



Carbon Footprint Report

of Bâtirente's equity portfolios as of December 31, 2021

As a signatory to the Montréal Carbon Pledge, Bâtirente deems that it has a duty to its members and to society to measure its exposure to carbon risk and to consider the various ways of mitigating the associated risks as well as capitalizing on the new investment opportunities.

Measuring the carbon footprint

Bâtirente has been measuring the carbon footprint of its equity portfolios as of December 31 each year since 2015. For each of the companies in which we hold equities directly or through an external fund, we express the greenhouse gas (GHG) emissions in tonnes of carbon dioxide equivalent (tCO₂eq) per million dollars of sales.

The emissions measured include direct "scope 1", emissions, whose sources are within a company's premises (e.g., processing operations, facilities, plants, etc.) and indirect "scope 2" emissions (e.g., emissions generated by third parties to produce the electricity used by that company). Scope 3 emissions, which are attributed to the consumption of the company's products or services further down the value chain (e.g., emissions generated by the combustion of refined gasoline by automobiles), were not measured.

The emissions data were compiled by our partner in responsible investment Æquo, Shareholder Engagement Services, using the index carbon footprint metrics interface provided by Morgan Stanley Capital International (MSCI).

To compare the footprint of our portfolios, we normalized the annual emissions relative to the value of each company's sales. The carbon intensity of our portfolios is thus measured per unit of C\$1M in sales and is calculated as follows:

$$\text{Carbon intensity of portfolio} = \frac{\text{Sum of emissions attributed to the portfolio (tCO}_2\text{eq/m)}}{\text{Sum of sales of companies within the portfolio (per \$M)}}$$

$$\text{Portfolio footprint} = \sum \left[\text{Company weight within the portfolio} \times \frac{\text{Company total emissions}}{\text{Value of sales of companies held}} \right]$$

Asset Profile of Bâtirente Funds

Table 1 illustrates the weight of the equity component of the Bâtirente Funds' assets and their evolution over the four years covered by this report. It is clear that the proportion of Bâtirente Funds' assets whose carbon footprint is measured from year to year is constantly progressing.

Table 1: Asset Profile of Bâtirente Funds¹

	2021	2020	2019	2018
Total Assets	\$949,900,000	\$781,600,000	\$730,300,000	\$630,800,000
Total Equity	\$556,500,000	\$435,000,000	\$398,600,000	\$332,300,000
Equity Weight	58.6%	55.7%	54.6%	52.7%

¹ Excluding Guaranteed Investment Certificates held by members

The total equities are allocated among various markets and in various management mandates. **Table 2** shows the weight of equity allocations in these various markets and mandates.

Table 2: Weight of Equity Class in Total Equity

	2021	2020	2019	2018
Global Equity	51.5%	41.4%	40.6%	41.4%
Canadian Equity	15.0%	17.6%	18.1%	14.8%
Global Small Cap Equity	16.7%	23.7%	22.5%	25.2%
Low Volatility Equity	1.6%	8.3%	9.0%	9.1%
ESG Listed Real Estate and Infrastructure	15.2%	9.0%	9.7%	9.5%
Total	100.0%	100.0%	100.0%	100.0%



Table 3 provides a breakdown of the carbon intensity of all the equities in the Bâtirente Funds, segmented by asset class and expressed in tonnes of CO₂ equivalent (or tCO₂eq) per \$M of sales.

Table 3: Carbon Intensity (tCO₂eq) / \$M sales²

Equity Class	2018-2021	2021		2020		2019		2018	
	Evolution	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Global Equity	-26%	120.4	150.8	106.9	154.8	94.5	186.2	162.1	203.7
Canadian Equity	-16%	278.3	356.7	258.8	290.7	306.2	345.3	330.1	319.7
Global Small Cap Equity	+10%	66.7	164.7	64.5	134.3	53.5	143.4	60.8	156.0
Low Volatility Equity (Income & Patrimonial)	-84%	62.1	260.0	449.1	292.2	428.0	186.2	379.1	203.7
ESG Listed Real Estate and Infrastructure	+91%	204.5	244.7	97.9	120.6	83.6	119.4	107.1	102.5
Total	-16%								

Table 4 provides a breakdown of the carbon intensity of all the equities in the Bâtirente Funds, segmented by asset class and **weighted by asset class allocation**, expressed in tonnes of CO₂ equivalent (or tCO₂eq) per \$M of sales.

Table 4: Weighted Carbon Intensity (tCO₂eq) / \$M sales², weighted by asset class allocation

Equity Class	2021		2020		2019		2018	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Global Equity	62.0	77.7	44.2	64.0	38.4	75.7	67.0	84.2
Canadian Equity	41.7	53.5	45.6	51.2	55.5	62.6	48.8	47.3
Global Small Cap Equity	11.1	27.5	15.2	31.8	12.0	32.2	15.4	39.4
Low Volatility Equity (Income & Patrimonial)	1.0	4.2	37.6	24.4	38.6	16.8	34.4	18.5
ESG Listed Real Estate and Infrastructure	31.1	37.2	8.8	10.9	8.1	11.6	10.2	9.8
Total	147.0	200.0	151.4	182.3	152.6	198.9	175.8	199.2
Ratio	73.5%		83.0%		76.7%		88.3%	

² Weighted average carbon intensity

In 2021, the carbon intensity of our aggregated equity portfolios reached 147.0 tonnes of CO₂ equivalent per \$M of sales, while the asset-weighted composite benchmark was 200.0 tonnes of CO₂ equivalent per \$M of sales. This means that the carbon footprint of Bâtirente's aggregate equity portfolios was 73.5% of the carbon footprint of the benchmark markets in which these portfolios were invested.

The analysis of the data also indicates that in 2021:

- The contribution to the carbon footprint of our four equity funds (global, small cap, Canadian and low volatility) is significantly lower than that of their benchmark portfolio (115.8 vs. 162.9 or 71.1%).
- Low-volatility global equities have seen a major improvement of their carbon footprint. A change in the Fund's mission was made by adding a low-carbon aspect to the product. It should also be noted that the majority of this mandate was integrated into the Global Equity Multi Fund.
- The Listed Real Estate Fund has been modified with the addition of ESG rated infrastructure securities, which generally have a high carbon footprint. As a result, the Fund's carbon footprint has increased significantly. However, the Fund remains comfortably below its benchmark (204.5 vs 244.7).

What the carbon footprint does not measure

Measuring the carbon footprint does not reveal all aspects of the climate impact of a portfolio of companies' equities. Indeed, for a complete picture, it would also be necessary to measure the positive contributions of companies to greenhouse gas (GHG) reduction. For example, a given company may emit GHGs, but produce a technology that allows another industry to significantly reduce its own GHGs. These companies are active participants in the energy transition, but their efforts are not reflected in their own carbon footprint calculations. While the ultimate purpose of the goods and services they produce is not taken into account in the calculation of GHG emissions. However, the reduction of GHGs of the companies using their products is captured.