



**BATIRENTE**

**2020 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



It is with a great sense of accomplishment that I address you all for the last time. I am leaving the chairmanship of Bâtirente's board of directors after 17 years, during which I had the distinct privilege of seeing this corporation grow, innovate, and prosper. Today, Bâtirente is a complete retirement system, more accessible than ever to all CSN members. It is therefore with the strongest conviction, that I once again encourage CSN-affiliated unions and their members to discover and take advantage of the benefits of Bâtirente, which today brings together 313 groups and over 23,000 members. Additionally, I am and will continue to be convinced that this is the best way to guide our members to a successful retirement.

### A year of conquering challenges

Our last annual general meeting (AGM) was conducted in an entirely virtual format for the first time in our history, emphasizing to us just how unusual a year 2020 was. Bâtirente was able to face the many challenges that 2020 brought while maintaining the full confidence of its groups, members, and growing number of retirees.

### Let's hear it for our Builders!

At that AGM, I also had the pleasure of announcing the creation of an honour roll in tribute to the Builders of our organization, in recognition of those whose achievements have allowed Bâtirente to successfully carry out its mission today. I also proudly revealed the nomination of Mr. Léopold Beaulieu as our first Builder. One of Bâtirente's founders and the former CEO of Fondation, Léopold stepped down from our board of directors after 33 years, which included his role as chairman from 1987 to 1999. Again, thank you, Léopold!

### The unveiling of a landmark climate commitment

The year 2020 also made us see the value of a strong, resilient, just economy built on the principles of sustainable development. More so than ever before, Bâtirente is committed to responsible investing. In 2020, the value of our impact investments reached \$145M, and 100% of our assets were invested in firms that are signatories to the Principles for Responsible Investment (PRI) and that integrate environmental, social and

**"The year 2020 also made us see the value of a strong, resilient, just economy built on the principles of sustainable development. More so than ever before, Bâtirente is committed to responsible investing."**

governance (ESG) criteria into their management practices. These outcomes aligned with our four pillars of responsible investing—Invest, Engage, Measure and Cooperate—and are worthy of celebration. In the fall of 2020, we were especially excited to release our Climate Commitment, which demonstrates our dedication to ensuring the resilience and performance of our portfolios in the face of climate change and includes ambitious targets to be achieved by 2025.

#### **It was an honour to work with all of you!**

I sincerely wish to acknowledge the efforts of all the directors and external members of our committees with whom I have had the pleasure of working to grow this corporation over the years. I would like to thank each one of you for your contribution to our success. Your loyalty is remarkable proof of your confidence in Bâtirente.

I warmly commend my colleague and friend Daniel Simard, with whom I have travelled all this way, and I thank him for having fulfilled the objective that the CSN had set for itself in 1985: to provide its affiliates with a comprehensive pension system. My best wishes also go out to all the members of the Bâtirente team, those who were there from the start and the recruits who have joined the ranks in recent years. It is up to them to bring their contribution and enable Bâtirente to continue moving forward.

I am proud to leave a healthy organization to my successor, and I am confident that he will continue to build on its accomplishments with the same dedication to our responsibilities to the unions and their members.



Yvan Duceppe,  
Bâtirente's Chair of the Board  
(as of March 11, 2021)



Created at the initiative of the CSN nearly 35 years ago, Bâtirente has become a comprehensive, solid, and efficient retirement system. Each year, an increasing number of unions from all federations are joining the system and benefitting from a retirement plan adapted to their needs. The pooling of participating members' savings allows them all to benefit from a better retirement system. This is what makes Bâtirente strong.

This success has been made possible thanks to the women and men whose hard work has built Bâtirente. Pierre Patry is one of these people. As board chair, he worked for 17 years to make Bâtirente the system it is today. Pierre also promoted and defended the environment and sustainable development, both at the CSN and at Bâtirente, which made him a leading figure in responsible investment in Québec and Canada.

As the newly elected treasurer at the 66<sup>th</sup> CSN Convention, it is with great humility and great pride that I begin my mandate as the CSN representative within the corporation as well as a member and the chairman of Bâtirente's board of directors.

I bring the same values to the table as my predecessor did and I know that the directors of the corporation follow the same principles. I look forward to working with these dedicated individuals in their commitment to our groups and our members.



# Statement of the Chief Executive Officer



Daniel Simard, Bâtirente's Chief Executive Officer



## Navigating a pandemic without losing sight of the future

To say that 2020 brought its share of difficulties and challenges would be an understatement. Volatile stock markets, the need to continually adapt to changing directives, union partners facing mass layoffs, workers facing uncertainty, and retired members worried about their financial future were elements of the turmoil we had to grapple with in a year marked by contradiction and hardship.

A retirement system such as Bâtirente is designed to be forward-looking. Retirement planning, optimizing investments, and supporting unions in their negotiations all lie in the DNA of a system like ours. In 2020, Bâtirente had to continue its mission while facing the pandemic daily.

## A corporation with resilience

From the moment the first lockdown measures were announced in March 2020, we undertook all the necessary steps to act responsibly and ensure the safety of our employees, members, and partners. All resources were mobilized to allow our teams to work from home. I would like to thank all my colleagues for their adaptability and resilience as they took on the challenges and pursued their mission while remaining available and proactive with our groups and members, especially our retired members.

Our development team reached out to hundreds of retired members to help them through the upheaval.

As a result of COVID-19, 2020 became a year of accelerated transition to retirement for a significant number of our members. Accordingly, many of them turned to Plannuity, our exclusive service that prepares and assists them into retirement. It is also appropriate to recall that Plannuity, which ensures continuity in the management of our members' savings during the important retirement phase, also celebrated its 10<sup>th</sup> anniversary in 2020.

The development team was also at the ready to provide specialized support to groups facing economic difficulties. We have heartfelt concern for the hotel and tourism sector, as it was hit hard by the crisis and continues to suffer from the severe consequences.

The efforts of the members of the Investment and extrafinancial risk committee must also be highlighted. Together with the investment team, they took immediate action to closely monitor market trends and ensure the resilience of our funds in this highly volatile environment, particularly during the first quarter.

In 2020, the Bâtirente Diversified Funds posted positive gross returns ranging from 0.3% for the Patrimonial Fund to 7.9% for the Intrepid Fund. In a longer-term perspective, over 5 years the Diversified Funds provided annualized gross

**“Despite the storm that was shaking the world, Bâtirente continued to move forward as a responsible corporation and announced an ambitious climate commitment in the fall of 2020.”**

returns ranging from 3.9% to 8.7%, well above the rate of inflation. Given the current health crisis, it is essential to take a long-term view.

#### **A corporation moving forward**

We can celebrate our ability to stay the course during this global health crisis. And we can take pride in facing this adversity while continuing to maintain our longer-term perspective to support our members in achieving a successful retirement.

Despite the storm that was shaking the world, Bâtirente continued to move forward as a responsible corporation and announced an ambitious climate commitment in the fall of 2020. Climate change is a predominant issue that has shaped our work in sustainable investment over time. We have demonstrated leadership by measuring the carbon footprint of our portfolios, adding green bonds to our fixed income portfolios, engaging with shareholders, and introducing impact strategies in equities and real estate.

Determined to go even further, at our virtual annual general meeting we unveiled this robust climate commitment and its ambitious targets to achieve by 2025. For example, we will progressively reduce our

exposure to climate risk by 50% through a similar reduction in the carbon footprint of our equity portfolios. We will invest in the transition to a low emission economy by doubling our capital allocation to impact investments. We will strengthen our shareholder engagement program by aiming to improve the climate performance of businesses. Finally, together with our committed partners, we will work to mobilize all sectors of society in favour of the transition to a low-carbon economy.

Yet another factor took on immense importance in 2020. I'm thinking here of technology. As part of our 2017 strategic planning, we had made investing in technology a priority to increase our organizational effectiveness. We couldn't have made a better decision, given what was in store for us in 2020. With the conversion of our IT systems to cloud computing completed in 2019, at the height of the crisis, we were able to maintain our level of service and continue to communicate better than ever with our members, groups and Bâtirente team members through video conferencing, now as accessible as it was in *Star Trek*. In turn, our members and groups continued to have access to reliable and quality online services. A

growing number of our members are now using the secure *My Account* secure section of our website to track their savings, update their personal information and access their quarterly financial statements.

The pandemic also forced us to postpone our annual general meeting (AGM) from June 2020 to October and to conduct it in virtual mode. This challenge was masterfully handled by our entire team and the response from groups to this new format was excellent. In fact, the virtual AGM was a great opportunity for some remote groups located far from the major centres of Québec City and Montréal to participate in our democratic exercise despite the distance.

This was Pierre Patry's last meeting as chair of the board of directors of our corporation for the previous 17 years. We are all extremely grateful for his contribution to the development and success of Bâtirente.

It has been an honour to serve under a board chair who understands, knows how to trust, and gives good advice. I learned from Pierre that patience is a virtue and that prudence is more valuable than audacity. Prudence and patience are two values that are essential to the management of a pension system

such as ours, and they ensure its success. Pierre also contributed a complementary skill to these two fundamental qualities: Cartesian logic—which most certainly came from his training as a mathematician. Without a doubt, this type of reasoning is essential to the exercise of fiduciary responsibility of which we were the two main trustees. I thank Pierre for his unfailing support throughout his many years of service.

Yvan Duceppe, the new CSN treasurer and designated administrator and chair of the Bâtirente board of directors, will be a worthy successor, especially because he upholds the very same values and sense of responsibility for the workers who put their trust in us. Welcome, Yvan!

### A robust and confident corporation

Bâtirente has overcome the challenges of a year of adversity thanks to the solid foundation of the corporation that, over nearly 35 years in operation, has never stopped evolving, innovating, and adapting to the ever-changing realities of work and retirement.

We are delighted to report that our number of active members is steadily increasing, as is our number of retirees. Accumulated savings surpassed \$820M, a year-over-year increase of 7.5%. The assets of our retirement benefit plans, RRIFs and LIFs combined, reached \$88.5M, representing a 21.1% year-over-year gain. As a testament to our success in providing service to members and their retirement goals, pension benefits paid out of these plans reached a new high of \$13.5M in 2020, up 15.4% over the previous year.

The constant growth revealed by these indicators convinces us more than ever that we are fulfilling our mission to be an indispensable partner of the CSN's affiliated unions as they lead their members to successful retirement. We are proud of this! Indeed, our pride in these accomplishments is even greater because we are achieving them without

abdicating our leadership role in responsible investing. We were honoured to receive the "Sustainable Investment" prize in the *Canadian Investment Review's* 2020 Pension Leadership Awards.

Let's keep moving forward together!



# ➤ Pierre Patry: 17 years as Chair of the Board



- **2004:** Pierre Patry elected Chair.
- **2006:** Environmental, Social & Governance (ESG) criteria incorporated into investment policy; Principles for Responsible Investment (PRI) signed.
- **2007:** New board committees established—Member Services, Investment, Audit, and **Extrajinancial Risks Management**.
- **2010:** First sector-based plan established—SIPP for the community and local development sector, established by the *Fédération des Professionnelles (FP-CSN)*, then expanded to include the *Fédération des employées et des employés des services publics (FEESP-CSN)*, and the *Fédération de la santé et des services sociaux (FSSS-CSN)*.
- **2011:** First annual general meeting held in two locations via videoconference.
- **2015:** Significant work by the Investment committee on recalibrating diversified funds based on graded risk/return profiles.
- **2016:** Major changes to the bylaws to expand the role of the retirement plan groups in the governance of all the corporation's affairs.
- **2018:** Four strategic priorities identified aimed at supporting our members to succeed in their retirement.
- **2020:** First annual general meeting in fully virtual mode. Creation of an honour roll in recognition of the Builders of Bâtirente.





# Highlights

## Solid

**84%** of members agree that Bâtirente is a financially sound organization



### ACCUMULATED SAVINGS

**\$820.6M**

an increase of 7.5%



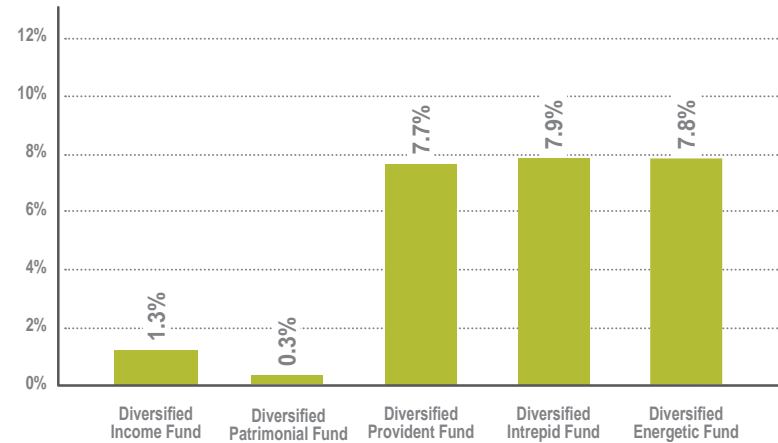
### MANAGEMENT FEES

**\$6.5M**

of discount for members

### 2020 RETURNS

Positive results for all Bâtirente Diversified Funds



### RETIREES

**1,825**

with \$114.9M of assets under management

### PENSIONS PAID TO RETIREES

**\$13.5M**

an increase of 15.4%

### ACCUMULATED SAVINGS HELD IN RRIF AND LIF

**\$88.5M**

up 21.1%

## Trustworthy

**86%** of members believe that Bâtirente is a trustworthy organization



› NUMBER OF MEMBERS

**23,218**

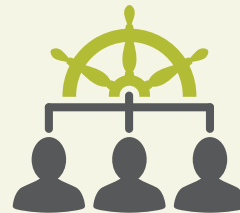
a 2.5% increase



› GROUPS

**313**

99.8% of group loyalty



› ANNUAL GENERAL MEETING

**100%** virtual

97% of all participants satisfied with the event



› MY ACCOUNT SECURE SECTION

**135,000**

visits to the secure section for members, an increase of 48.8%

## Responsible

**100%** of our assets under management are entrusted to PRI signatories



### › IMPACT INVESTMENTS

**\$145M**

in capital allocation, an increase of 50%



### › STRATEGY AND GOVERNANCE

*The Sustainable Investing Award at the Canadian Investment Review's Pension Leadership Awards*



### › CARBON FOOTPRINT

shares held by Bâtirente, 23% lower than that of their benchmark portfolios

## 4 pillars of commitment

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

## 4 ambitious objectives for the climate by 2025

(see page 30)

**INVEST**  
\$145M in impact investments



**MEASURE**  
Carbon footprint of our equity portfolios 23% below the market rate



**ENGAGE**  
Positive dialogues with TD and CIBC banks to engage them in the climate and energy transition



**COOPERATE**  
Participation on 15 committees (see pages 39 and 40)





# Organization profile

**313**

Groups



**23,218**

Members



**99.8%**

Group loyalty



## The Bâtirente Corporation

In 1987, the *Confédération des syndicats nationaux* (CSN) entrusted Bâtirente with the mission of establishing a retirement system for its affiliated unions. The objective was to meet the needs of workers by providing access to a high-performance retirement savings system. For this reason, Bâtirente built a comprehensive well-performing retirement system under union governance—a truly unique institution.

Since its inception, Bâtirente’s commitment to its retirement plan groups has been at the heart of its decisions. This foundational value is expressed through the place these groups occupy in our association’s operations. Their regular attendance at the annual general meeting (AGM) is a testament to the vitality of our governance.

Bâtirente is a non-profit corporation with three categories of representatives on the board of directors:

- Category A representatives:** Four persons designated by the CSN to represent it at annual meetings. These CSN representatives fill the four director positions that are reserved for the confederation.

- Category B representatives:** Groups that have established a Bâtirente retirement plan and hold an institutional management contract. They are represented at the AGM by one representative (or two when the participation in the plan exceeds 100 members). Five director positions are reserved for category B representatives.

- Category C representatives:** Two independent directors appointed by the board of directors.

Therefore, the board of directors consists of four category A representatives, five category B representatives and two independents. The 11 directors are elected by the full body of A, B and C representatives at the AGM.

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 sound governance of the Corporation and responsible management of the retirement system. Board members carry three-year terms; renewals are staggered to ensure the continuity of governance. On December 31, 2020, the board of directors was composed of nine men and three women.



## 2020: A year of conquering challenges

Characterized by the pandemic, 2020 tested our resilience, our solidarity, and our unique model. However, as we look back at this distinctly different year, it is clear that 2019, gave us an exceptionally strong foundation for facing the many challenges that 2020 would bring.

In the spring, the Bâtirente team was assigned to telecommuting and was still able, despite the situation, to provide the same high standard of service to its members, retirement plan

groups and retirees. This adaptation was made possible thanks to the technological shift carried out in the 2018-2020 strategic action plan. One of the objectives of this plan was to prioritize the implementation of effective tools for relationship management with our members and union partners and to improve the relevance and value of the communications that we send to them.



Mr. Léopold Beaulieu

### BÂTIRENTE CELEBRATES ITS BUILDERS

A forward-looking organization, Bâtirente is also very proud of its roots. At the 2020 annual general meeting, Pierre Patry, Chair of the Board of Directors, unveiled the creation of an honour roll as a tribute to the organization's Builders. The honour roll will

highlight the Builders and their exceptional contributions that have enabled Bâtirente to successfully carry out its mission today.

Mr. Patry proudly announced the nomination of Léopold Beaulieu as the first of these Builders. Mr. Beaulieu, one of the three founders of Bâtirente and former President and CEO of Fondation, left the Board of Directors in 2020 after serving for 33 continuous years, including his role of Chairman from 1987 to 1999.

Mr. Patry reminded everyone that Bâtirente was created through the will of CSN activists who, in the 1980s, remained committed to the idea of offering a group retirement plan to the affiliated members of the CSN. This honour roll, titled *Nos Bâtisseurs et Bâtisseuses* (Our Builders), was established to pay tribute to these key individuals. Léopold Beaulieu's nomination is an evocative demonstration of his place in Bâtirente's history.



1987: the first *Comité syndical national de retraite*

From left to right: François Grondin, Bonaventure Hotel; Mario Dokianakis, Grand Hôtel; Daniel Simard, FEESP-CSN salaried employee; Gérald Larose, CSN President; Réal Picard, Aciers Atlas; Pierre Giordani, Hôtel Place Dupuis; Léopold Beaulieu, CSN Treasurer; Claude Rioux, FTPF-CSN salaried employee, and Jacques Allard, Syndicat du transport de Montréal.



# The board of directors

## Elections held at the annual general meeting on October 16, 2020

- ▶ **Category A representatives:** Pierre Patry was re-elected as a director for a final term, as his pending retirement was announced in our 2019 annual report. Michel Valiquette, Treasurer of the *Fédération du commerce* (FC-CSN), was elected as a director for an initial term, filling the position previous left vacant by Léopold Beaulieu.
- ▶ **Category B representatives:** Nėja Chehidi, President of the *Syndicat des travailleuses et travailleurs de l'Hôtel Reine Elizabeth* (CSN) and Benoit Théorêt, Secretary of the *Syndicat des travailleurs de Câbles d'acier de Pointe-Claire* (CSN) were re-elected as directors for a fourth and third term, respectively.

Following the AGM, the new board of directors reconfirmed the officers of the corporation: Pierre Patry as president, Nathalie Arguin as vice-president and Normand Brouillet as secretary. Daniel Simard was reconfirmed as general manager and treasurer without voting rights.

Yvan Duceppe was elected to the role of Treasurer of the CSN in January 2021 at which time, the CSN designated him as its new category A representative to the Bâtirente board of directors. Mr. Duceppe became director and board chair on March 11, 2021, succeeding Pierre Patry.

## Alignment of interests

Eleven board members hold investments in Bâtirente Funds at a value of nearly \$1.9M, all of which comes from their own contributions or those of their employers.

## External board member compensation

Bâtirente's compensation policy for external members of the board of directors aims to attract experienced experts. Board members from union organizations do not receive any compensation. However, these individuals are reimbursed for their wages when performing governance activities. Additionally, the expenses incurred by these board members for attending meetings are also reimbursed.

## Virtual annual general meeting

The attendance of retirement plan group representatives at our annual general meeting has risen steadily over the past few years. In 2020, our team masterfully met the challenge of holding an entirely virtual AGM for the first time in Bâtirente's history. An impressive 97% of participants said they were completely satisfied with their experience. In addition, the virtual format allowed representatives of geographically distant groups who were unable to travel to Montréal or Québec City to participate in this democratic exercise for the first time.

## Committees

The Board of Directors has established four committees with specific mandates:

- ▶ Investment and Extrafinancial Risks Committee: sound investment and risk management;
- ▶ Audit Committee: economic profitability;

- ▶ Member Services Committee: service development;
- ▶ Governance Committee: good governance of the organization.

At least one retirement plan group representative sits on each committee.

The mandates and responsibilities of these committees are available on our website on the *Board and Committees* page in the *About Us* menu.

## BÂTIRENTE: THE IMPORTANCE OF SOUND GOVERNANCE

Bâtirente is incorporated under Chapter 3 of the Québec Companies Act:

- ▶ As a financial services firm registered with the *Autorité des marchés financiers* (AMF), Bâtirente is subject to the Act respecting the distribution of financial products and services, which supervised by the AMF;
- ▶ All Bâtirente plans are governed by the Québec Taxation Act; some are regulated by either Retraite Québec or the Office of the Superintendent of Financial Institutions (OSFI);
- ▶ Bâtirente's financial professionals hold the required professional certifications, as issued by the AMF or the Canadian Institute of Actuaries. As such, they are subject to the codes of practice required by the AMF or the Institute.



As of December 31, 2020

CSN Representatives // Category A Representatives

**THE BOARD OF DIRECTORS**

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



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



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




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




**Michel Valiquette**   
 Treasurer  
 Fédération du commerce (FC-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 Caniac




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



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



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

Independent and Appointed Members // Category C Representatives


Ex-Officio // non-voting rights

External members



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



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



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



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



**Richard Fortier**   
 CFA  
 Retired



## A competent team, a committed organization

Bâtirente's expertise is applied through three units designed to meet the needs of unions and their members:

- ▶ The **development** team is responsible for client relationships with union partners, retirement plan groups and members.
- ▶ The **investment** team ensures the application and updating of investment policy and monitors the work of the managers entrusted with group savings, while ensuring that Bâtirente remains a leader in responsible investment.
- ▶ The **communications and marketing** team works to support the other teams, retirement plan groups and members, who all benefit from relevant communications as well as clear and efficient tools.

The team members in these three units are supported by a management team that provides strong guidance in technology, human resources, financial and physical resource management, risk management and compliance. With the health and safety of its employees first and foremost in mind, Bâtirente moved its team to telecommuting as of March 2020 and for the entire year. Team members were offered a monthly financial compensation

of \$50 toward the cost of their Internet connection as well as a one-time payment of up to \$500 to set up their home workspaces.

As of December 31, 2020, Bâtirente had 15 employees, 12 of whom were unionized. The collective agreement, which expires on December 31, 2021, provides:

- ▶ A salary schedule with an entry-level salary of \$32 per hour (2.4 times the legal minimum wage). For all employees, the ratio of women's to men's maximum base salary was 87.8% at December 31, 2020. In 2019, this ratio was 88.4%;
- ▶ Enhanced maternity and parental leave covering up to 93% of base weekly salary;
- ▶ Annual vacation of four weeks beginning in the first full year of service;
- ▶ Sustainable mobility measures that include 100% reimbursement of public transit or bike share passes and financial incentives for the purchase of low-emission vehicles.

Bâtirente employees have a group insurance plan (medical, dental, life) with employer-paid premiums and a defined benefit pension plan with a solvency ratio of 86% as at December 31, 2019 (112% on a funded basis). Employees also have access to Bâtirente's voluntary enrolment

savings plans with a management fee of 0.85%, in accordance with the rules of our fee policy.

Bâtirente offers financial support to employees who wish to participate in continuing education relevant to the performance of their work, to qualify for a recognized professional designation than can enable them to reach a higher job classification level.

### Personnel changes

In early 2020, Bâtirente hired Catherine Magny and Claire Servant as Group Advisors to meet the growing needs of CSN unions across Québec.


During the summer of 2020, for personal reasons Fatoumata Diané had to leave Bâtirente and her position as group annuity technician. Moreover, Catherine Zemelka joined the communications and marketing team.

Lastly, in early 2021, Marie-Diane Deslauriers, Senior Manager – Corporate and Institutional Affairs retired after more than 13 years at Bâtirente. We extend our thanks to Marie-Diane for her contribution to the development and smooth running of the organization and we wish her all the best for her retirement. Marie-Claude Baker Prud'homme joined the team in January 2021 to take up the Senior Advisor – Corporate Affairs, Risks and Compliance.

As of December 31, 2020


**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-Claude Baker**  
**Prud'homme**  
 Senior Advisor – Corporate  
 Affairs, Risks and Compliance



**Marie Beaudoin**   
 Group Annuity  
 Plans Advisor



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



**Evelyne Clermont**   
 Communications and  
 Marketing Manager



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



**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 and  
 Marketing Manager



**Catherine Zemelka**   
 Communications and  
 Marketing Manager

## Our social involvement

**A committed and responsible corporation, Bâtirente supports organizations working to improve the living and working conditions of active and retired workers, to promote responsible investment and to promote sustainable community development.**

### **OcSobre**

For the third year in a row, the Bâtirente team took part in the OcSobre Challenge to benefit *Le Grand Chemin* centres. This event offers an opportunity for everyone to make positive and lasting changes in their lifestyle through a personal challenge. Thanks to the support of the entire team and our partners, Bâtirente raised \$150,000.

The mission of *Le Grand Chemin's* three centers is to provide specialized addiction, gambling addiction and cyberaddiction treatment services to Québec adolescents aged 12 to 17.

### **Bâtirente expresses solidarity with the hotel sector**

At the 2020 annual general meeting, Chief Executive Officer Daniel Simard emphasized the importance of solidarity in the face of the crises that are currently shaking the world and Québec. In particular, he wanted to offer the organization's support to all workers affected by COVID-19. He emphasized the severe impact of the pandemic on the members of the 39 hotel unions participating in plans managed by Bâtirente.



Photo: *Le Grand Chemin*



The *Syndicat des travailleuses et travailleurs de l'Hôtel Reine Elizabeth (CSN)* is a Bâtirente member.



# Management report

**0.941%**

Average fee rate



**\$820.6 M**

Accumulated savings



**\$13.5 M**

Pensions paid to retirees



## Our online services were popular

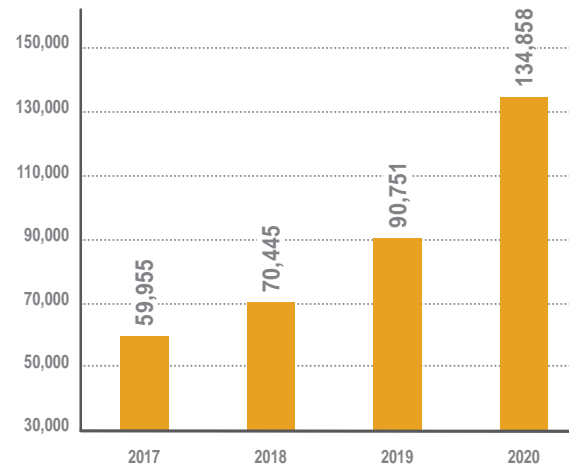
Forced to contend with the pandemic in 2020, Bâtirente members turned to our online services in significant numbers. In fact, *batirente.com* was visited over 181,000 times, representing a 40% increase over 2019. In total, *batirente.com* pages were accessed more than 291,000 times.

Members who wish to obtain information about their account or perform transactions access to

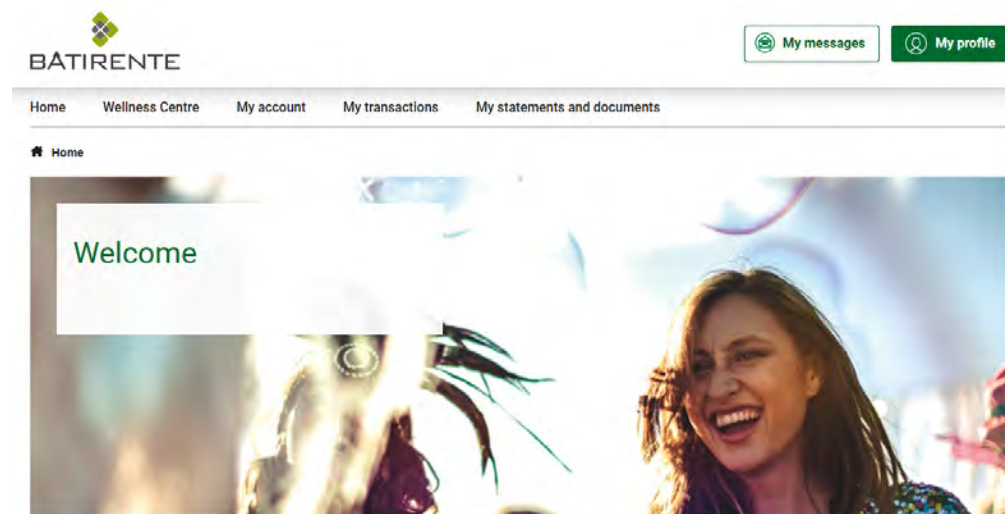
the *My Account* secure section. In 2020, a record 135,000 visits to this section were reported, indicating a 48.8% increase over the previous year. Although the use of *My Account* has grown significantly over several consecutive years, its combined convenience and usefulness was demonstrated more than ever in 2020. In addition, the significance of the transition to electronic documents to our membership

was revealed by a 31.6% increase in members choosing to receive their financial statements online only (as compared to the same date in 2019). Of note, since 2018, our members have had only-online access to their March, June, and September quarterly statements. Because of these 2020 trends, we are encouraged to continue our digital transformation to create more frequent and effective communications.

GROWTH IN THE NUMBER OF VISITS ON THE MEMBER WEBSITE



HOME PAGE OF THE MY ACCOUNT SECURE SECTION



Our online services are reliable and secure. We are also committed to protecting the personal information of our members. We know that trust is a key dimension of our relationship with them. In fact, by giving us a score of 8/10 on this question in our annual survey conducted by SOM, they confirmed that their confidence remains high.

# A high-performance retirement system at the service of the groups

## Bâtirente's numbers in 2020

- ▶ Accumulated savings: \$820.6M, up 7.5% from 2019 (\$763.3M),
- ▶ Number of groups: 313 groups; retention rate 99.8%,
- ▶ Number of members in 2020: 23,218, up 2.5% in one year,
- ▶ Average group management fee: 0.941%, down steadily for several years,
- ▶ Progressive pricing that provides members with annual discounts of over \$6.5M.

Bâtirente offers a complete retirement system to the members of unions affiliated with the CSN and their spouses.

This retirement system is built around the essential need for our groups to encourage their members to save for retirement. Based on a high-performance line-up of eleven funds, including five diversified funds, the system allows individual members to invest according to their own risk tolerance. The Trajectory lifecycle path is also available. This ready-to-use investment strategy automatically adjusts the individual member's portfolio over time according to that person's investor profile and age.

Over the years, the Bâtirente retirement system has evolved to better meet the requirements for a successful retirement. To assist members in their transition to

retirement, the system offers a range of solutions that include:

- ▶ Registered Retirement Income Fund (RRIF) and Life Income Fund (LIF) benefit plans, and
- ▶ Plannuity, an exclusive personalized retirement income planning service.

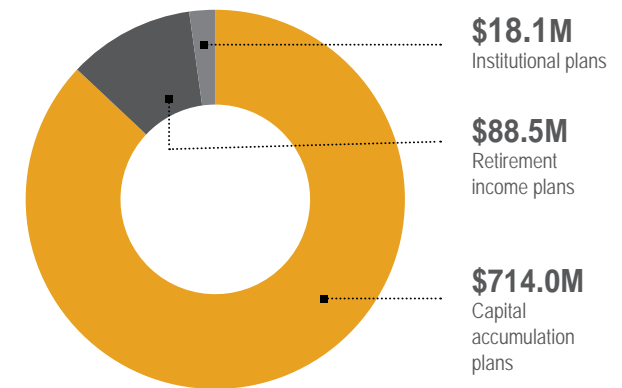
Bâtirente also enables members to save for other goals outside of retirement, such as home projects or the creation of an emergency fund, through supplementary plans:

- ▶ Registered Retirement Savings Plans (RRSPs),
- ▶ Tax-Free Savings Account (TFSA).

Unions and other CSN-affiliated organizations can also allocate financial assets to Bâtirente Funds through low-volatility investments that preserve access to their reserves while offering a higher return potential.

In 2020, Bâtirente rose to the challenge of staying in touch with its groups and members. Indeed, as soon as the COVID-19 pandemic was declared, the entire team switched to telecommuting, relying on the technological tools put into place during the previous years to effectively continue its activities. Despite challenging circumstances, our team of professionals remained in contact with members and their representatives, devoting continued efforts to the pursuit of our primary mission—leading plan members to a successful retirement.

## RETIREMENT SYSTEM ASSET BREAKDOWN



We also communicated electronically with our group leaders and members on a regular basis to keep them informed of our actions related to the health crisis and to assure them of our support in these difficult times.

In March 2020, during the stock market correction resulting from the COVID-19 outbreak, our team of advisors intensified their outreach to members, particularly retirees. The team contacted over 400 members to reassure them and answer their questions, with a special focus to ensure the safety of the elderly.

We are pleased and proud of the trust placed in us by our members, as more and more of them successfully enter their retirement years with us. In 2020, the total value of annuities paid to our retirees reached a record \$13.5M, an increase of 15.4% over 2019.

## Our retirement plan groups

In 2020, several of our groups were affected by the fallout of the pandemic. One of the hardest hit sectors has been the tourism and hotel industry. This is an important sector for Bâtirente, with 32 unions in hotels across Québec and more than 3,500 members.

We wanted to demonstrate our support to these groups in a variety of ways over the course of the year. In particular, we have encouraged our members to make reservations at hotels participating in Bâtirente when traveling in all regions of Québec. Further, at the 2020 annual general meeting, we held a draw among the group leaders present for three gift certificates, entitling each winner to a stay at the hotel of their choice.

The tourism sector is very important for Québec and for Bâtirente. We stepped up for these tourism and hotel industry groups in 2020 and we want to continue showing our support for them in these difficult times.

### Group retention

As of December 31, 2020, Bâtirente has 313 groups that demonstrate exceptional loyalty. The group retention rate in 2020 remained well above 99%, at 99.8%. This result is due to the effort of our team who actively worked in the virtual field in 2020 to remain present as well as the loyalty of our groups to their trade unions.

In parallel to the work with our groups, we also worked on the recruitment of new groups. Thus, during 2020, we welcomed the STT de Construction *DJL Estrie - CSN* and the *STTIM - Graymont Portneuf* and we thank them for placing their confidence in us. Additionally, at the very end of the year we were informed that two large groups, the *STT de PJC entrepôt - CSN* and the *TWU of Ottawa Regional Hospital Linen Services Inc.* had decided to join the Bâtirente family. These two groups completed their implementation process in early 2021. We are honoured by their trust and welcome them.

Finally, we learned in 2020 that the *STT des employés de Asпамill (CSN)* had made the decision to leave Bâtirente to join the employer-managed plan.

### THE BÂTIRENTE SYSTEM

The implementation of the Bâtirente retirement system for a group is performed following the signing of a collective agreement that provides for a capitalization plan to which both employer and employees contribute.

To ensure the success of its plan, each group sets up a local management structure including the appointment of a group manager. The role of the group manager is critical in both the implementation and the full development of an effective plan for its members.

The sharing of roles and responsibilities for the management of the plan is defined by a “roadmap”. Exclusive to Bâtirente, it allows the union and the employer to clearly define the responsibilities of each party, including:

- ▶ Acceptance and admission of members,
- ▶ Collection and remittance of contributions,
- ▶ Providing support to the members,
- ▶ Keeping the different parties informed, and
- ▶ Ensuring the compliance of plan administration.

In addition, Bâtirente advisors provide ongoing plan support to group leaders along with an online training program and work tools.

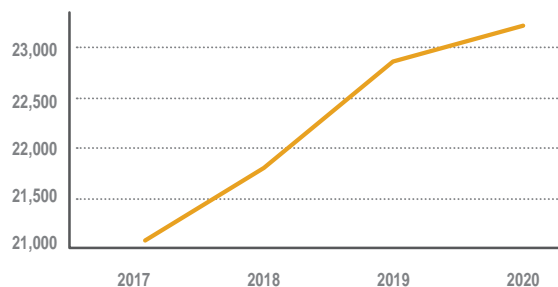




# Our members

As of December 31, 2020, Bâtirente had a membership of 23,218, an increase of 2.5% over 2019. Bâtirente continues to experience sustained membership growth as shown in the graph below.

MEMBER EVOLUTION

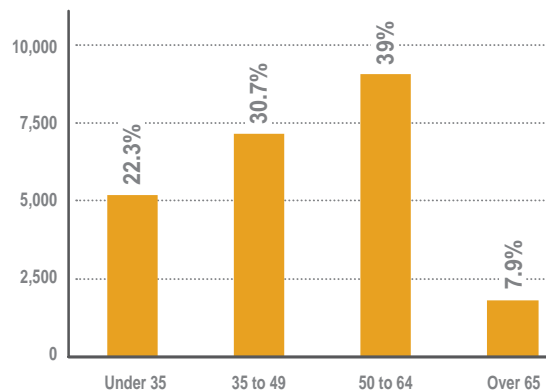


It is noteworthy that the increase in the number of members participating in Bâtirente in 2020 originated from several sectors. For example, we saw a 2.8% increase in members from the *Fédération du commerce* and a 1.9% increase in members from the *Fédération de l'industrie manufacturière*.

We are also confident about the future, noting a significant increase in participation by younger people (+22.8% among those under age 25, and +5% among those aged 25 to 34).

Trust, reliability, adapted solutions and minimized management fees are the key elements that lead our members to convert their savings into retirement income through Bâtirente. It is thanks to Plannuity, which guides them in their transition to retirement, and to the caring personal approach that characterizes our support that members choose to stay with Bâtirente at the retirement stage.

BREAKDOWN OF MEMBERS BY AGE GROUP



### Member satisfaction ratings

With the unwavering goal of identifying the needs of our members and offering the right services to them, we entrust the SOM market research firm with the task of conducting our annual plan member satisfaction survey. Despite the unusual circumstances of 2020, satisfaction indicators are on the rise. In fact, on a scale of 1 to 10, members gave Bâtirente the following scores:

- ▶ Their confidence in our organization: 8.6 (+0.3),
- ▶ Bâtirente's financial strength: 8.4 (+0.3),
- ▶ Retirement savings solutions adapted to their needs: 8.3 (+0.4), and
- ▶ Risk level of Bâtirente's investments: 8.4 (+0.4).

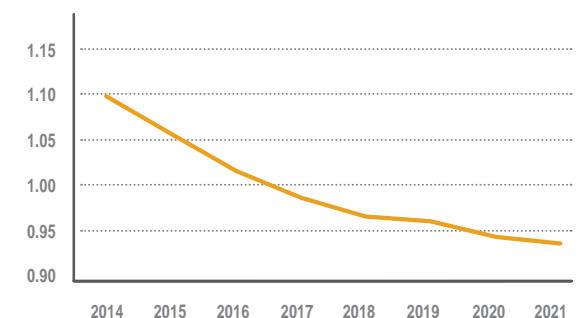
### Lower average fees for a better retirement

Bâtirente understands that its plan members work very hard to save for their retirement. As we are a non-profit organization, the mutualization of savings that we offer also allows us to offer more advantageous fee rates to our members as compared to the retail market, thus maximizing their savings and their retirement income. In concrete terms, this advantage means that members will have more money for their retirement, that they will be able to enjoy the benefits for longer, or even begin their retirement sooner.

The fee rate paid by members of a Bâtirente group gradually decreases as their collective wealth builds up. While the average group paid a rate of 1.060% in 2015, that rate will decrease to 0.941% in 2021.

These rate reductions represent approximately \$6.5M annually that is saved by our members and directed to their financial future.

EVOLUTION OF THE MANAGEMENT FEE RATE FOR PARTICIPANTS IN A GROUP



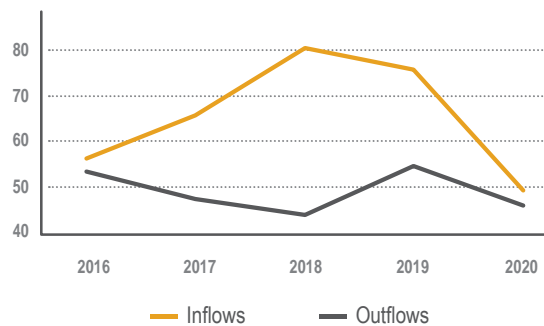
## CONTRIBUTIONS AND WITHDRAWALS

In 2020, contributions received totaled \$49.4M. This amount represents a significant decrease (-16.2%) as compared to 2019. This is since, like many businesses, several groups were affected by total or partial closures that occurred as a result of the pandemic. The decrease in business activities resulted in a decrease in the contributions received by Bâtirente.

In addition to the employer and employee contributions specified in union collective agreements, Bâtirente encourages its members and their spouses to make voluntary contributions and consolidate their assets to benefit from the most advantageous fees.

Consolidation allows them to have a complete picture of their assets, while taking full advantage of the financial planning tools available online in the *My Account* secure section. Assets transferred to Bâtirente in 2020 amounted to \$17.6M, and voluntary contributions totalled \$8.8M.

CONTRIBUTIONS AND DISBURSEMENTS  
(IN MILLIONS OF DOLLARS)



Withdrawals decreased significantly. These include in-service withdrawals (where permitted), terminations, retirements, and pensions. In 2020, total withdrawals amounted to \$46.1M, a drop of 18% from 2019. This decrease in withdrawals is a demonstration of the confidence our members have continued to place in us during difficult times.

## TRAJECTORY, A WINNING CHOICE

Trajectory, our ready-to-use investment strategy, has been growing steadily for several years. In 2020, 33% of members' investments were in a Trajectory lifecycle path, for a total of \$277.1M in accumulated savings, up 18% over 2019. This option is the preferred choice of 43% of our members under 35 years of age. Trajectory offers members the peace of mind of being invested in an investment strategy that evolves with them over time and that continuously and automatically optimizes their investments to align with their risk profile based on their age.

## RETIREMENT BENEFITS FOR RETIREES

Bâtirente offers its members savings accumulation plans and retirement benefits for them when they retire. This comprehensive retirement system offers peace of mind to members making the transition to retirement, so they experience this major life event comfortably, all through the same organization. Planning is the key to successfully making the transition, so 10 years ago we created Plannuity. This exclusive retirement preparation and support service ensures that our members have

continuity in the management of their savings during the pivotal shift to retirement.

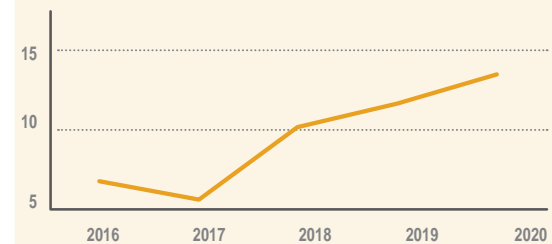
The success of our retirement benefit plans is of importance to Bâtirente as it clearly demonstrates our ability to accompany members throughout their accumulation period, to guide them in the transition to retirement, and to continue to serve them throughout their retirement.

In 2020, the pandemic led many of our members to accelerate their transition to retirement. As a result, transfers from accumulation plans to benefit plans increased from 2019 by 35% to \$26.9M.

### Bâtirente's family of retirees continues to grow

- By the end of 2020, our total number of members aged 65 was 1,825, with assets in Bâtirente plans totalling \$114.9M;
- Accumulated savings held in RRIFs and LIFs reached \$88.5M, representing an increase of 21.1% year over year;
- Annuities paid out of these plans totalled \$13.5M, an increase of 15.4% over 2019.

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





# Financial review

**\$145 M**

Impact investments



Climate commitment:  
4 ambitious objectives for

**2025**



**100%**

Bâtirente funds are entrusted  
to PRI signatory firms



## Bâtirente is committed to climate action

Now more than ever, there is consensus on the link between human activities and global warming and recognition of its impact on economies, financial markets, and human societies. The consensus is even greater on the need for a united response.

It is of utmost importance for Bâtirente and its governance bodies to demonstrate its fiduciary responsibility by allocating the capital entrusted by our 23,218 members to contribute both to the reduction of greenhouse gases (GHGs) and to building resilience to the consequences of global warming. This is done in balance with our pursuit of a risk-adjusted return.

Among the environmental, social and governance (ESG) categories, climate change is certainly one that has dominated

our active capital stewardship practices over time. Carbon footprint measurement, green bonds, extensive shareholder engagement and ESG impact strategies in equity and real estate are the ways in which we have been active on the climate change issue to date.

Beyond these components of our climate action, there is a need today to integrate them in a coherent approach that includes quantitative and qualitative objectives and an increased mobilization of the means at our disposal. These objectives are commensurate with our size and resources, but also match the challenge to civilization presented by global warming.

### 2025 OBJECTIVES

-50%	Gradually reduce our exposure to climate risk by 50%
+100%	Investing in transition by doubling our capital allocation in impact investments to actively contribute to environmental solutions
Active engagement	Target our shareholder engagement to improve corporate climate performance
Active collaboration	Work with our partners committed to mobilizing all sectors of society in the transition to a low-carbon economy



## Invest for tomorrow



Bâtirente's investment decisions are geared toward preserving and growing the savings of its 23,218 members. A signatory of the Principles for Responsible Investment (PRI) since their inception in 2006 and a fully committed participant since that time, Bâtirente has integrated the important dimension of extrafinancial risk and sustainable development into its investment philosophy. The rationale for this integration into the investment policy is based on the conviction that it enhances our risk management, is profitable for our members and will protect their future, and that of their children and grandchildren.



In 2016, in partnership with the *Regroupement pour la responsabilité sociale des entreprises* (RRSE), Bâtirente founded Æquo, Shareholder Engagement Services and delegated this shareholder engagement activity, including the management of voting rights, to Æquo. We then transferred all our resources dedicated to shareholder engagement to Æquo. The goal was to make these services available to the Québec institutional investment community. We were counting on the fact that by raising more capital through this activity, Æquo would amplify the impact of shareholder engagement and allow responsible investment to continue to grow. Today, Æquo has been assigned the active capital stewardship functions of financial portfolios valued at more than \$112 billion and conducts delegated shareholder engagement and consulting activities for dozens of Québec-based institutional investors.



On May 5, 2020, it was with great sadness that Bâtirente received the news of the death of Brother Pierre Viau, who had been the director of *Regroupement pour la responsabilité sociale des entreprises* (RRSE) since 2007. We honour this man of profound humanistic convictions who was deeply committed to the mission of the RRSE to invest responsibly the assets of religious congregations.



### BÂTIRENTE'S LEADERSHIP IS ONCE AGAIN RECOGNIZED

Bâtirente was honoured to have its leadership recognized by receiving *the Sustainable Investing Award* at the *Canadian Investment Review's Pension Leadership Awards 2020*. This award is presented to a pension plan that has demonstrated leadership and/or significant progress in integrating sustainability into the investment process. For this award, good practices related to environmental, social and governance criteria are considered across asset classes and may include people management considerations within a pension plan.



# Performance of Bâtirente Funds

## BÂTIRENTE DIVERSIFIED FUNDS

### Fund Performance

The year 2020 was marked by significant volatility in the financial markets due to the COVID-19 crisis. The first quarter saw sharp declines in stock markets and interest rates. However, a major turnaround occurred in the second quarter thanks to the support of central banks and governments with the injection of trillions of dollars into the global economy, allowing the financial markets to regain strength and bolstering an optimism that continued until the end of the year.

Despite the difficult economic situation, performance of the Bâtirente Diversified Funds was positive. These funds posted gross returns ranging from 0.3% for the Diversified Patrimonial Fund to 7.9% for the Diversified

Intrepid Fund. In the short term, our Diversified Funds underperformed their benchmark portfolio by margins ranging from -5.5% to -2.5%. This performance gap is attributable to our global listed real estate manager's strategy of comparing to an absolute fixed annual return.

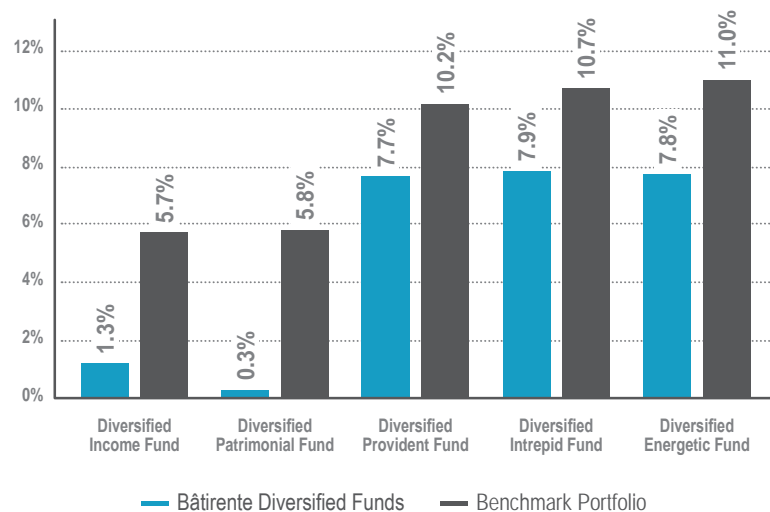
Over the longer-term, the Diversified Funds have provided annualized gross returns ranging between 3.9% and 8.7%, well ahead of inflation for the past few years. It is important to take a long-term view when dealing with a crisis such as COVID-19. The graphs below illustrate that our three funds with a history of more than 10 years continue to outperform or are close to their benchmarks.

### Performance, risk and active management

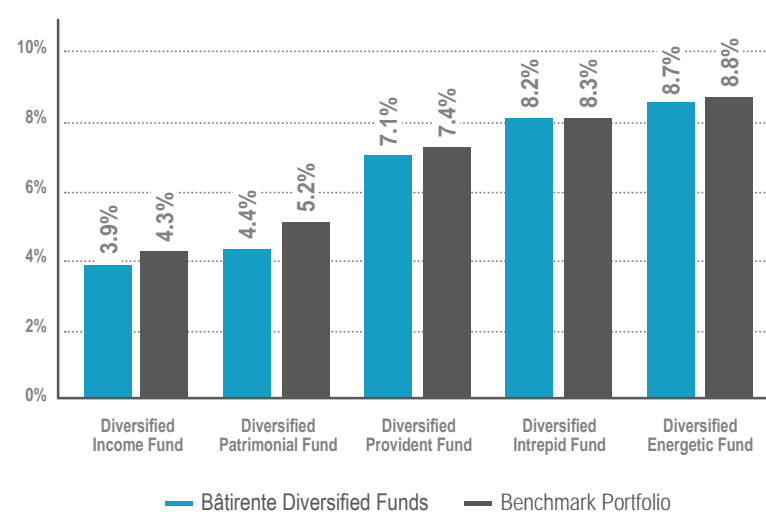
Bâtirente favours active management and, in the interest of its members and their financial future, evaluates its

portfolios on an ongoing basis to adapt to today's trends and anticipate tomorrow's. The evolution of economies and markets is influenced by a host of factors and trends. Financial markets often react in the very short term to geopolitical news, while certain phenomena, such as global warming, are longer term. Bâtirente strives to position its portfolios to navigate through changing and often unpredictable economic environments. In 2020, we faced an unprecedented event that challenged our portfolios. To meet this challenge, and with the support of our consultant Aon, we moved up the triennial review of our Diversified Fund mix and the accompanying portfolio optimization process. Our goal was to make the portfolios more robust and better able to take advantage of the new economic and market conditions that have changed significantly because of the pandemic.

2020 RETURNS



5-YEAR RETURNS



Bâtirente plans are delivered through an investment platform that includes 11 funds, five of which are diversified, as well as Trajectory, our turnkey investment strategy with a portfolio that automatically adjusts to the member’s investor profile and age.

## MULTI FUNDS

### Fund Performance

Global equity funds performed very well in 2020, posting highly positive returns. The Global Equity Multi Fund rose 12.4% to set its 5-year annual average at 11.7%, well above its market benchmark. The Global Small Cap Equity Multi Fund also had a strong positive return of 9%. On a five-year basis, it also performed very well with an annual return of 12.7%, compared to its benchmark of 10.7%.

On an absolute basis, the Canadian Equity Multi Fund had a slightly positive performance (1.4%) but struggled

relative to its peers. Our managers favour long-term value-oriented stocks, but these underperformed in a rising market that favours growth companies, often in the technology sector. So, for 2020, the fund underperformed its benchmark by 4.2%, falling behind the five-year index.

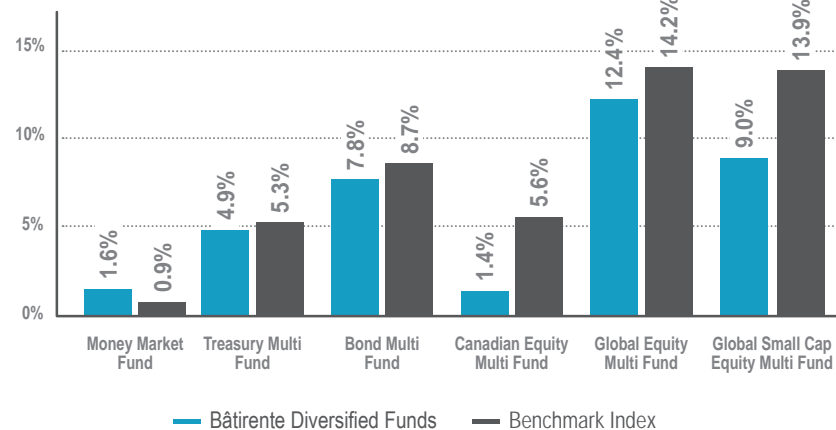
Fixed income funds benefited from widespread rate cuts. The Money Market Fund posted one of its strongest returns in recent years at 1.6%. The Treasury Multi Fund stood out with a return of 4.9%, as did the Bond Multi Fund with its return of 7.8%, although the latter suffered from a positioning that focused more on shorter-term securities than its benchmark portfolio.

As a result, the Bond Multi Fund reported an annual result that was 0.9% lower than in the previous year. For the last five years, this fund (at 4.1%) has returned roughly the same as its target (4.2%).

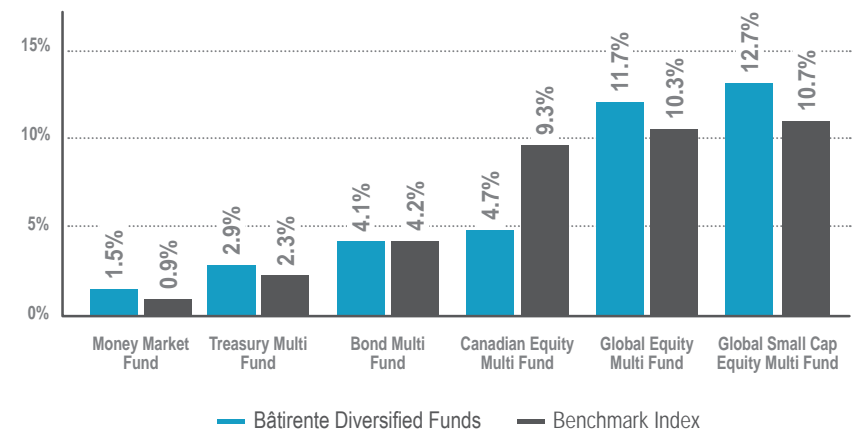
### Performance, risk and active management

During the year 2020, Bâtirente reviewed its foreign exchange risk hedging practices to better adjust it to the asymmetrical correlations between the Canadian currency and the main asset classes. Therefore, there is now no currency hedging applied to our equity strategies.

2020 RETURNS



5-YEAR RETURNS



## Principles for Responsible Investment (PRI) in action at Bâtirente

### Principle 1

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

- ▶ Bâtirente has convinced its fund managers to become PRI signatories and to add ESG analysis to their portfolio construction process. We now make this a selection criterion.

### Principle 2

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

- ▶ Bâtirente places shareholder engagement efforts at the core of its responsible investment policy.
- ▶ Bâtirente actively promotes collaborative shareholder engagement through AEquo's mutualized approach.
- ▶ Bâtirente actively pursues a shareholder engagement strategy in several of its equity portfolios.
- ▶ Bâtirente requires its management companies to practice active stewardship of the assets entrusted to them.

### Principle 3

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

- ▶ Bâtirente cultivates constructive dialogues with the entities in which it invests to ensure that ESG information is published.
- ▶ Bâtirente discloses all relevant ESG information related to its dialogues in a transparent manner.
- ▶ Bâtirente actively supports regulatory and other initiatives aimed at increasing transparency.

### Principle 4

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

- ▶ Bâtirente regularly participates in public and private meetings to advocate for the adoption of responsible investment by new financial players.
- ▶ Bâtirente is actively involved in consultations on new government policies that support sustainable finance.
- ▶ Bâtirente actively participates in the governance of initiatives promoting sustainable finance, notably within the PRI and Finance Montréal.

### Principle 5

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

- ▶ Bâtirente is dedicated to contributing to collaborative initiatives in responsible investing.
- ▶ Bâtirente supports mutual efforts of numerous asset owners by participating in the shareholder engagement pools offered by AEquo, of which it is a founding party.

### Principle 6

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

- ▶ Bâtirente diligently responds to the annual questionnaire on the assessment of its PRI practices on responsible investment and goes far beyond the required minimum thresholds.
- ▶ Bâtirente publishes on its website the votes that its representatives cast at the annual general meetings of companies in which Bâtirente invests.
- ▶ Bâtirente reports on the discussions that AEquo holds on its behalf with the companies held in our portfolios.
- ▶ Bâtirente annually surveys the satisfaction of its members, including their sustainable finance preferences.



# Socially responsible investing

The PRI initiative defines responsible investment as a strategy with practices to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership. Responsible investing builds on traditional financial analysis and portfolio construction techniques.

Bâtirente is a member of the Principles for Responsible Investment (PRI) and of its Québec network as well as of the Responsible Investment Association (RIA).



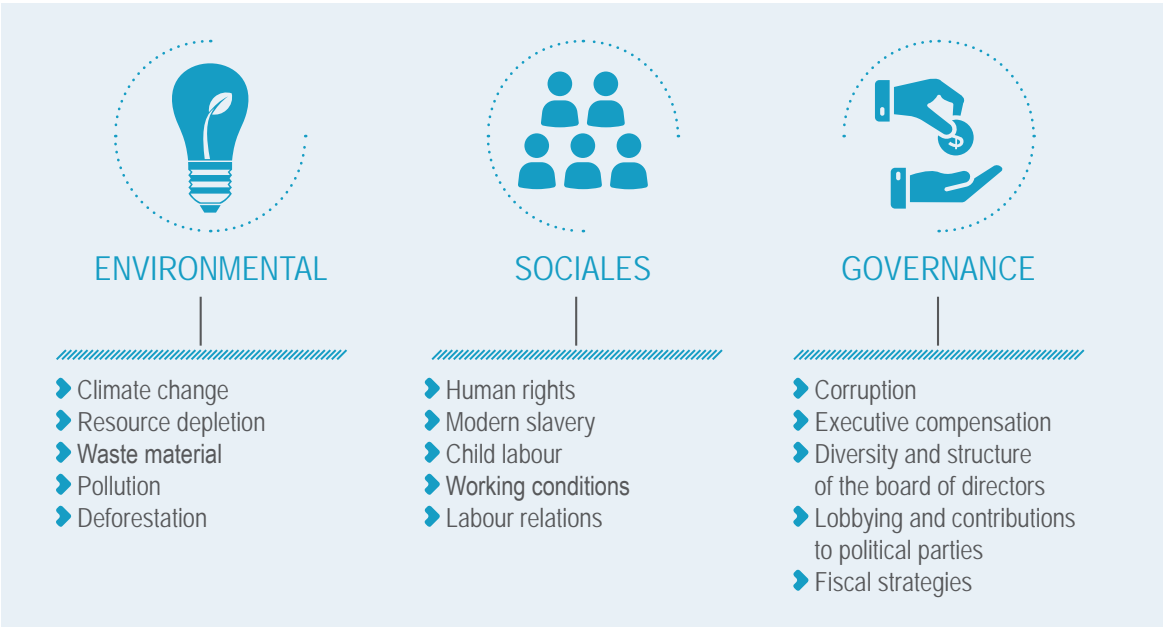
## WHAT IS THE PRI INITIATIVE?

The Principles for Responsible Investment (PRI) initiative is a network launched in 2006 by investors, including Bâtirente, in partnership with the United Nations Environment Programme Finance Initiative (UNEP FI) and the United Nations Global Compact.

The PRI signatories (“the PRI”) believe that a sustainable and economically efficient global financial system is the key to long-term value creation. In the long run, this system must reward responsible investment and be of benefit to the environment and society.

Working to achieve this sustainable financial system, the PRI promotes the adoption of its 6 Principles and collaborates in their implementation. The network promotes good governance, integrity, and accountability among investors, and encourages them to work to overcome structural, regulatory, and practical barriers to a sustainable financial system.

### EXAMPLES OF ESG CONSIDERATIONS





# The Keys Pillars of our Commitment

## PILLAR N° 1: INVEST

*We take ESG criteria into account in our investment decisions.*

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

Over time, Bâtirente has implemented processes that allow for better consideration of ESG factors in its decisions:

- ▶ We ask the managers who are entrusted with our members' savings to be PRI signatories. As of December 31, 2020, 100% of our assets under management were entrusted to companies that have signed and committed to the PRI.
- ▶ We conduct periodic performance reviews of our fund managers including an examination of their integration of ESG factors along with their financial performance, the quality of their management team and their investment process.
- ▶ We aim to give our partners management mandates with the added goal of a positive impact on society. One such partner is AlphaFixe Capital, our trusted bond manager that manages the green bond fund in which we participate.

## INVESTING WITH IMPACT The AlphaFixe Green Bond Fund example

AlphaFixe Capital Inc. is an investment management firm specializing in fixed income that offers an innovative solution for the active management of green bonds, which allows investors to participate in the financing of a low-carbon economy while obtaining a competitive return. One purpose of these fixed-income securities is to finance projects that reduce greenhouse gases or adapt to climate change.

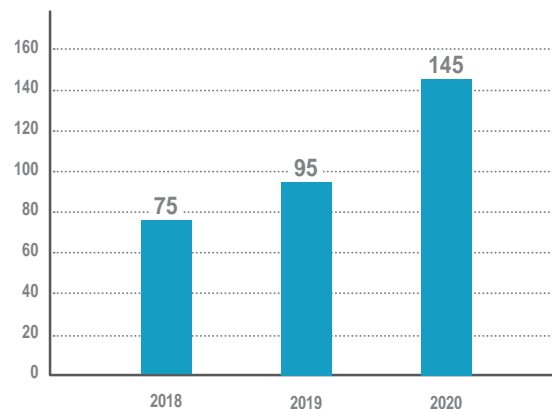
Investments selected by AlphaFixe must meet the green bond selection criteria established by its proprietary AlphaVert validation process. These criteria are based on the Green Bond Principles and the Climate Bonds Initiative standards. AlphaFixe will consider bonds that labeled as "green" by the issuer, which are then subject to an independent assessment in addition to bonds that

are aligned with the fight against climate change. The other condition that must be met by the issuing company or the financed project is that at least 90% of generated revenues must come from activities with a positive environmental impact.

Of the fund's market value, 43% is dedicated to public transit projects. For example, the fund participated in the financing of the *Société de transport de Montréal* (STM) acquisition of 468 AZUR subway cars (52 trains) manufactured in Québec by Bombardier-Alstom.

With investments totalling \$80M in the AlphaFixe Green Bonds Fund, Bâtirente participates in the financing of companies and projects that contribute positively to sustainable development. This is just one illustration of how Bâtirente gives meaning to its members' savings, as the total impact pool amounts to more than \$145M.

IMPACT INVESTMENTS (IN MILLIONS OF DOLLARS)



## PILLAR N° 2: MEASURE

*We demand greater transparency from companies and require them to disclose information relevant to ESG issues.*

Access to information remains central to effective risk management in the context of sustainable development issues.

### The carbon footprint of our equity portfolios

Bâtirente was one of the first signatories of the Montréal Carbon Commitment launched in

September 2014. Greenhouse gas emissions have a direct impact on global warming, which itself has impacts on investment due to the risks it poses to the global economy, coupled with the unprecedented amount of risk resulting from human activity on this planet. The environmental and social impacts of climate change would significantly reduce expected long-term investment returns, making it important for us as institutional investors to not only understand the nature of climate risk, but to help limit warming below the Paris Agreement target of 1.5 °C

Based on an independent and detailed analysis of our portfolios, as of December 31, 2019:

- ◆ The carbon footprint of Bâtirente's equity portfolios is overall 23% lower than their measurement standards;
- ◆ Assisted by a marked decrease in our carbon footprints in global equities and stock market real estate, the total footprint is down by 13% compared to the previous year;
- ◆ The decrease in our carbon footprint is due in part to better stock selection in the materials sector in Canadian equities, the utilities sector in global equities, and global real estate.

### CARBON FOOTPRINT (tCO<sub>2</sub>eq) per \$M of sales\*

Share category	2019		2018	
	Portfolio	Benchmark	Portfolio	Benchmark
Global Equity	38.4	75.7	67.0	84.2
Canadian Equity	55.5	62.6	48.8	47.3
Global Small Cap Equity	12.0	32.2	15.4	39.4
Low Volatility Equity (Income & Patrimonial)	38.6	16.8	34.4	18.5
Listed Real Estate	8.1	11.6	10.2	9.8
<b>Total</b>	<b>152.6</b>	<b>198.9</b>	<b>175.8</b>	<b>199.2</b>
<b>Ratio</b>	<b>76.7%</b>		<b>88.3%</b>	

\* Weighted Average Carbon Intensity  
Source: MSCI Inc.

### PILLAR N° 3: ENGAGE

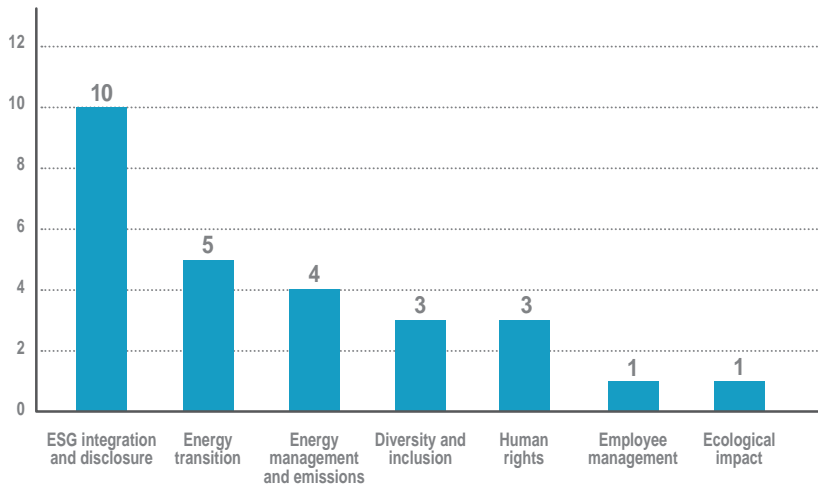
*We engage with the companies in which we invest to encourage them to adopt sustainable business models, and we encourage financial regulators to raise the requirements to foster these models.*

Our efforts to engage with the companies in which we invest were again significant in 2020. These efforts are the work of Aequo, Shareholder Engagement Services, a company co-founded by Bâtirente and the *Regroupement pour la responsabilité sociale des entreprises* (RRSE).

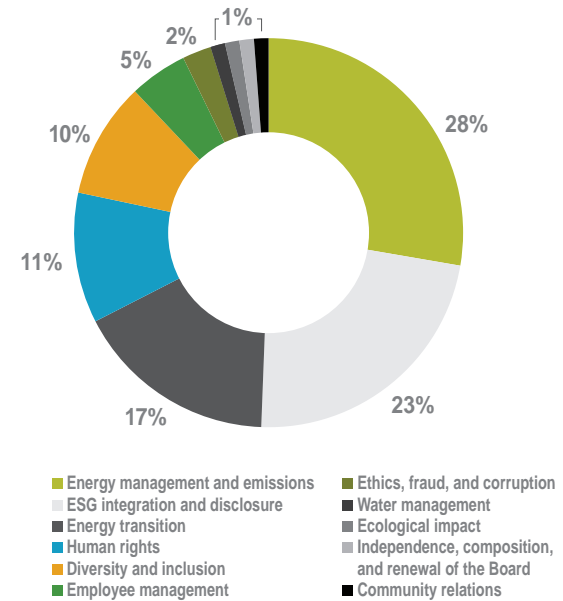
On our behalf, Aequo held dialogues with 36 companies in 2020. Bâtirente representatives also participated in 152 shareholder meetings where we voted in 1,692 ballots. We also expressed our support for 21 shareholder proposals and voted against 4 of them.

All these collaborative efforts continue to drive progress. In 2020, we had positive results in relation to 27 targets, 70% of which are related to the energy transition.

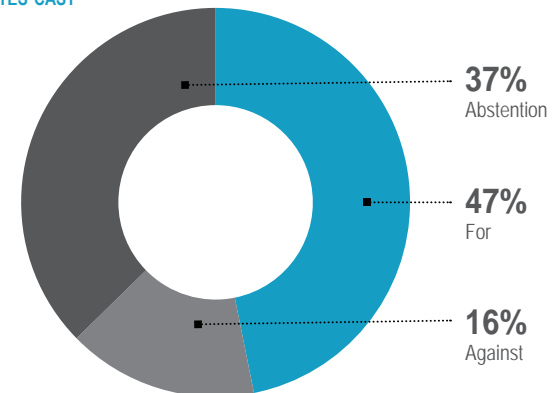
TARGETS MET BY CATEGORY



DIALOG IN PROGRESS  
(NUMBER OF TARGETED ISSUES ON THE RISE)



VOTES CAST



### Shareholder proposals in 2020

Examples of proposals supported by Bâtirente on the issues of energy management, GHG emissions and ESG disclosure:

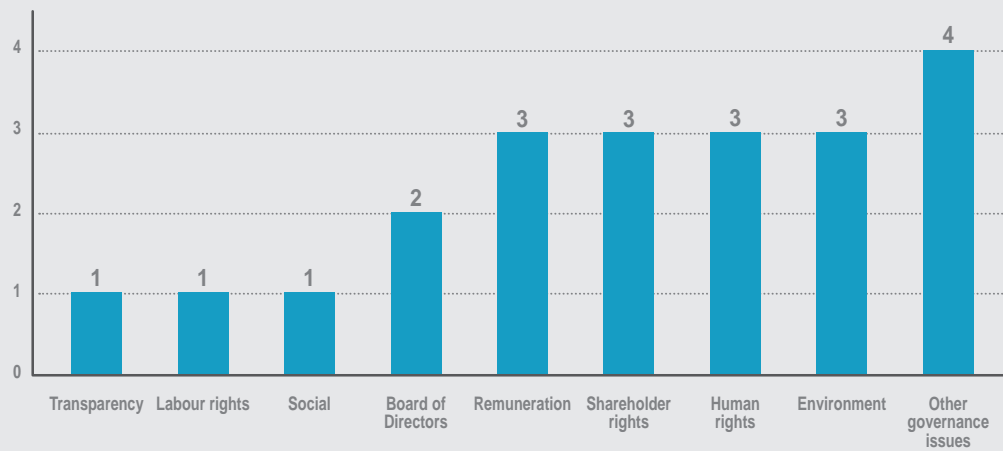
#### ▶ Proposal to TD Bank

On behalf of its clients, Æquo asked TD to set targets to limit or reduce the GHG emissions generated by the energy and other projects financed by the Bank. At the end of 2020, TD committed to measuring and disclosing the carbon footprint of its loans and investments and to achieving carbon neutrality by 2050.

#### ▶ Proposal to Alimentation Couche-Tard

The proposal submitted by the *Mouvement d'éducation et de défense des actionnaires* (MÉDAC) requests that the board of directors of Alimentation Couche-Tard adopt a policy linking executive incentive compensation to the company's ESG performance.

SUPPORTED SHAREHOLDER PROPOSALS



## ▶ PILLAR N° 4: COOPERATE

*We cooperate with local and global financial communities to develop responsible investment and to foster dialogue and the sharing of best practices.*

At scale, Bâtirente is not a large asset holder. Therefore, collaborating with other investors is of utmost importance to us. Joining forces allows us to increase our impact and assume our fiduciary responsibility with a greater number of voices.

### Joining together through collaborative initiatives

▶ **Climate Action 100+:** An initiative that unites 545 investors from across the globe around a commitment plan targeting 167 of the largest corporate GHG emitters worldwide. Æquo is coordinating the dialogues of three of the five Canadian companies involved (Enbridge, Imperial Oil, TC Energy);

▶ **Montreal Carbon Pledge:** Launched at the annual *PRI in Person* conference of September 2014 in Montréal, institutional investors who sign on commit to measuring and disclosing the carbon footprint of their equity portfolio;

▶ **Committee on government policies of the PRI Québec network;**

- ▶ **Investors in Pesticide Use Reduction and Safe Chemical Management;**
- ▶ **Investors for Opioid and Pharmaceutical Accountability;**
- ▶ **PRI Task Force on Plastic;**
- ▶ **Carbon Asset Risk Working Group (CAR):**  
Led by Ceres, this working group focuses on discussions with energy companies on climate risk issues;
- ▶ **PRI collaboration on responsible business taxation:** This subcommittee is developing a Canadian standard to define activities for the green transition;
- ▶ **Standards Council of Canada (SCC) Oil and Gas Subcommittee on Transition Taxonomy;**
- ▶ **Roundtable with power generation companies on the Just Transition:** The initiative, led by ICCR and Harvard Business School, brought together a range of stakeholders including 11 companies, labour representatives, community organizations, consumers, and investors in Cambridge in December. *The Harvard Kennedy School's Initiative for Responsible Investment (IRI)* released "Investor Expectations on the Just Transition: Publicly Traded Energy". One of the key messages of this report, to which Bâtirente contributed through *Æquo*, is that social dialogue is necessary for a successful Just Transition;
- ▶ **PRI Committee on Shareholder Engagement:**  
Committee reviewing the ambitions and methods of shareholder engagement worldwide;
- ▶ **ICCR Health Task Force:** Focuses on encouraging pharmaceutical companies to adopt business practices that ensure equitable access to affordable health technologies;
- ▶ **PRI collaboration on the oil and gas sector:**  
This initiative ended in 2020. 16 companies have improved their disclosure, 19 now have reduction targets, 16 have completed climate scenario analyses and 11 are disclosing their Tier 3 emissions;
- ▶ **PRI Public Policy Committee;**
- ▶ **Farm Animal Welfare Initiative – *Business Benchmark on Farm Animal Welfare (BBFAW)*.**

### Investor Letters

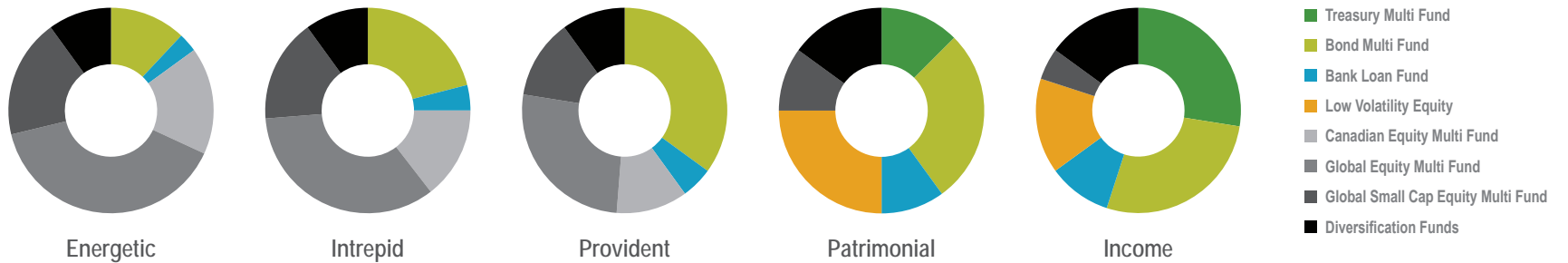
When they identify industry issues or wish to address business communities, governments or regulators, investors involved in these issues agree on the content of a statement that is distributed within the public domain and to interested organizations. These investor letters are an important collaborative tool, as they allow the positions developed by communities of institutional investors to be publicized. Some of these letters have the support of dozens of institutional investors who manage trillions of dollars in assets.

### Number of letters signed in 2020: 11

Three examples:

- ▶ **Human Rights – *Investor Letter on COVID-19 and the Bangladesh Garment Sector:*** Bâtirente has signed a letter to companies sourcing materials and workers from Asia to ensure that measures are in place to support their suppliers and protect their employees.
- ▶ **Energy Transition – *Open letter from investors to European leaders for a sustainable recovery:*** Bâtirente signed a letter to the European Union leaders to call for a sustainable recovery following the COVID-19 crisis, which will accelerate the transition to a carbon neutral economy in line with the Paris Agreement.
- ▶ **ESG Integration & Disclosure – *Letter to the U.S. Department of Labor on Fiduciary Duty and ESG Integration:*** Bâtirente signed a letter to the U.S. Department of Labor to express disapproval of a proposed regulation to revise the fiduciary standard for pension plans. The proposal attempted to isolate ESG criteria from other financially important information and suggested that not all ESG criteria are financial.

COMPOSITION OF BÂTIRENTE DIVERSIFIED FUNDS



MANAGERS OF THE BÂTIRENTE FUNDS (100% of our assets under management entrusted to PRI signatories)

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

### **2020 Annual Report**

The French version of the 2020 annual report was printed in 500 copies and is also available on Bâtirente's website.

### **2020 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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