strategies



**Pierre Boies**  
Administrative  
Technician




**Marie Beaudoin**   
Group Annuity  
Plans Advisor



**Martin Blais**   
Financial Security Advisor,  
Group Insurance and Group  
Annuity Plans Advisor



**Evelyne Clermont**   
Marketing Manager




**Marie-Diane Deslauriers**   
CFA, Senior Manager  
Corporate and Institutional Affairs,  
Group Annuity Plans Advisor





**Fatoumata Diané**   
Group Annuity  
Plans Technician





**Jean-François Dumais**   
Investment Strategy  
Manager





**Michelle Faucher**   
F. Pl.  
Financial Security Advisor and  
Group Annuity Plans Advisor





**Catherine Magny**   
Financial Security Advisor  
Group Insurance and Group  
Annuity Plans Advisor





**Hélène Marcoux**   
F. Pl.  
Group Annuity  
Plans Advisor




**Claire Servant**   
F. Pl.  
Account  
Representative



**Katya Vanbeselaere**   
Communications  
Manager



**Catherine Zemelka**   
Communications and  
Marketing Advisor

## Our social implication



As a committed and responsible corporation, Bâtirente supports organizations that seek to improve the condition of active or retired workers as well as organizations that have projects linked to responsible investments and the sustainable development of communities.

### INSERTECH

TECHNOS ET ENGAGÉS

Bâtirente places the environmental and social impacts at the heart of its strategic decisions. Following the upgrade of our computer equipment, we donated a dozen computers and computer equipment to Insertech, a non-profit firm that trains unemployed young adults to rejoin the workforce, all the while giving a second life to the computer equipment recovered from companies. As a responsible Corporation, Bâtirente was very pleased to contribute to Insertech's mission and to participate

### Camp Vol d'été

leucan  

Since 1996, the CSN, in partnership with Leucan, has been conducting a fundraising initiative with its affiliated labour unions and its collective tools in order to help finance a two-week stay at the only camp intended specifically for children with cancer and their families. To this date, more than \$4M has been raised by volunteer members of the CSN. For more than 10 years, Bâtirente has faithfully embraced this cause.



From left to right: Agnès Beaulieu, General Manager at Insertech and Vickie Lavoie, Director of Development Strategies at Bâtirente

### OcSobre

For a second consecutive year, the Bâtirente team has embarked in the OcSobre challenge for the benefit of *Le Grand Chemin* centres. Everyone has taken on various personal challenges and made positive and lasting changes in their lifestyle. Thanks to the support of the whole team and our partners, Bâtirente raised more than \$5,000.



# Management report

**0.948%**

Average fee rate



**\$763.3M**

Total assets under management



**\$11.7M**

Pensions paid to retirees



## Bâtirente's new online services

Bâtirente, like most organizations, must adapt to respond to the needs of its groups and their members. Therefore, during 2019, we have deployed several new features aimed at improving our digital offer and increasing accessibility to Bâtirente. The batirente.com website underwent a major overhaul in 2019. This new version, more dynamic and current in its visual make-up, is geared towards the members and their needs. The educational content can be found alongside essential information on the phases of a member's life, from enrolment to retirement and afterwards.

Moreover, a section especially dedicated to group leaders has been added to help them manage the plan. They can access information on new products and available services. There is also a page that contains all the tools they need.

Our monthly newsletter designed for members has also been revamped in order to improve its content and increase its relevance. It is sent to 11,000 persons.

### Popular services

Subsequent to its overhaul, the batirente.com website has been visited more than 129,000 times, a 39% increase over 2018. More than 284,000 pages of information were viewed.

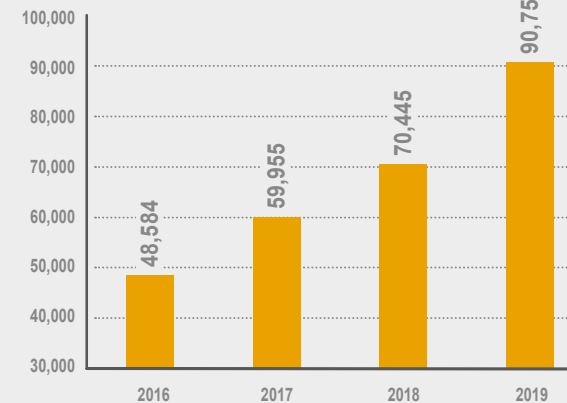
The *My account* secure section, which allows members to have an overview of their savings and make transactions, has also grown in popularity. In fact, more than 90,000 members have logged into it, a significant and steady progress for several years.

The improvements of our online services offered us the opportunity to strengthen the protection and security of personal information. We know that trust is an important part of the relationship with our members; the annual SOM survey points out that trust remains high.

Let us keep in mind that these technological developments are not made at the expense of the quality of services or the human approach which are at the heart of the Bâtirente's actions. In 2019, 11,000 calls were received at our Member Services call centre, which is comparable to the previous year. The SOM survey reveals that the level of satisfaction with this service remains stable with a score of 8.3/10. In addition, 59% of members gave a score of 9 or 10, up 4% from 2018.



GROWTH IN THE NUMBER OF VISITS ON THE MEMBER WEBSITE





# Advancing with our groups and our members

**In 2019, more than ever, Bâtirente continued its organizational development efforts to pursue its primary mission, that of bringing its 22,861 members to a successful retirement.**

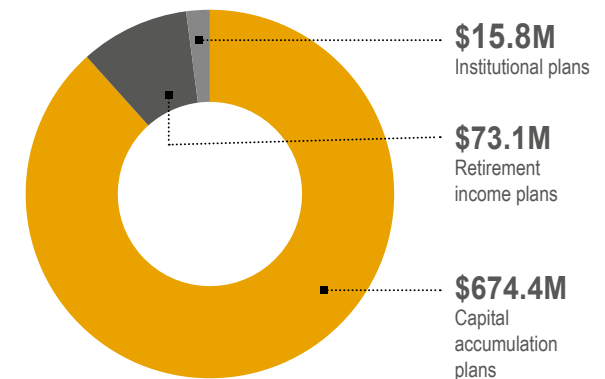


More advisers for our groups and their members as well as mobile and efficient electronic tools make Bâtirente an increasingly solid organization. These efforts have borne fruit since the number of members keeps increasing, along with the number of groups and accumulated savings.

### Bâtirente in 2019:

- ▶ Total assets under management of \$763.3M, a 15.6% increase over 2018 (\$660.2M);
- ▶ Increase in the number of groups to 318 and a retention rate of 99.9%, which is equivalent to 2018;
- ▶ 22,861 members, a 4.9% increase in one year;
- ▶ Average management fee rates for groups of 0.948%, in constant decline;
- ▶ Progressive fee rates that give way to yearly discounts of more than \$6.4M to members.

### RETIREMENT SYSTEM ASSET BREAKDOWN



## A HIGH-PERFORMANCE RETIREMENT SYSTEM AT THE SERVICE OF THE GROUPS

Bâtirente offers members of CSN-affiliated unions and their spouses a complete retirement system.

This system is built around the need for our groups to encourage their members to save for retirement. It is based on a high performance range of eleven funds, five of which are diversified. Members have the opportunity to invest in accordance to their risk tolerance. We also offer Trajectory, a turnkey

investment strategy that automatically adjusts a member's portfolio to his or her investor profile and age.

Over the years, the Bâtirente system has evolved to become more comprehensive and to better respond to the requirements for a successful retirement. It offers an array of solutions to support members in their transition to retirement:

- ▶ Retirement income plans: Registered Retirement Income Funds (RRIF) and Life Income Funds (LIF);
- ▶ Plannuity, an exclusive personalized retirement support service and retirement income planning.

Through auxiliary plans, Bâtirente also allows members to save for ancillary retirement goals such as home projects or travel plans:

- ▶ Registered Retirement Savings Plan (RRSP);
- ▶ Tax-Free Savings Account (TFSA).

Labour unions and other CSN-affiliated organizations can also entrust financial assets to the Bâtirente Funds which offer investments with a low degree of volatility and a higher return potential while still maintaining accessibility to their invested capital.

## Our groups



On December 31<sup>st</sup>, 2019, Bâtirente counted 318 groups, 12 more than in 2018. This increase mostly reflects the high level of loyalty from the participating unions which, for a second consecutive year, was above 99% in 2019.

We thank the unions that joined Bâtirente in 2019 for their trust:

- ▶ The S.T.T. of SOPFEU Bas St-Laurent – Gaspésie
- ▶ The S.T.T. of the Hilton Garden Inn (CSN)
- ▶ The S.T.T. of Bains Ultra (CSN)
- ▶ The S.T.T. of Bridgestone Joliette (CSN)
- ▶ The S.T.T. of the Municipality of St-Polycarpe (CSN)
- ▶ The Syndicat des employés(es) de l'APPQ
- ▶ The S.T.T. de la Scierie Béarn (FIM-CSN)
- ▶ The S.T.T. of the Coopérative funéraire des Deux Rives (CSN)
- ▶ The S.T.T. of Crystal Water Investments Company (CSN)
- ▶ The S.T.T. of Hydro Technologies (CSN)
- ▶ The S.T.T. of Transport F. Lussier (CSN)
- ▶ The S.T.T des employé(e)s des communications de l'Abitibi-Témiscamingue (SECAT-CSN)

A Bâtirente group retirement plan is established subsequent to the signature of a collective agreement that provides for a capital accumulation plan. The employer and the employees make contributions to this plan.

To ensure the success of the plan, each group implements a local management structure. A group representative is usually appointed. His or her role is essential for the establishment and the full development of an effective plan to serve its members.

Roles and responsibilities for the management of the plan are shared. They are defined by a framework called "road map". This tool, exclusive to Bâtirente, allows the union and the employer to clearly outline each party's responsibilities, which include:

- ▶ Admission and enrolment of members;
- ▶ Collection and remittance of contributions;
- ▶ Lending of support to members;
- ▶ Information on the different stakeholders;
- ▶ Compliance with the administration of the plan.

Moreover, Bâtirente advisors offer through an ongoing process, a training program and working tools to group representatives to help them monitor the plan.

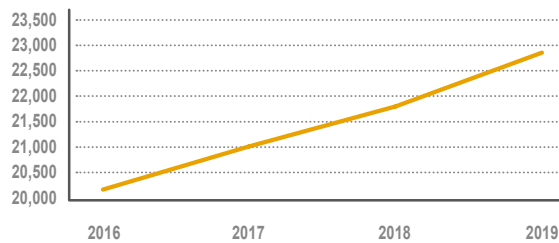




# Our members

On December 31<sup>st</sup>, 2019, Bâtirente had 22,861 members, a 4.9% increase over 2018. Since 2016, its membership has risen very consistently as reflected in the graph below.

MEMBER EVOLUTION



To gain a good understanding of our members' needs and to offer them the corresponding services, SOM conducts an annual survey on member satisfaction on our behalf.

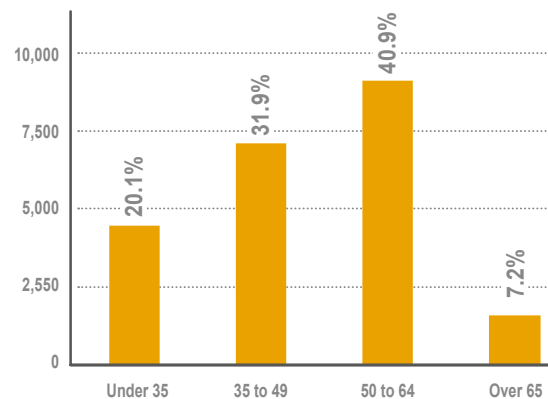
In 2019, Bâtirente members gave us the following scores:

- ▶ 8.3/10 for their level of confidence to our organization;
- ▶ 8.1/10 for our financial strength;
- ▶ 7.9/10 for our offers of retirement savings solutions that are adapted to their needs;
- ▶ 8.0/10 for our investments' risk levels.

Trust, strength and adapted solutions are key elements since they constitute the main reasons that motivate our members to convert their savings into retirement income solutions with Bâtirente. As

well, our human approach sets us apart from other financial institutions and convinces members to remain with Bâtirente during their retirement. In this context, members have a high appreciation rate for Plannuity, which guides them in their transition.

BREAKDOWN OF MEMBERS BY AGE GROUP



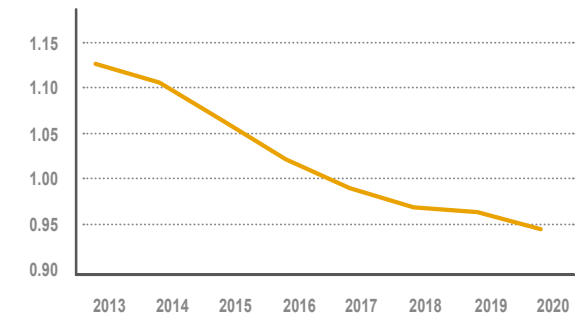
### Low average fee rates for a better retirement

As a non-profit organization, Bâtirente is well aware that its members work very hard to save successfully for their retirement. The mutualisation of savings offered by Bâtirente provides more advantageous fee rates than those available in the retail markets, thus allowing members to maximize their savings and retirement income. Concretely, this privilege implies that members will have more money during retirement, which they will be able to enjoy for a longer period or it may even allow them retire earlier.

These rate reductions represent an amount of more than \$6.4M each year for our members, which means more savings dedicated to their financial future.

The fee rates paid by Bâtirente members gradually decrease as the group's collective savings grow. While the average group paid a rate of approximately 1.100% in 2014, it only paid 0.948% in 2019.

EVOLUTION OF THE MANAGEMENT FEE RATE FOR PARTICIPANTS IN A GROUP

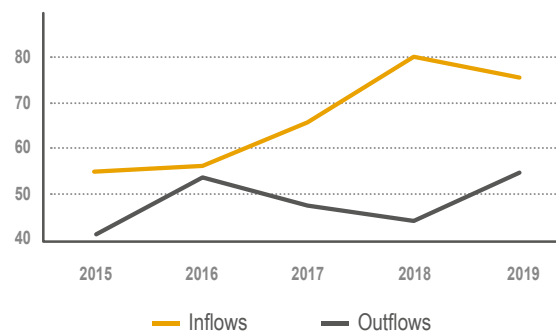


## CONTRIBUTIONS AND DISBURSEMENTS

In 2019, contributions from the groups and their members reached a total of \$75.6M, which represents a slight decrease of 5.7% from 2018. Nevertheless, the continuation of the overall upward trend that we have witnessed over the last few years is still maintained. Note that contributions have progressed over the past 5 years, increasing by 37.2% since 2015. This consistency in growth demonstrates the trust from our groups – the new ones as well as those who have remained loyal for decades.

Bâtirente also encourages its members and their spouses to make voluntary additional contributions and to consolidate their savings from other institutions so that they may benefit from advantageous fees. Such a consolidation would allow members to have a global view of their assets while taking advantage of the interactive financial planning tools available in the *My*

CONTRIBUTIONS AND DISBURSEMENTS  
(IN MILLIONS OF DOLLARS)



*account* secure section on the *batirente.com* website. The assets transferred to Bâtirente in 2019, which amounted to \$13.2M, are stable and confirm the strong upward trend observed in 2018 (\$13.3M), reflecting trust in our system. Along the same lines, the additional voluntary contributions in 2019 amounted to \$9.3M, following 2018 (\$10.1M) which was an exceptional year and well ahead of 2017 (\$7.2M).

For their part, withdrawals are of several sorts: withdrawals made during working years when permitted, employment terminations, retirements, or annuity payments. Overall, there was a 59% increase in withdrawals in 2019 to \$54M. The main source of the increase in withdrawals is due to retirements – the growing number of baby-boomers that are entering the decumulation phase and the swelling of cumulative annuity payments to retirees.

## TRAJECTORY, A WINNING CHOICE

For a second consecutive year, Trajectory, our turnkey investment strategy, recorded a remarkable increase. On December 31<sup>st</sup>, 2019, 30% of our members held a total amount of \$234.2M in that strategy which represents a 41% increase in one year. By choosing this option, our members are confident that they have invested in a strategy that evolves with them over time and which continuously and automatically optimizes their investments so that the investments may remain aligned with their risk profile.

For the most part, it is our younger members who are turning to this option. In fact, 52% of members under 35 invest their funds in Trajectory.

Hence, the Bâtirente Diversified Funds, including Trajectory, remain the most widely used option, accounting for 86.5% of members' assets.

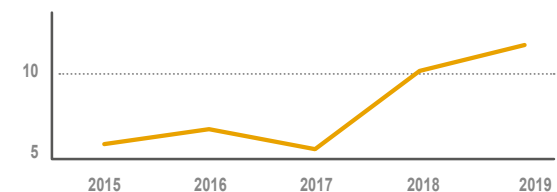
## RETIREMENT INCOME

Bâtirente is a complete retirement system that offers capital accumulation plans as well as retirement income plans, thereby allowing our members to go through these different phases within the same organization. Since planning for retirement is a key element for the transition from active life to retirement, we have created Plannuity in 2011. This exclusive retirement and support service for our members assures a continuity in the management of their savings during the crucial phase of the transition to retirement.

Ever more numerous participants:

- ▶ The number of members aged 65 and over has increased by almost 10% in 2019 and their assets have increased by 25.8% for a total of \$94.3M;
- ▶ The accumulated savings in RRSPs and LIFs reached \$73.1M, a remarkable 30% jump in one year;
- ▶ The pensions paid from these plans in 2019 reached \$11.7M, a 14.7% increase over 2018.

BENEFITS PAID – RETIREMENT INCOME PLANS (IN MILLIONS OF DOLLARS)





# Financial review

**\$97M**

Impact investment



**100%**

Bâtirente Funds managed by signatories of the PRI



**Sustainable investment**

Only Canadian asset holder  
acknowledged worldwide  
and appointed to the  
*PRI Leaders' Group 2019*



**COMPOSITION OF BÂTIRENTE DIVERSIFIED FUNDS**



**MANAGERS OF THE BÂTIRENTE FUNDS** (As of December 31, 2019, 100% of our assets under management are entrusted to PRI signatory firms.)

Fixed income, treasury and bonds			
Global equity			
Global equity			
Canadian equity			
Global small cap equity			
Other funds			

## Invest for tomorrow

The preservation and growth of the savings of its 23,000 members guide Bâtirente's investment decisions. As a Principles for Responsible Investments (PRI) signatory and a committed player, Bâtirente integrates the important dimension of extrafinancial risks and sustainable development to its investment philosophy. This integration is based on the belief that it is profitable for the future of our members.

The Bâtirente plans are deployed on an investment platform that includes eleven funds, five of which are diversified as well as Trajectory, a turnkey investment strategy that automatically adjusts the member's portfolios to his or her investor profile and age.

Bâtirente has delegated to Æquo, Shareholder Engagement Services, the management of voting rights and engagement activities for the companies that are held in its investment portfolios.



Bâtirente's leadership in responsible investment was once again recognized at the *PRI in Person* conference held in Paris from September 10 to 12, 2019.



Bâtirente, in partnership with the *Regroupement pour la responsabilité sociale des entreprises (RRSE)*, founded Æquo, Shareholder Engagement Services. All internal activities linked to shareholder engagement were then transferred to Æquo to make these services accessible to the institutional investment community in Québec and beyond. It is our belief that, as more capital is committed to this movement, Æquo would amplify the impact of shareholder engagement and enhance the progression of responsible investing.



# Performance of the Bâtirente Funds

## BÂTIRENTE DIVERSIFIED FUNDS

### Fund Performance

The year 2019 was an outstanding year regarding the world economy and investments. The performance of the Bâtirente Diversified Funds reflected the excellent state of the financial markets. In accordance with their respective level of risk, these funds posted returns that ranged between 8.6% for the Diversified Income fund to 19% for the Diversified Energetic Fund. In 2019, all our Diversified Funds outperformed their benchmark indices by margins of 0.6% to 1.7%

Financial markets were very strong in 2019. However, we all know that this will not always be the case and

that in periods of turmoil, one must stay the course and constantly bear in mind the long-term performance. In this regard, on a five-year horizon, the Bâtirente Diversified Funds have posted returns that varied between 4.4% and 8.4% depending on their gradation on the risk/return scale. As well, during that period, all Diversified Funds outperformed their benchmark portfolios by an average of 0.5%.

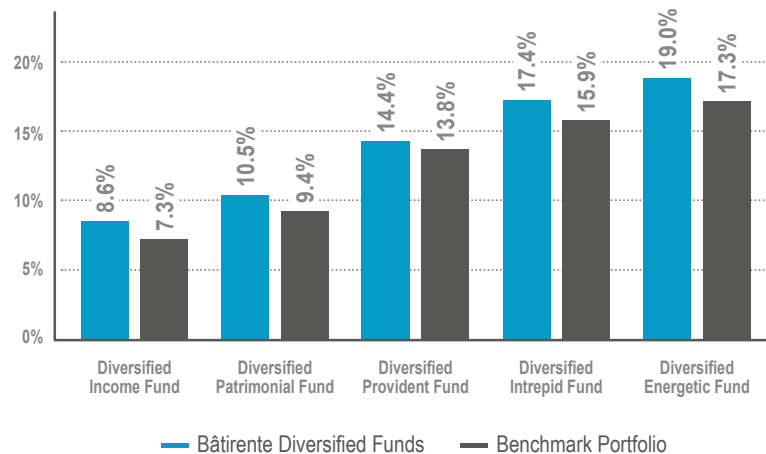
### Performance, risk and active management

Bâtirente promotes active management and, for the benefit of its members and their financial future, it evaluates its portfolios on an ongoing basis in order to adapt to today's major trends and to anticipate tomorrow's.

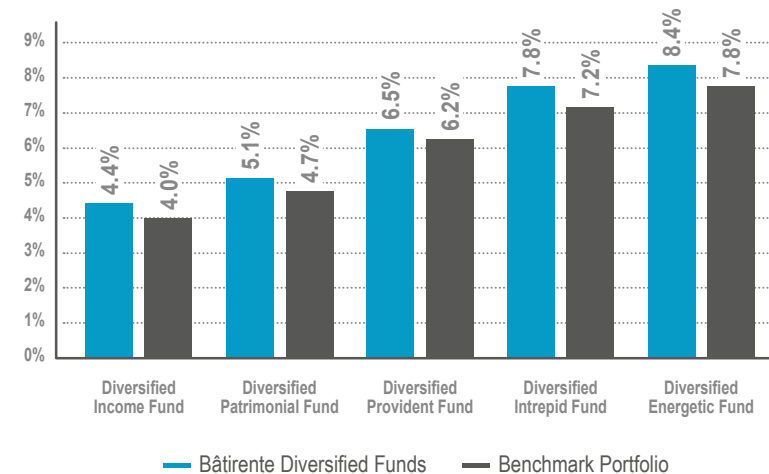
Several factors and trends have an impact on economic growth and on the markets. For instance, geopolitical events and technology will often cause very short-term market reactions. Bâtirente seeks to position its portfolios in such a way as to detect all the relevant perceived risk factors.

In 2019, Bâtirente sustained its process of continuously improving its funds. For the entire range of our diversified funds, we have thoroughly reviewed the periodic rebalancing process of our funds to maintain a healthy gradation of the relationship between risk and return.

2019 RETURNS



5-YEAR RETURNS



## MULTI FUNDS

### Fund Performance

The global equity funds performed very well in 2019, generating very positive results. The Global Equity Multi Fund returned 24.6%, propelling its five-year annualized return to 12.1%, well above its benchmark portfolio. The Global Small Cap Equity Multi Fund also posted a positive return (23.3%), surpassing the 19.8% return of its benchmark index. Over a five-year period, this fund had a remarkable performance with an annualized return of 14.3%, compared to 10.1% for its benchmark index.

On an absolute basis, the Canadian Equity Multi Fund had a better performance in 2019 than in 2018, with

a 16.4% return. However, it experienced some difficulties relative to its peers. Our portfolio managers focus on long-term, value-oriented corporate securities however, in 2019, growth stocks were the market favourites. As such, the “value” stocks held by our managers did not do as well in a surging market. Hence, in 2019, the Fund underperformed its benchmark portfolio by 6.5%. Over a five-year period, the Fund’s performance also lagged its benchmark.

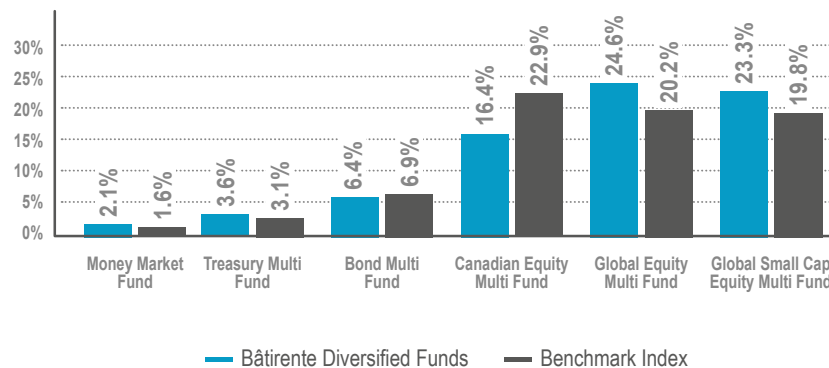
In this boom year, fixed income funds benefitted from generalized cuts in interest rates. The 2.1% return generated by Money Market Fund was among the highest returns of these past few years. The Treasury Multi Fund distinguished itself by posting a 3.6% return, while the

Bond Multi Fund posted a 6.4% return. However, the Bond Fund’s shorter term to maturity relative to its benchmark portfolio penalized its return by 0.5%. The 3.2% five-year return for the Bond Multi Fund is identical to its reference portfolio.

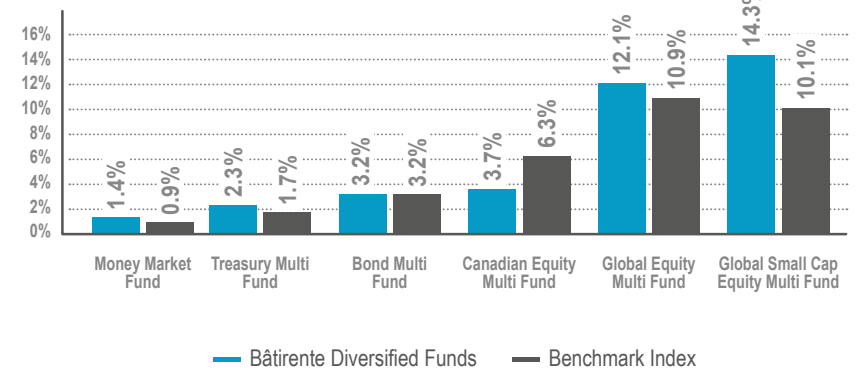
### Performance, risk and active management

In 2019, Bâtirente reviewed its business practices from the standpoint of currency risk coverage to take better advantage of the correlations between different markets, depending on the asset class. We have also made progress in our different practices to enhance our cash management and reduce the transaction costs of our Multi Funds.

2019 RETURNS



5-YEAR RETURNS



## PRI Principles in action at Bâtirente

### Principle 1

**We will incorporate ESG issues into investment analysis and decision-making processes.**

#### Our actions

- ▶ We have successfully deployed efforts to convince our managers to adhere and they are all now PRI signatories.
- ▶ We require that our investment managers add ESG factor analysis to their portfolio construction process for our portfolios.

### Principle 4

**We will promote acceptance and implementation of the Principles within the investment industry.**

#### Our actions

- ▶ We regularly take part in public events to encourage the adoption of responsible investment by new financial players.
- ▶ We actively participate in consultations that seek the adoption of new government policies, just as we have done in 2019 with the Expert Panel on Sustainable Finance.

### Principle 2

**We will be active owners and incorporate ESG issues into our ownership policies and practices.**

#### Our actions

- ▶ We place shareholder engagement efforts at the heart of our responsible investment policy.
- ▶ We actively promote collaborative shareholder engagement through AEquo's mutualized approach.
- ▶ We actively pursue a shareholder engagement strategy in several of our equity portfolios.

### Principle 5

**We will work together to enhance our effectiveness in implementing the Principles.**

#### Our actions

- ▶ We have implemented and moderated an expert panel on the state of fiduciary duties for responsible investments in Québec during the ARASQ Seminar.
- ▶ We make it a duty to participate in collaborative initiatives on responsible investments.

### Principle 3

**We will seek appropriate disclosure on ESG issues by the entities in which we invest.**

#### Our actions

- ▶ We maintain engaged dialogues with the entities in which we invest to incite them to publish such information.
- ▶ We report in a transparent manner all relevant ESG information linked to our dialogue with the entities.
- ▶ We actively support regulatory initiatives aimed at increasing this transparency.

### Principle 6

**We will each report on our activities and progress towards implementing the Principles.**

#### Our actions

- ▶ We are very diligent in responding to the annual questionnaire on the assessment of our PRI practices on responsible investment and we go far beyond the required minimum thresholds.
- ▶ We publish on our website the votes that we casted at annual general assemblies of companies in which we invest.
- ▶ We report on the dialogues that AEquo holds on our behalf with the companies that are held in our portfolios.



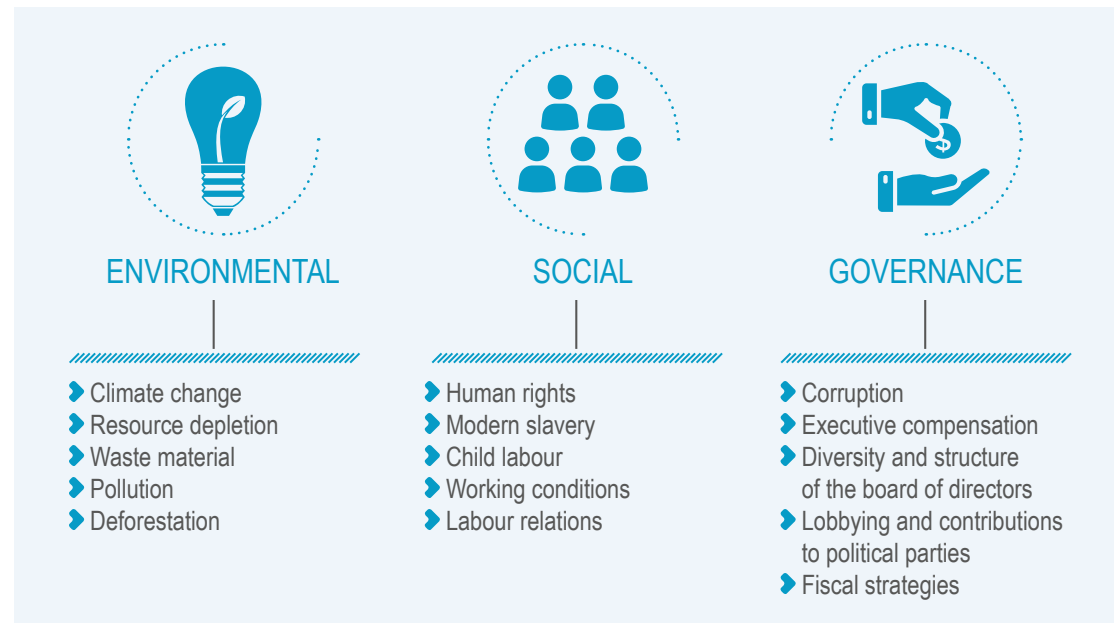
# Socially responsible investing

The PRI defines responsible investment as a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership. It completes traditional financial analysis and portfolio construction techniques.

*Bâtirente is signatory of:*



## EXAMPLES OF ESG CONSIDERATIONS



## WHAT ARE THE PRI?

An investor initiative, that includes Bâtirente, which was launched in 2006 in partnership with the United Nations Environmental Programme Financial Initiative (UNEP FI) and the UN Global Compact.

As mentioned on its website, the PRI Association considers that the creation of a long-term value requires a global financial system that is economically sustainable and efficient. Such a system inevitably rewards responsible investments in the long-term and provides benefits for the environment as well as for society.

The PRI work towards the establishment of this sustainable financial system by encouraging the adoption of the Principles and collaboration in its implementation. The PRI Association favours good investor governance, integrity and responsibility, and encourages them to exert efforts to reduce structural and regulatory obstacles as well as practices that may hinder a sustainable financial system.

# Key axes of commitment

In 2016, Bâtirente asserted its commitment to four axes: invest, measure, engage, cooperate.

## AXE N° 1: INVEST

We consider ESG criteria in our investment decisions.

Whether in fixed income or in equities, Bâtirente believes that the active management of environmental, social and governance risks (ESG) of the entities in its portfolios contributes to the sound capitalization of pensions as well as to long-term social and economic development which are required for a sustainable financial performance.

Over the years, Bâtirente implemented procedures that allow it to constantly take better account of ESG factors in its decisions:

- ▶ We ask our managers to whom we entrust our members' savings to become the PRI signatories. On December 31<sup>st</sup>, 2019, 100% of our assets under management were entrusted to signatory firms.
- ▶ The periodic monitoring of our managers' performance includes the evaluation of their integration of ESG factors to investment decisions, to the same extent as we monitor their financial performance, the quality of their management team and their investment process.

- ▶ We aim to give our partners management mandates that have the ambition of adding a positive impact on the companies they invest in. We can name AlphaFixe, our trusted fixed income manager who manages the green bond fund in which we are invested.

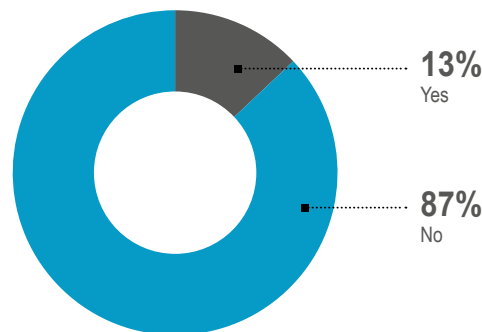
### An acknowledged leadership

Considering this, we are very proud that Bâtirente's leadership in responsible investment was acknowledged worldwide during the *PRI in Person* Conference that was held in Paris from September 10<sup>th</sup> to September 12<sup>th</sup>, 2019.

Bâtirente was appointed to the *PRI Leaders' Group 2019*. This group brings together PRI signatories that are among the asset owners that demonstrate both their excellence in responsible investing in general and, more particularly, in the selection, appointment and monitoring of external managers.

Only 47 asset holders were identified in the *Leaders' Group 2019*. They are from Europe (34), Oceania and Africa (9) and North America (4). Of these, Bâtirente is the only Canadian institution.

IMPACT INVESTMENT



### MAKING IMPACT INVESTMENTS: The example of the AGF Sustainable Global Equity Growth Fund

Founded in 1957, AGF is a worldwide independent diversified investment management company. Since 2016, AGF manages for Bâtirente the AGF Sustainable Growth Fund that focuses its investments in companies that make positive contributions to one of the following four axes of sustainable development: energy and energy production, waste and pollution management, water management and wastewater treatment solutions and finally, health and well-being.

The management team considers that companies that focus on innovative products and services that improve quality of life and the environment are more and more acknowledged by investors. Moreover, sustainable technologies provide an opportunity for rapid growth in the market. This team of professionals in sustainable investment has identified environmental themes that are on the rise. Their portfolio focuses on companies that offer solutions to major sustainability issues.

With investments totalling \$18.7M in the AGF Sustainable Growth Fund, Bâtirente is certain that it is investing in companies that have a positive impact on sustainable development.

## AXE N° 2: MEASURE

*We advocate an increased transparency from the entities and require the disclosure of relevant ESG information.*

The access to information is a central issue to the sound management of risks associated with sustainable development.

### The carbon footprint of our equity portfolios

Why are we interested in the carbon footprint? The focus on greenhouse gas emissions can be explained by the direct impact of these emissions on climate

change. What are the financial risks associated with climate change for investors? Climate change gives rise to unprecedented risks for both investors and the global economy. The environmental and social repercussions of climate change would significantly reduce the long-term expected returns on investments, whereby, the importance for us, institutional investors, to not only understand the nature of climate risk, but to help limit the changes in climate beyond the 1.5 degree Celsius objective stipulated in the Paris Agreement.

Measured in tons of CO<sub>2</sub> equivalent/million \$ of sales, the carbon intensity of our aggregated equity portfolios in 2018, was 176 tons, while that of the

composite benchmark index (i.e. weighted by the allocated assets) was 199 tons. This means that the carbon footprint Bâtirente's aggregate equity portfolios were 88% of that of the benchmark markets in which these portfolios were invested.

The analysis of this data also reveals that in 2018, the carbon footprint of our three equity funds (global, small cap and Canadian) taken as a whole, was below their benchmark portfolios (131.2 vs. 170.9, or 76.8%). Note that together, these three funds represented 81% of our total equity.

### CARBON FOOTPRINT (tCO<sub>2</sub>eq/m)

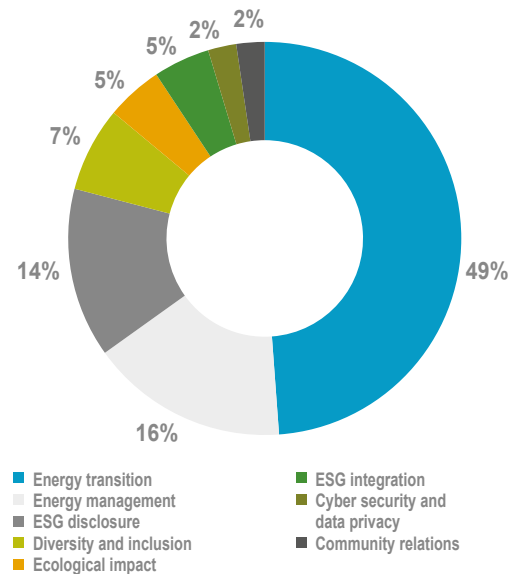
Equity Category	2018		2017	
	Portfolio	Benchmark	Portfolio	Benchmark
Global Equity	67.0	84.2	64.8	84.3
Canadian Equity	48.8	47.3	69.2	82.0
Global Small Cap Equity	15.4	39.4	17.6	42.0
Low Volatility Equity (Income & Patrimonial)	34.4	18.5	28.1	18.4
Listed Real Estate	10.2	9.8	9.6	8.7
<b>Total</b>	<b>175.8</b>	<b>199.2</b>	<b>189.3</b>	<b>235.4</b>
<b>Ratio</b>	<b>88.3%</b>		<b>80.4%</b>	

### AXE N° 3: ENGAGE

*We hold dialogues with the firms in which we invest to encourage them to deploy sustainable business models and we also encourage financial regulators to raise their requirements in order to promote these models.*

Our efforts to engage dialogues with the entities in which we invest were significant in 2019. These dialogues were carried out by Æquo, Shareholder Engagement Services, an entity co-founded by Bâtirente and the RRSE.

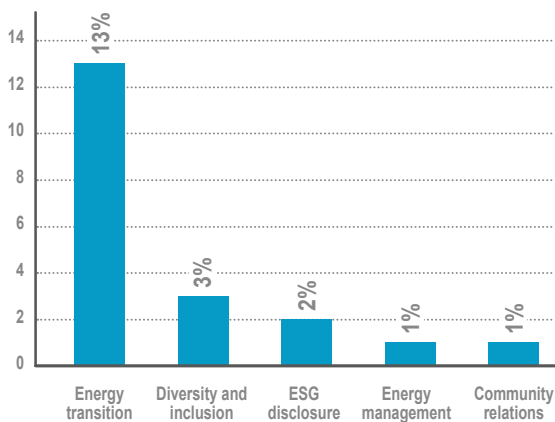
ENGAGEMENT BY SECTOR



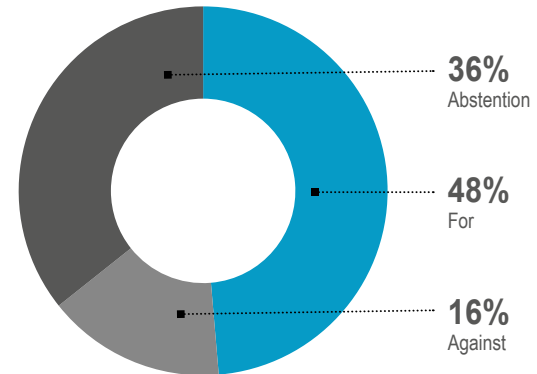
Æquo has held dialogues with 32 firms on our behalf. We have also participated in 132 shareholder meetings in which we have voted on 1,443 ballots. We have supported 32 shareholder proposals and voted against four of them.

Through our efforts, progress has been achieved. In fact, we were successful on 20 different objectives, of which 65% are related to energy transition. For example, improvements pertaining to climate governance and adjustments of business models to a low-emission economy can be observed within several firms.

OBJECTIVES MET BY CATEGORY



VOTES CAST



### Examples of engagement

Climate change is one of the predominant themes that have marked our actions for years. Measuring the carbon footprint, green bonds, shareholder engagement and the introduction of impact strategies in equities and real estate are the means we have deployed.

Two examples on climate engagement:

#### ENBRIDGE

For several years, we have engaged in a dialogue with Enbridge requesting that the company publish a report in which it exposes the resilience of its business model in a low-carbon emission future, notably through scenario analysis.

The company published in 2019 a report in which it analyzes its production system and energy consumption. Moreover, this report addresses the impacts of different scenarios on the activities and strategies of the company.

We believe that this report is among the best in the sector. Indeed, it presents different scenarios, one of which is aligned to the objectives of the Paris Agreement and exposes the impact of these scenarios on the company's activities.

► **SUNCOR**

During our years of dialogue with Suncor, we emphasized the value for the company to develop a market for electric vehicles, given its large pan Canadian network of gas stations.

We were very pleased with the announcement made by Suncor in 2019, through its Petro-Canada subsidiary, of the implementation from coast to coast of a first network of quick recharge for electric vehicles. Even if it is a rather symbolic action in terms of investment, few fossil fuel companies have engaged in the electrification of such transport.



**Shareholder proposals in 2019**

Two examples of proposals supported by Bâtirente on the rights of workers and on climate:

► **Proposal of John Philip Chubb to the TD Bank**

**Who is TD?** The sixth most important bank in North America by branches and serves more than 26 million clients.

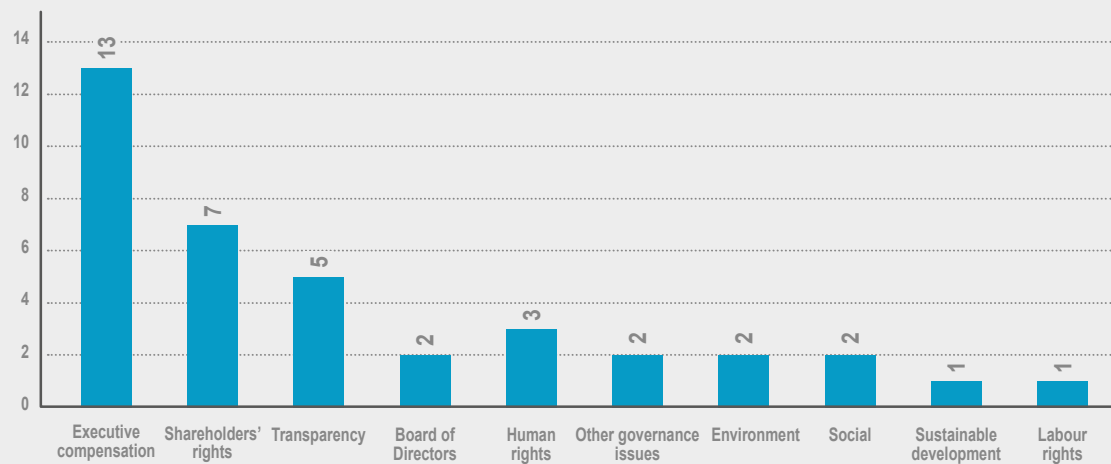
**What is requested?** That the firm cease to finance and begin to disinvest in energy projects that produce substantial Greenhouse gas emissions (GHG).

► **Proposal from the Catherine Donnelly Foundation to Magna International Inc.**

**Who is Magna International?** A Canadian company that specializes in automobile technology and has over 150,000 employees in 27 countries.

**What is requested?** That the board of directors integrate, in its annual statements to shareholders, key performance indicators on the management of human resources as well as a reasonable diligence process for human rights in its global manufacturing sites and its global supply chain.

VOTES ON SHAREHOLDER PROPOSALS



## AXE N° 4: COOPERATE

*We partner with local and global financial communities to develop responsible investment, foster dialogue, and share best practices.*

True to scale, Bâtirente is not a large asset holder. Hence, collaborating with other investors is important for us. Joining forces increases our impact and allows us to assume our fiduciary responsibility with more voices.

### To regroup by means of collaborative initiatives

- ▶ Climate Action 100+: initiative that groups more than 375 investors worldwide around a plan to engage 161 of the world's largest corporate emitters of GHG on an international scale;
- ▶ Montréal Carbon Pledge: launched at the annual *PRI in Person* Conference in Montréal in September 2014. Institutional investors that adhere, commit to measure, and report their equity portfolios' carbon footprint;
- ▶ Committee on government policies of the *Réseau PRI Québec*;
- ▶ Collaborative engagement of the PRI on responsible taxation for corporations;

- ▶ Investors for the reduction and use of pesticides and the safe management of chemical products;
- ▶ Investors for Opioid and Pharmaceutical Accountability (IOPA): is a worldwide coalition of investors whose goal is to hold dialogues with the manufacturers and distributors;
- ▶ PRI Task force on plastic;
- ▶ Carbon Asset Risk Working Group (CAR): moderated by the Ceres organization, pertains to dialogues on climate risk with energy companies.

### Investor letters

When investors identify industry issues or if they want to contest business communities, governments or regulators, they agree on the content of a statement which is then disseminated in the public sphere and to organizations that are interested in these matters. These investor letters are an important tool for collaboration; they allow widespread awareness of the positions of the institutional investor communities. Oftentimes, some of these letters have the support of several dozens of institutional investors who manage thousands of billions of assets.

- ▶ **Number of signed letters:** 15
- ▶ **Two relevant examples:**
  - ▶ **Investor declaration on lobbying for climate change:** Bâtirente signed an investor statement on lobbying for climate change regarding the climate lobbying activities of companies and their professional associations. The signatories of this statement demand that the targeted companies and their associations ensure that their lobbying practices are aligned with the objectives of the Paris Agreement.
  - ▶ **Investor Statement on the continuation of the Agreement for the Bangladesh Accord:** Bâtirente signed a declaration calling for further work on the Bangladesh Accord brought on the aftermath of the fires and the safety of buildings following the tragedy of the Rana Plaza in 2013. In this declaration, investors demanded that:
    - ▶ The Prime Minister of Bangladesh express support for the decision to allow the Accord to continue its efforts until the government has the capacity to take over;
    - ▶ Companies who obtain their supplies from the Bangladesh garment industry urge the government to allow the Accord to complete its work.

On May 19<sup>th</sup>, 2019, the Accord was finally extended as a body to be governed by the brands, manufacturers, and unions.

**2019 Annual Report**

The French version of the 2019 annual report was printed in 600 copies and is also available on Bâtirente's website.

**2019 Financial Report**

The annual financial report is available in French on Bâtirente's website on the *Annual and Financial Reports* page in the *About Us* menu. It contains the audited financial statements of Bâtirente Funds.

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