



BATIRENTE **35**
years



**My retirement.
Our strength.**



2022 Annual Report

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Statement of the Chair and the CEO



Yvan Duceppe,
Bâtirente's Chair
of the Board

Éric Filion,
Bâtirente's Chief
Executive Officer

In 2022, we proudly celebrated our 35th anniversary as a solid, responsible and committed union organization!

Founded in 1987, our retirement system is a unique Québec institution, whose creation was made possible thanks to the conviction of its pioneering and forward-looking builders.

Bâtirente continues to demonstrate its relevance for the successful retirement of CSN union members and by its contribution to the union movement. It accomplishes this through a close collaboration with its partners and its various bodies within the federations, central councils and group instruments.

With this in mind, Bâtirente developed a new strategic plan in 2022 to guide its actions through 2025. The plan outlines Bâtirente's ambition regarding its members and focuses on three main priorities: placing members at the centre of our actions, highlighting Bâtirente's value to partners in the CSN ecosystem, and supporting the development of talent and practices.

Responsible investment leader

Over the past 35 years, Bâtirente's concrete actions time and again have defined it as a leader in responsible investment. As one of the first asset owners to adopt a responsible investment policy in the early 2000s, it was also among the initial signatories of the Principles for *Responsible Investment* in 2006. Today, we continue to act in line with four key elements: investing, measuring, engaging and cooperating.

In terms of engagement, we are especially pleased by the major partnership developed with Fondation at the end of 2022, which aligns with our collaboration values

and serves as a barometer for the achievement of our shared responsible investment goals. A further step was taken in the pooling of our shareholder engagement efforts in Québec when we renewed our confidence early on in Æquo, Shareholder Engagement Services, and announced that Fondation was joining Æquo's share capital to support them in their growth.

Bâtirente also made an important climate commitment in response to the climate crisis. We unveiled positive results in 2022 that are encouraging for the future, and we are well on track to reaching our goals for 2025. We reduced our carbon footprint by 16% in three years. Since 2018, assets invested in impact strategies have increased by \$140M and now total 24% of all mandates entrusted Bâtirente is proud of its history but also determined to keep moving forward with its mission to help its 26,000 members from 318 groups achieve a successful retirement. The last few years have brought their share of challenges: a pandemic, market volatility and even a climate crisis. As such, more than ever, Bâtirente needs to be there for unions and their members to help them navigate an increasingly complex world. to managers. We were also very active through our partner Æquo, which held climate dialogues with 26 companies.

“Bâtirente also made an important climate commitment in response to the climate crisis. We unveiled positive results in 2022 that are encouraging for the future, and we are well on track to reaching our goals for 2025.”

“In 2022, despite the persistent pandemic and historical volatility in financial markets, Bâtirente achieved remarkable results. We reached a record level of contributions, which demonstrates the attractiveness of our offer to CSN unions.”

Lastly, in connection with the COP15 that took place in Montréal in December 2022, Bâtirente signed the *Financial sector statement on biodiversity for COP15* drafted by the UNEP FI, PRI and Finance for Biodiversity Foundation.

Honouring our Builders

Bâtirente is a decidedly forward-thinking organization yet one that remains very proud of its roots. During the 2022 annual general meeting, we paid tribute to Daniel Simard. This passionate activist and first CEO of the corporation retired last year, after a 44-year career within the CSN movement. He was inducted into the Builders' Honour Roll. We are deeply grateful for his contributions to our organization.

Making a difference in the lives of our members

In 2022, despite the persistent pandemic and historical volatility in financial markets, Bâtirente achieved remarkable results. We reached a record level of contributions, which demonstrates the attractiveness of our offer to CSN unions.

Moreover, despite the difficult situation for financial markets, our team deftly weathered the storm to protect our members' portfolios while achieving excellent added value for them.

None of this would have been possible without the efforts of our employees, who maintained close contact with unions and their members across Québec throughout the year, showcasing their attentiveness and expertise. We wish to thank them for that.

A productive year for the board of directors

Board directors also worked on several major projects, including the one addressing board and committee diversity. There was a keen sense of pride in the board's resolution to continue encouraging diversity of age, gender and culture. A global parity target was adopted, to be reached by no later than the 2025 annual general meeting, for positions held by Category A and C representatives as well as for external members.

During the annual general meeting, Hélène Jacques was re-elected for a second term and confirmed as Vice-Chair. Also elected as Category A representatives were Christian Cyr, Coordinator of the *Comité intersectoriel du secteur privé* of the CSN, for a third term; and Simon Mathieu Malenfant, Vice-President, Treasury, of the FEESP-CSN, for a first term. Elected Category B representatives were Nicolas Docquier of the *Syndicat national des employés du papier de Candiack* labour union, for a second term; Pierre Leduc of the *Syndicat national des produits chimiques de Valleyfield* (CSN) union, for his fourth term; and Kevin Gagnon of the *Syndicat des Travailleuses et Travailleurs de Bridgestone de Joliette* (CSN) union, for his first term. Congratulations to all of them!

We also extend our thanks to all members of the board and external committees for their commitment and contribution to the corporation's success. The work and dedication of every one of them make Bâtirente a strong, efficient and responsible organization benefiting its members.

Highlights

Solid

83%

of members agree that Bâtirente is a financially sound organization



Accumulated savings

\$945.1M



Management fees

\$8.1M

of discount for members from 2022

Accumulated savings held in RRIF and LIF

\$102.9M

up 17.4%

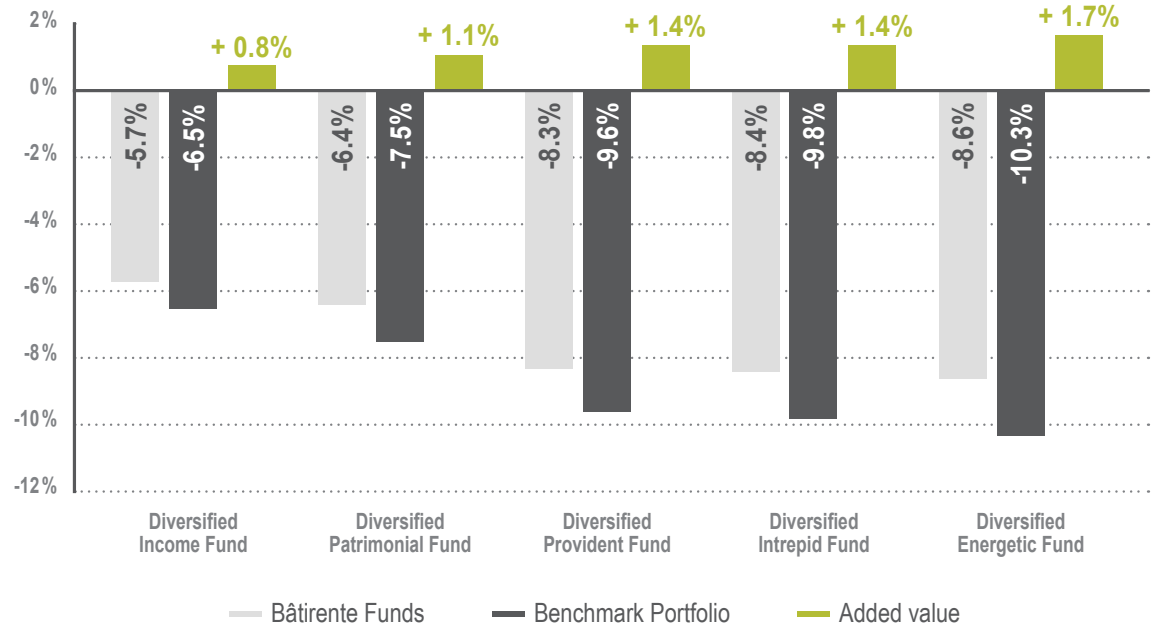
Pensions paid to retirees

\$20.5M

a 18% increase

2022 Returns

all averaging 1.3% higher than their benchmark portfolio



Trustworthy

85%

of members believe that Bâtirente is a trustworthy organization

Mobile app

9%

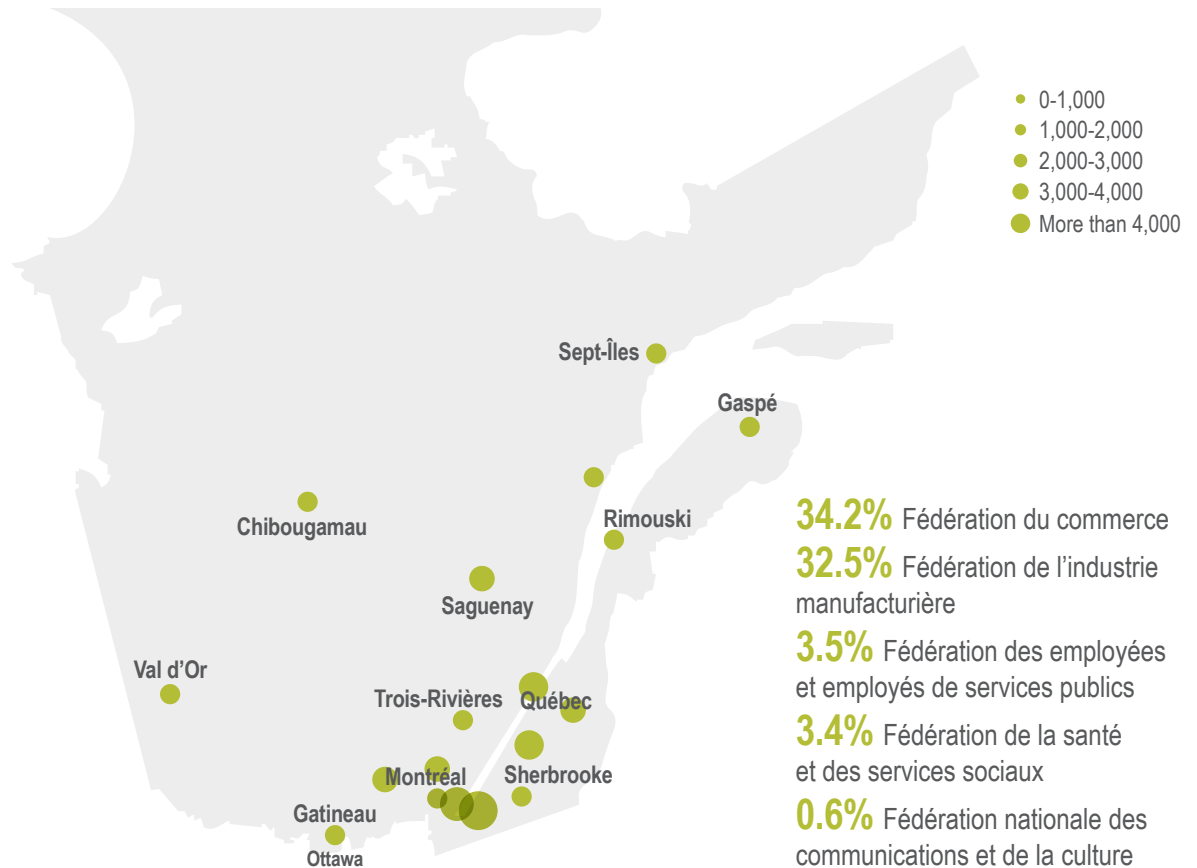
download rate

My account secure section

35%

of members have online account access, up **15%**

Distribution of members by Federation



Number of members

26,404

an increase of **5%**

Groups

318

99.9% of group loyalty

Responsible

100%

of our assets are managed by PRI signatory companies



Climate commitment

positive results

after 2 years
(see page 26)

Our 4 pillars of commitment

Since 2016, Bâtirente has maintained its commitment through 4 pillars: invest, measure, engage and cooperate.

INVEST

Since 2018, assets invested in impact strategies have increased by \$140M and now represent 24% of all mandates entrusted to managers.



MEASURE

Our portfolios' overall carbon footprint for 2021 was 26% less than that of benchmark portfolios.



ENGAGE

Climate-focused dialogues with 33 companies and achievement of several objectives. Dialogues held with Imperial Oil led to the company's commitment to increase its climate efforts.



COOPERATE

Participation in 11 investor collaborations and working groups. As part of COP15, which took place in Montréal in December 2022, Bâtirente signed the *Financial sector statement on biodiversity for COP15* drafted by the UNEP FI, PRI and Finance for Biodiversity Foundation.



➤ Thirty-five years of history

Union-aligned

During its **1984** convention, the *Confédération des syndicats nationaux* (CSN) adopts the proposal to institute a group RRSP for its members. On **September 23, 1987**, Bâtirente's group RRSP takes shape with the signing of the first group annuity contract with SSQ Life. The first general meeting of group representatives is held in **1988**. In **1995**, Bâtirente becomes a non-profit organization, and Daniel Simard is appointed General Coordinator of the corporation in **2000**.



Strong

In addition to its RRSP, Bâtirente develops a strong and comprehensive product offering: the simplified pension plan (SPP), deferred profit-sharing plan (DPSP) and multi-employer pension plan (federal MEPP). These are followed by the tax-free savings account (TFSA), registered retirement income fund (RRIF) and life income fund (LIF). In **2011**, the company expands its offering with Trajectory, a turnkey investment strategy, and Plannuity, a personalized retirement income planning and support service.

Committed

In **2005**, Bâtirente integrates environmental, social and governance (ESG) criteria into its investment policy, through its *Statement on Principles and Procedures for Corporate Social Responsibility and Corporate Governance* and its *Extrajournal Risk Management Guidelines*. In **2006**, Bâtirente is one of the first signatories of the United Nations' Principles for Responsible Investment (PRI).



Responsible

In **2014**, Bâtirente is among the first signatories of the Montréal Carbon Pledge. In **2015**, in partnership with the *Regroupement pour la responsabilité sociale des entreprises (RRSE)*, Bâtirente founds Æquo, Shareholder Engagement Services, with the goal of making these services available to Québec's institutional investment community. Bâtirente unveils its Climate Commitment in **2020**, with the following four 5-year goals: reduce its climate risk exposure by 50%, double its transition investments thanks to impact investing, target its shareholder engagement to improve companies' climate performance, and lastly, collaborate with its partners on the transition to a low-carbon economy.

Proud

In **2020**, Bâtirente announces the creation of an honour roll in recognition of the organization's Builders. Léopold Beaulieu is inducted as the very first Builder. He is joined in 2021 by Jacques Allard (inducted posthumously) and Claude Rioux. In **2022**, Daniel Simard is added to that list. A passionate activist and the corporation's first CEO, he retires in **2022**, after a 44-year career within the CSN movement.



Forward-thinking

At the end of **2021**, Éric Filion is appointed by the board to take over the reins as CEO. He establishes a management committee composed of Marie-Claude Baker Prud'homme, Director, Finances, Governance and Risks; Vickie Lavoie, Chief Operating Officer; and Hélène Marcoux, Director, Development.

The year **2022** is marked by a strategic reflection exercise, during which the board and team adopt ambitious targets to be reached by **2025** while reiterating the corporation's organizational values: integrity, solidarity, social responsibility, proximity, collaboration and excellence.

In **December 2022**, board members resolve to generally encourage diversity (age, gender and cultural) within the board and committees; they also adopt a male-female parity target for 2025.



Organization profile

318

Groups

26,404

Members

99.9%

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.

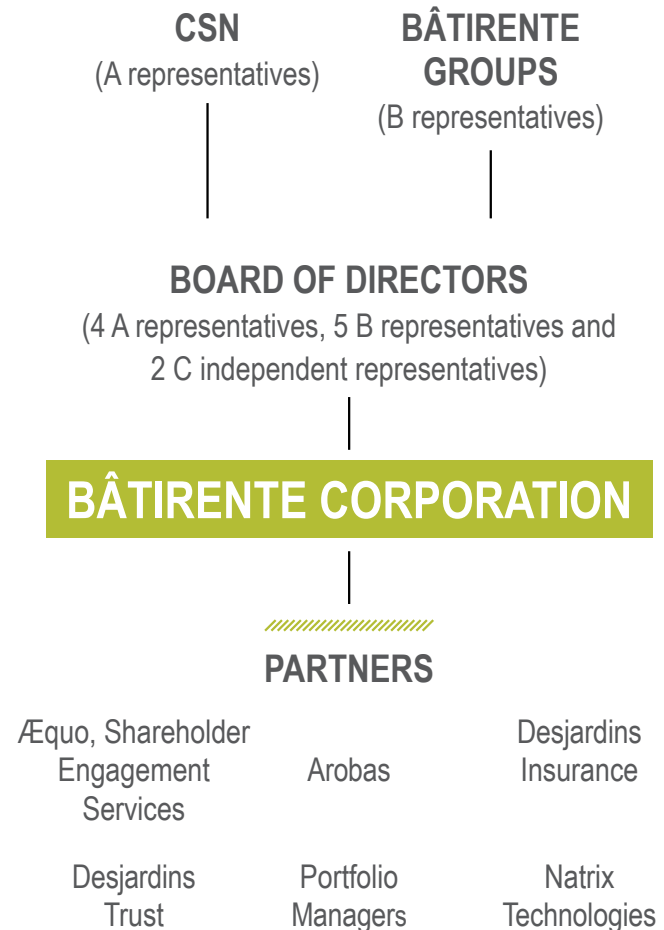
Bâtirente is a non-profit corporation with three categories of representatives on the board of directors:

- Category A representatives:**
 The CSN designates four people to represent it at annual meetings. Its representatives have access to the four director positions 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.

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, 2022, the board of directors was composed of nine men and two women.



2022: A corporation on the move

The year 2022 saw a return to in-person meetings for the board and the various committees. Board and team members were happy to get together again after two years of virtual meetings.



Board directors worked on a number of projects, including the one addressing board and committee diversity. There was a keen sense of pride in the resolution to continue encouraging diversity (age, gender and cultural) within the board and committees. A global parity target was adopted, to be achieved by no later than the 2025 annual general meeting, for positions held by category A and C representatives as well as for external members.

Moreover, 2022 was also marked by a strategic reflection exercise, during which Bâtirente's board and team adopted ambitious targets to be reached by 2025 and articulating the following values for the organization: integrity, solidarity, social responsibility, proximity, collaboration and excellence.

Bâtirente honours its Builders



A forward-looking organization, Bâtirente is also very proud of its roots. At the 2020 annual general meeting, we unveiled the Builders' Honour Roll highlighting the exceptional contributions of individuals who have enabled Bâtirente to successfully carry out its mission today.

During the 2022 AGM, Yvan Duceppe and Éric Filion paid a moving tribute to Daniel Simard, who had been named General Coordinator of the corporation in 2000. This passionate activist and first CEO of the corporation retired in 2022, after a 44-year career within the CSN movement. He was also inducted into the Builders' Honour Roll, joining three other individuals who, like himself, helped ensure that Bâtirente successfully achieved its mission: Jacques Allard (posthumously), a board member from 1987 to 2001; Léopold Beaulieu, the former Fondation CEO, who sat on the board for 33 years and was Chair thereof from 1987 to 1999; and Claude Rioux, a board director from 1987 to 2004.

Board of Directors

Elections during the annual general meeting of June 15, 2022

- ▶ **Category A representatives:** Elected representatives included Christian Cyr, Coordinator of the *Comité intersectoriel du secteur privé* of the CSN, for a third term; and Simon Mathieu Malenfant, Vice-President, Treasury, of the *Fédération des employés et employés de services publics* (FEESP-CSN) union, for his first term.
- ▶ **Category B representatives:** Elected representatives in this category were Nicolas Docquier of the *Syndicat national des employés du papier de Candiac* labour union, for a second term; Pierre Leduc of the *Syndicat national des produits chimiques de Valleyfield* (CSN) union, for his fourth term; and Kevin Gagnon of the *Syndicat des Travailleuses et Travailleurs de Bridgestone de Joliette* (CSN) union, for his first term.
- ▶ **Category C representatives:** Hélène Jacques, an independent member since March 2019, was re-elected for a second term and named Vice-Chair of the Board.

As of December 31, 2022, the officers of the corporation are Yvan Duceppe as Chair, Hélène Jacques as Vice-Chair and Normand Brouillet as Secretary. Éric Filion, Chief Executive Officer, is Treasurer and a non-voting member of the board.

Alignment of interests

Eight board members hold investments in Bâtirente Funds at a value of nearly \$1.3M, all of which comes from their own contributions or those of their employers.

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 lost wages and expenses incurred when performing governance activities, including participation in meetings.

Hybrid annual general meeting

The loyalty of groups was evident from their active, regular participation at the annual general meeting. This attendance even made it possible, during the two online meetings (2020 and 2021), to reach geographically remote groups, who could thereby contribute to this important democratic activity for both the corporation and its members.

In 2022, groups once again attended the meeting—this time in a hybrid format—which took place in person in

Montréal and on the Zoom online platform.

The team was really glad to gather again with partners and group representatives after two years of doing so only virtually. The training offered in the afternoon was greatly appreciated.

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 can be found on the Board and Committees page of our website, in the *About Us* menu.

Photo taken during the board of directors meeting held on December 6th at the Centre St-Pierre



As of December 31, 2022

THE BOARD OF DIRECTORS

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

Category A // CSN Representatives



CHAIR
Yvan Duceppe //
 Treasurer
 Confédération des syndicats
 nationaux (CSN)



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



Simon Mathieu Malenfant //
 Vice-President, Treasury
 Fédération des employées et
 employés de services publics
 (FEESP-CSN)



Michel Valiquette //
 Treasurer
 Fédération du commerce
 (FC-CSN)

Category B // Group 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



Kevin Gagnon //
 Syndicat des travailleuses
 et travailleurs de Bridgestone
 (Joliette) (CSN)



Robert Gariépy //
 Syndicat des travailleuses
 et travailleurs de Distribution
 Multi-Marques Laval (CSN)



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

Category C // Independent and Appointed Members



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



VICE-CHAIR
Hélène Jacques //
 Retired
 CDPQ

Ex-Officio // non-voting rights



**CHIEF EXECUTIVE OFFICER
 AND TREASURER**
Éric Filion



Guy A. Coulombe //
 CPA, CMA
 Finance and Administration
 Consultant
 MCE Conseils



Richard Fortier //
 CFA
 Retired

A team committed to serving its members

Bâtirente applies its expertise through four units:

- ▶ 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 **finances, governance and risk management** team (created in 2021) aims to provide a strong framework for human, financial and material resources management, and compliance and risk management.

Management team in action

In May 2022, Bâtirente CEO Éric Filion promoted Hélène Marcoux as Director, Development, to lead strategic development activities for the unions and their members. A financial planner, she had been a Financial Security Advisor and Group Annuity Plans Advisor with Bâtirente for more than six years. Hélène joined the management team, which comprised the CEO; Marie-Claude Baker Prud'homme, Director, Finances, Governance and Risks; and Vickie Lavoie, Chief Operating Officer.

As of December 31, 2022, Bâtirente had 18 employees, 14 of whom were unionized. The collective agreement, which expires on December 31, 2021, provides, among other things a salary schedule with an entry-level salary of \$30.02 per hour (2.1 times the legal minimum wage). For all employees, the ratio of women's to men's maximum base salary was 85.3% as at December 31, 2022. In 2021, this ratio was 89.4%.

Bâtirente employees have a group insurance plan 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). The next actuarial valuation for funding purposes should be conducted by no later than December 31, 2022. Employees have access to Bâtirente's voluntary enrolment savings plans with a management fee of 0.85%, in accordance with our fee policy rules.

Bâtirente also 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 that can enable them to reach a higher job classification level.

Personnel changes

The Bâtirente team grew again in 2022. In March, Vanessa Bourque, Investment Strategy Analyst, joined the team to support Jean-François Dumais, Investment Strategy Manager. In April, Bâtirente welcomed Bethgine Horacius as Secretariat and Support Officer; and in December, Jean-François Blais, Advisor, joined the Development team, guiding groups and members in their retirement plans and related goals.

Every year, the board of directors invites groups and institutional account holders to the annual general meeting, allowing them to participate in the democratic life of the corporation.



As of December 31, 2021

THE BÂTIRENTE TEAM
Management Communications and Marketing Development
Finances, Governance and Risks Investment


Éric Filion Management
 FCIA, FSA
 Chief Executive
 Officer



Marie-Claude Baker Prud'homme Finances, Governance and Risks
 Director, Finances,
 Governance and Risks



Vickie Lavoie Management
 FCIA, FSA
 Chief Operating
 Officer



Hélène Marcoux Development
 F. PI.
 Financial Security Advisor and
 Group Annuity Plans Advisor



Marie Beaudoin Development
 Financial Security Advisor
 and Group Annuity
 Plans Advisor



Jean-François Blais Development
 F. PI.
 Advisor



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



Pierre Boies Investment
 Administrative
 Technician



Vanessa Bourque Investment
 Investment Strategy
 Analyst



Evelyne Clermont Communications and Marketing
 Responsable,
 Communications and
 Marketing Manager



Jean-François Dumais Investment
 Investment Strategy
 Manager



Michelle Faucher Development
 F. PI.
 Financial Security Advisor
 and Group Annuity
 Plans Advisor



Bethgine Horacius
 Secretariat and
 Support Officer



Sébastien Jalbert Development
 F. PI.
 Financial Security Advisor
 and Group Annuity
 Plans Advisor



Peggy Napi-Fotso Development
 Business
 Development
 Technician



Claire Servant Development
 F. PI.
 Financial Security Advisor
 and Group Annuity
 Plans Advisor



Katya Vanbeselaere Communications and Marketing
 Responsable,
 Communications and
 Marketing Manager



Catherine Zemelka Communications and Marketing
 Communications and
 Marketing Manager

Bâtirente at the heart of the CSN ecosystem

After two years of lockdowns due to public health measures, the Bâtirente team was very glad to be able to attend various CSN bodies' events in person once again. As a trusted partner of labour unions, Bâtirente went to meet its partners and group representatives so it could continue its mission of guiding members on their path to financial well-being until retirement.



June 3 | CSN Golf Tournament to benefit the LEUCAN-CSN Summer Camp
 Participants include Marc-André Hébert from the *Syndicat des travailleurs de Posi-Plus Technologies*, Hélène Marcoux from Bâtirente, and Louise Jobin from the *Syndicat des travailleuses et travailleurs de Hilton Québec*

Back to the field: happiness for our advisors!



May 18 | Sébastien Jalbert and Michelle Faucher at the Conseil central de la Montérégie



May 18 | Martin Blais and Hélène Marcoux at the Conseil central du Cœur-du-Québec



May 31 | Éric Filion, Sébastien Jalbert, Hélène Marcoux, and Martin Blais at the Conseil fédéral de la Fédération de l'industrie manufacturière



June 16 | Hélène Marcoux (left) at the Conseil central de Québec-Chaudière-Appalaches



November 15 | Claire Servant and Marie Beaudoin at the Conseil fédéral de la Fédération du commerce

Photo : Simon Clark



September 28 | Closing ceremony of the CSN Centenary in Gatineau with Vickie Lavoie, Marie Beaudoin, Claire Servant, and Éric Filion





Management report

0.905%

Average fee rate

\$945.1M

Accumulated savings

\$20.5M

Pensions paid to retirees

Online services and communication: An offer that keeps getting better

Communication is crucial to our success, and it's one of our supporting pillars to ensure our members achieve their retirement goals. As such, for the past several years, Bâtirente has been developing and increasing its range of digital services and communications aimed at its groups and members.

Bâtirente boosted this offer with a new feature in 2022—a mobile app giving access to a variety of interesting articles on topics like savings, finances

and retirement. In addition to securely tracking their account, our members can now enrol in and contribute to their plan much more easily; plan their future by setting savings objectives; and view their financial statements and account details or even our funds' performance. As of December 31, 2022, nearly 9% of all members had downloaded the app, and this number continues to rise.

In 2022, we also introduced a new publication—*Our funds at a glance*—to inform our members

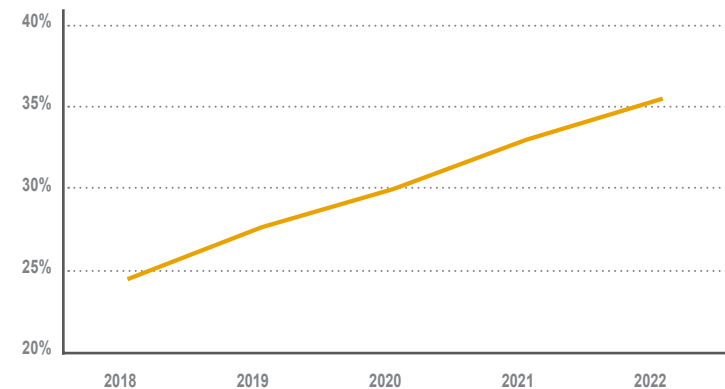
about economic conditions, markets and our funds' performance.

Our online services are secure and we are committed to protecting the personal information of our members. In fact, by giving us a score of 8.2/10 on this question in our annual survey conducted by SOM, members once again confirmed that their confidence in us remains high.



In 2022, Bâtirente launched its own mobile application.

ACCESS TO THE MY ACCOUNT SECURE SECTION



A solid retirement system, a trusted partner of CSN unions

Bâtirente's numbers in 2021

- ▶ Accumulated savings: \$984.1M
- ▶ Number of groups: 318
- ▶ Number of members in 2021: 26,404, up 5% in one year
- ▶ Average group management fee: 0.905%, down steadily for several years (the average fee in 2021 being 0.909%)
- ▶ Reduced fee rates that provide members with annual discounts of over \$8.1M, i.e., an average of more than \$300 per member

Bâtirente offers a complete retirement system to CSN-affiliated union members 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 turnkey 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:

- ▶ Registered Retirement Income Fund (RRIF) and Life Income Fund (LIF) benefit plans
- ▶ Plannuity, an exclusive personalized retirement income planning and guidance service
- ▶ Registered Retirement Savings Plan (RRSP)
- ▶ Tax-Free Savings Account (TFSA)

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:

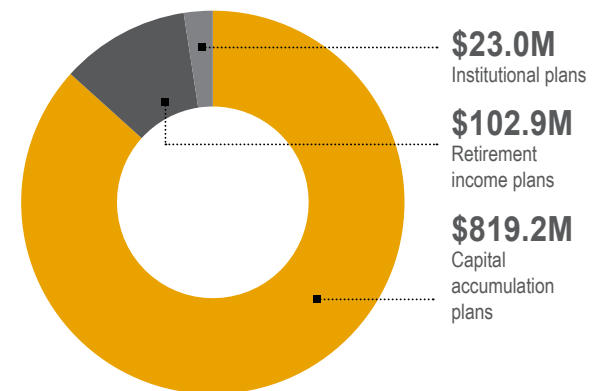
The strength of pooled savings

A record number of groups and institutional accounts joined Bâtirente in 2022. In fact, the Bâtirente family welcomed eight labour unions, who placed their trust in us to provide a successful retirement for their members. We are proud to say that these unions come from a number of CSN federations, such as the *Fédération de l'industrie manufacturière (FIM)*, the *Fédération du commerce (FC)* and even the *Fédération nationale des communications et de la culture (FNCC)*. We are very pleased with these partnerships that have been forged for the financial well-being of CSN members.

The hotel and restaurant sectors were able to resume their operations in summer 2022, and payroll/employer contributions saw an increase, initially halted by the pandemic, benefiting all of these members who had been hard hit by the crisis.

Working in hybrid mode, the Bâtirente team managed, by the second half of the year, to be present in person and get together again with its groups for general meetings, retirement training sessions and seminars. The team also took part in various CSN bodies, including the FC and FIM federal councils.

RETIREMENT SYSTEM ASSET BREAKDOWN



Our retirement plan groups

The development team had a very strong in-person presence in 2022 and welcomed eight new groups—a record number—including the following:

- ▶ *STT des Épiciers unis Métro-Richelieu (CSN) union, affiliated with the Fédération du commerce (FC) CSN federation*
- ▶ *STT de Rolls-Royce Canada-CSN union, affiliated with the Fédération de l'industrie manufacturière (FIM) CSN federation*
- ▶ *Association des professionnels des arts de la scène (APASQ), affiliated with the Fédération nationale des communications et de la culture (FNCC)*

We welcome them and wish to reiterate how important it is to Bâtirente's team to actively collaborate with the various CSN bodies, such as federations and the labour relations team. In 2022, discussions with the FNCC federation led to a partnership aimed at implementing simplified pension plans (SPPs) in CSN-unionized museums across Québec.

Other great news: more and more labour unions are taking advantage of the opportunity to grow their assets in a Bâtirente institutional account. These grew from \$21M in 2021 to \$23M in 2022.

Loyal groups

Bâtirente had 318 groups as of December 31, 2022—a sign of exceptional loyalty. The group retention rate was 99.9%, due to the efforts of our team, who worked diligently online and in person, as well as the loyalty of our groups to their labour union institution.

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, which includes 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:

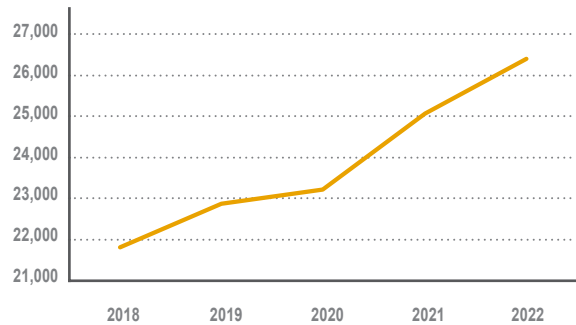
- ▶ Admission and enrolment of members
- ▶ Collection and remittance of contributions
- ▶ Providing support to members
- ▶ Keeping the various stakeholders informed
- ▶ Ensuring plan administration compliance

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



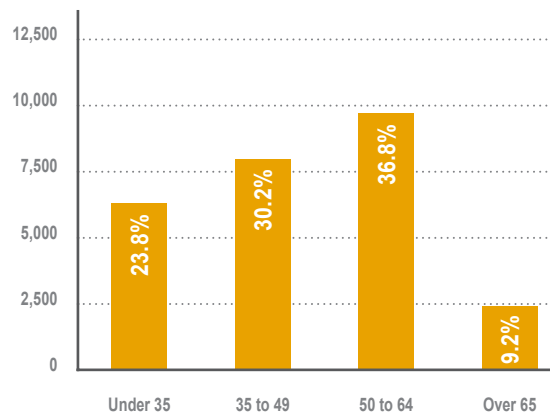
As of December 31, 2022, Bâtirente had a membership of 26,404—a 5% increase since 2021.

MEMBER EVOLUTION



Trust, reliability, adapted solutions and minimized management fees are the key elements that have led our members to convert their savings into retirement income through Bâtirente. It's also thanks to Plannuity, which guides them in their transition to retirement, and the caring personal approach characterizing our support that members choose to stay with Bâtirente upon retirement.

BREAKDOWN OF MEMBERS BY AGE GROUP



Member satisfaction ratings

With the unwavering goal of identifying the needs of our members and offering them the right services, we entrust the SOM market research firm with the task of conducting our annual plan member satisfaction survey. In 2022, members gave Bâtirente the following scores:

- ▶ Confidence in our organization: 8.5/10
- ▶ Bâtirente's financial strength: 8.4/10
- ▶ Retirement savings solutions adapted to their needs: 8.2/10
- ▶ Risk level of Bâtirente's investments: 8.4/10

This result is important for Bâtirente because it attests to the appreciation of the efforts made by the team.

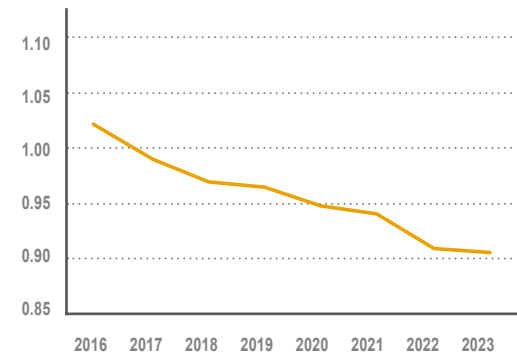
Lower average fees for a better retirement

As a non-profit organization, Bâtirente understands that its plan members work very hard to save for their retirement. The pooling of savings that we offer makes it possible for our members to receive more advantageous fee rates 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, could 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 1.020% in 2016, that rate will decrease to 0.905% in 2023.

In 2022, these rate reductions represent approximately \$8.1M annually that is saved by our members and directed to their financial future.

EVOLUTION OF THE MANAGEMENT FEE RATE FOR PARTICIPANTS IN A GROUP



Our members

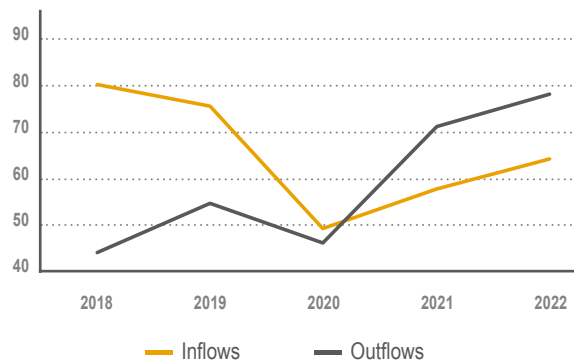
CONTRIBUTIONS AND WITHDRAWALS

Payroll and employer contributions negotiated in union collective agreements reached a new record high of \$51M in 2022, up 16% compared with the previous year. This was due mainly to the arrival of new groups entering our fold to join forces with Bâtirente and to the increases negotiated in our groups' collective agreements.

A number of major groups joined Bâtirente in recent years. The 2022 results clearly illustrate the positive effect of these groups' size on an entire year's contributions, with the latter increasing by 13% to \$61.7M as of December 31, 2022.

Members once again demonstrated their high level of confidence in Bâtirente in 2022. Despite market volatility, financial flows remained positive, and voluntary contributions rose by year-end as markets recovered.

CONTRIBUTIONS AND DISBURSEMENTS (IN MILLIONS OF DOLLARS)



Members also trusted us for their voluntary savings. TFSA's continued their constant climb. There was a 7% increase in accounts opened in 2022, with an average account of \$23,000.

TRAJECTORY, A WINNING CHOICE

Trajectory, our turnkey investment strategy, has been growing steadily for several years. This option provides our members with an investment strategy that evolves with them over time while continuously and automatically optimizing their investments to align with their risk profile based on their age.

BENEFITS FOR RETIREES

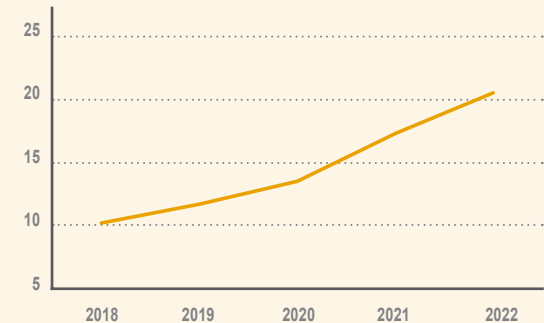
Bâtirente offers its members savings accumulation plans and retirement benefit plans for when they retire. This comprehensive retirement system offers peace of mind to members making the transition to retirement, so they can experience this major life event comfortably, all through the same organization. Planning is the key to successfully making the transition, which is why, 10 years ago, we created Plannuity in 2011. 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 important to Bâtirente, as it clearly demonstrates our ability to accompany members throughout their accumulation period, guide them in the transition to retirement, and continue serving them even after they retire.

Bâtirente retirees—a constantly growing group

- ▶ Plannuity reached the \$20M milestone in pension payouts in 2022.
- ▶ By the end of 2022, the number of members aged 65 and older was 2,420, up 12.3% in just one year, with savings for that group totalling \$154.9M.
- ▶ Accumulated savings held in RRIFs and LIFs grew to \$102.9M.
- ▶ Amounts transitioned from accumulation plans to benefit plans increased from \$21M to \$25M.

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





Responsible investment

24%

of mandates in impact strategies

Climate commitment after 2 years:

positive results

Positive results for

45 objectives

73% of which climate-related

Bâtirente is committed to climate action

A recognized leader in responsible investment, Bâtirente unveiled its ambitious climate commitment in 2020. Since then, we have taken concrete actions that confidently bring us closer to our 2025 goals.

Climate change has been one of the ongoing drivers of our sustainable investment actions to date. We believe that the transition to an economy aligned with the Paris Agreement objectives requires a multidimensional approach. We must reduce greenhouse gas (GHG) emissions while simultaneously facilitating the funding of solutions and resilience and convince companies to commit to improving their energy efficiency, migrating toward renewable energy, and transforming their business models.

2025 OBJECTIVES

-50%

Gradually reduce our exposure to climate risk by 50%: We reduced our carbon footprint by 16% in three years. That result is 26% less than that of benchmark portfolios. We are confident that we will achieve our objective by 2025.

+100%

Invest in the transition: We significantly increased our impact investments to actively contribute to environmental solutions and take part in the transition to a low-carbon economy. Since 2018, assets invested in impact strategies have increased by \$140M and now make up 24% of all mandates entrusted to managers. For example, we invest in green bonds because these help fund a low-carbon economy while earning a competitive return.

Active
engagement

Target our shareholder engagement: In 2022, our partner Æquo, Shareholder Engagement Services held climate-focused dialogues on our behalf with 33 companies, and a number of objectives were met. Dialogues held with Imperial Oil resulted in that company's commitment to increase its climate efforts.

Active
collaboration

Work with our partners: We believe that combating climate change requires unprecedented cooperation on a global scale. We are committed to mobilizing all sectors of society in the transition to a low-carbon economy. In connection with COP15, which took place in Montréal in December 2022, Bâtirente signed the *Financial sector statement on biodiversity for COP15* drafted by the UNEP FI, Principles for Responsible Investment (PRI), and Finance for Biodiversity Foundation.





Pooling for tomorrow

Bâtirente's investment decisions are geared toward preserving and growing the savings of its 26,404 members. As a signatory of the Principles for Responsible Investment (PRI) since their inception in 2006 and a fully committed player, Bâtirente has integrated the important dimension of extrafinancial risk and sustainable development into its investment philosophy. The rationale for this integration is based on the conviction that it enhances our risk management, is profitable for our members, and will protect their future as well as that of their children and grandchildren—in addition to generating a positive social impact and contributing to the well-being of our planet.



In 2015, 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. 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 \$113 billion. It also conducts delegated shareholder engagement and consulting activities for several Québec-based institutional investors.

In November 2022, a further step was taken in the pooling of shareholder engagement in Québec, when Bâtirente renewed its confidence early on in Æquo, which announced that Fondation was joining Æquo's share capital to support the organization in its next growth phase.

This partnership with Fondation aligns with Bâtirente's cherished values of collaboration and engagement, and it helps ensure that we succeed in reaching our shared goals in terms of responsible investment.

Æquo is a signatory of the Principles for Responsible Investment (PRI) and actively participates in this initiative, which brings together nearly 2,000 institutional investors and service providers. The company guides and supports institutional investors and retirement funds in pooling their resources. Doing so increases their shareholder engagement lever with portfolio companies that are active in the financial and public markets, with the aim of getting the latter to adopt better sustainability policies and practices. By developing constructive dialogues on environmental, social and governance (ESG) issues, responsible shareholders can increasingly influence the practices of companies in which they invest. Æquo is mandated by Bâtirente to represent the latter in various collaboration initiatives, including Climate Action 100+ and Climate Engagement Canada.



Our 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.

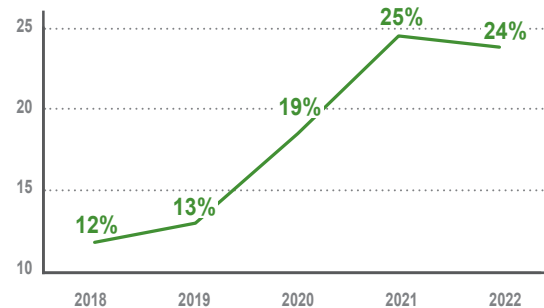
Over time, Bâtirente has implemented processes that allow for better consideration of ESG factors in its decisions:

- ▶ We ask the managers who are entrusted with our members' savings to be PRI signatories. As of December 31, 2022, 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.

Since 2018, we have significantly increased our impact investments to actively contribute to environmental solutions and take part in the transition to a low-carbon economy. These investments have tripled in 5 years, making up 24% of impact investing mandates as of December 31, 2022.

IMPACT STRATEGIES AS A PERCENTAGE OF MANDATES GRANTED TO MANAGERS





INVESTING WITH IMPACT

PRESIMA

The example of the Presima manager in ESG-listed real asset management

Presima is an investment management firm specializing in publicly traded ESG real estate and infrastructure securities. Presima has been managing the ESG Listed Real Assets Fund for Bâtirente since January 2021. This is an ESG mandate in real estate and infrastructure that aims to achieve the following, compared with the benchmark:

- ▶ better performance
- ▶ higher ESG score
- ▶ lower carbon footprint

Among Presima's portfolio holdings is Unite Student Residential, one of the main residential real estate operators for students in the UK and owner of around 70,000 beds worth 8.5 billion pounds sterling. Unite maintains strategic relations with the Canada Pension Plan as a principal shareholder, and with the Government of Singapore (GIC) as a joint venture partner. The company has committed to achieving a net-zero target for its operations and development by 2030 and published its *Net Zero Carbon Pathway* at the end of 2021. Furthermore, the company strives to make a positive social impact. In 2022, Unite committed to investing 1% of its profits, i.e., 2 million pounds sterling, in social initiatives that include university bursaries and professional skills programs for students.

AlphaFixe Capital

The example of the AlphaFixe manager in green bond management

AlphaFixe Capital Inc. is an investment management company specialized in fixed income, offering an innovative solution for the active management of green bonds; this makes it possible to help finance a low-carbon economy while achieving a competitive return. Among other things, these fixed-income securities are aimed at funding greenhouse gas reduction or climate change adaptation projects.

AlphaFixe's selected investments must meet the green bond selection criteria established by the AlphaGreen's proprietary validation process. These criteria are based on the Green Bond Principles and the Climate Bonds Initiative standards. AlphaFixe considers green bonds to be those, so labelled by the issuer, which are subject to an independent opinion or those aligned with the fight against climate change, where the issuing company or the financed project generates at least 90% of its revenue from activities that have a positive environmental impact.

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 Pledge 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.

As measured in tonnes of CO₂ equivalent per \$M of sales, the carbon intensity of our aggregated equity portfolios amounted to 147 tonnes as of December 31, 2021, while the asset-weighted composite benchmark was 200 tonnes. Thus, the carbon footprint of Bâtirente's aggregated equity portfolios was 73.5% of the carbon footprint of benchmark markets in which these portfolios were invested.

To achieve our ambitious climate commitment targets, we must continue our efforts to reduce the carbon footprint of our funds. The addition in 2021 of listed infrastructure equities, emerging market equities and low-volatility investments, from predominantly high-carbon segments, will create additional challenges in this area.



CARBON FOOTPRINT (TCO₂EQ) PER \$M OF SALES*

Share category	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
Listed Real Estate	31.1	37.2	8.8	10.9	8.1	11.6	10.2	9.8
Carbon footprint	147.0	200.0	151.4	182.3	152.6	198.9	175.8	199.2
Ratio	73.5%		83.1%		76.7%		88.3%	

* Weighted Average Carbon Intensity
Source: MSCI Inc.

PILLAR N° 3: ENGAGE

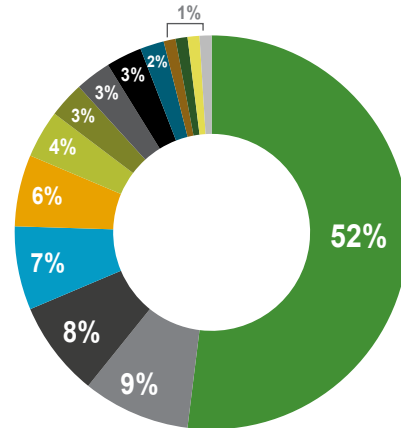
We engage with the companies in which we invest to encourage them to adopt sustainable business models, and we encourage financial regulators to raise the requirements to foster these models.

We continued our substantial efforts in 2022 to engage and hold constructive dialogues with the companies in which we invest. These efforts were facilitated through the work of Aequo, Shareholder Engagement Services, a company co-founded by Bâtirente and the RRSE.

On our behalf, Aequo held dialogues with 41 companies in 2022. Bâtirente representatives also participated in 113 shareholder meetings, where we voted in 1,339 ballots. We also expressed our support for 44 shareholder proposals, among which 12 related to environmental and sustainability issues.

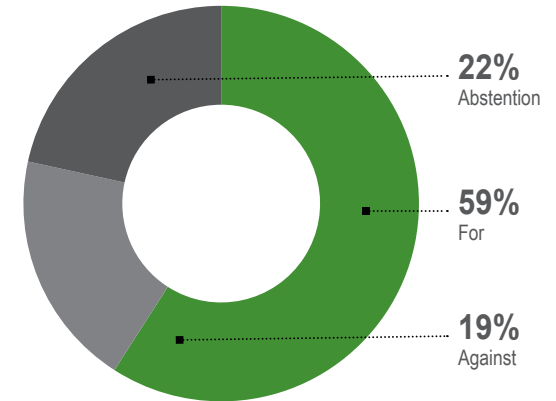
All these collaborative efforts continue to drive progress. In 2022, we had positive results for 45 of our objectives, 73% of which directly related to our climate commitment.

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

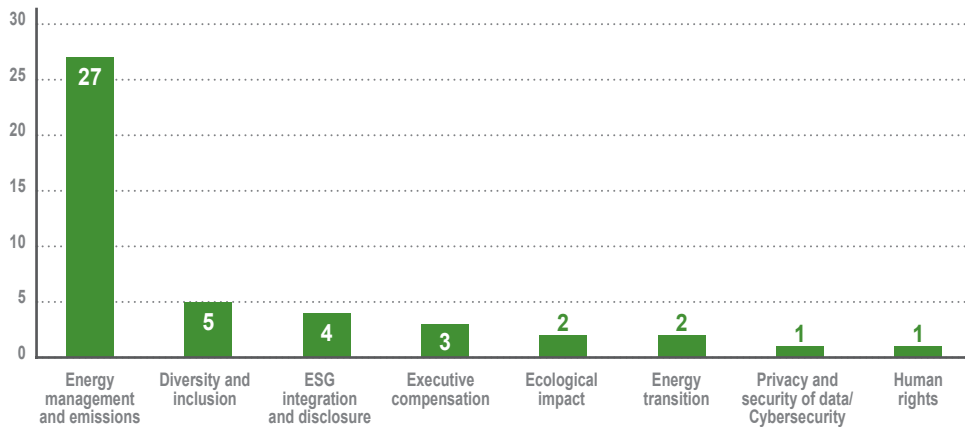


- Energy management and emissions
- Diversity and inclusion
- Executive compensation
- ESG integration and disclosure
- Human rights
- Energy transition
- Ecological impact
- Privacy and security of data/ Cybersecurity
- Product/services responsibility
- Employee management
- Ethics, fraud and corruption + Human rights
- Responsible taxation
- Independence, composition, and renewal of the Board
- Community relations

VOTES CAST



TARGETS MET BY CATEGORY



EXAMPLES OF ESG CONSIDERATIONS



Environmental

- ▶ Climate change
- ▶ Resource depletion
- ▶ Waste material
- ▶ Pollution
- ▶ Deforestation



Social

- ▶ Human rights
- ▶ Modern slavery
- ▶ Child labour
- ▶ Working conditions
- ▶ Labour relations



Governance

- ▶ Corruption
- ▶ Executive compensation
- ▶ Board of directors' diversity and structure
- ▶ Lobbying and contributions to political parties
- ▶ Tax strategy

Shareholder proposals in 2022

► Imperial Oil Limited proposal

In March 2022, Bâtirente praised the commitment of The Imperial Oil Company to boost its efforts regarding climate protection. The latter committed to working on strengthening its absolute greenhouse gas (GHG) emissions reduction targets. In its published management proxy circular, Imperial committed to working on setting an interim goal of reducing its absolute GHG emissions, in line with its carbon neutrality objective for its oilsands operations by 2050 and extending its carbon neutrality goal to all its activities, including downstream of the extraction process.

The progress in this petroleum company's commitments was achieved as part of a shareholder dialogue led by Æquo, Shareholder Engagement Services on behalf of Bâtirente and FÉRIQUE Fund Management.

Bâtirente thereby acknowledges that the climate crisis is real and that it is important for companies to commit to quickly generate climate benefits.

► CIBC proposal

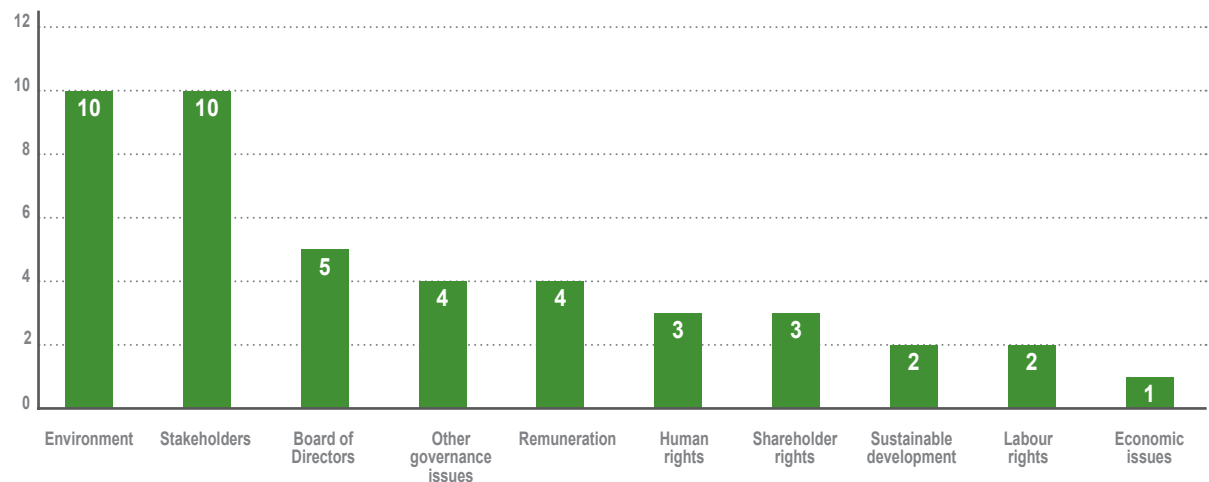
In March 2022, Bâtirente welcomed the CIBC's commitment to step up its efforts aimed at protecting the climate and decarbonizing the economy. In fact, this progress was achieved as part of a shareholder dialogue led with the help of Æquo, Shareholder Engagement Services and supported by the Notre-Dame Congregation.

Through Æquo, Bâtirente reached an agreement with the CIBC to withdraw the shareholder proposal it had submitted with the support of the Notre-Dame Congregation. In return, the CIBC agreed to strengthen its commitment to reducing greenhouse gas (GHG) emissions brought on by its own activities as well as by those of its corporate clients.

More specifically, the CIBC has until the 2023 AGM to disclose how, through its financing activities, consulting services and investments in climate innovations, the bank supports its corporate clients, including those in the oil and gas sector, in their respective transition paths and plans for reducing their Scope 3 GHG emissions, i.e., those attributed to the end consumers of their products and services.

This agreement shows that, through shareholder engagement, it is possible to develop successful collaborations between shareholders and the companies in which they have invested.

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.

Bâtirente is a member of the Principles for Responsible Investment (PRI), Québec PRI Network, PRI's Francophonie Advisory Committee, and the Responsible Investment Association (RIA).

Joining together through collaboration initiatives

Working committees and groups

▶ **Working group on risks associated with carbon assets:** The Carbon Asset Risk Working Group (CAR) brings together investors and focuses on dialogue with energy companies about issues related to carbon assets. A subgroup was formed to discuss issues specific to Canada.

▶ **PRI Committee on Shareholder Engagement:** This committee reviews shareholder engagement ambitions and methods worldwide.

Investor collaborations

▶ **Climate Action 100+:** This initiative unites 700 investors (collectively managing \$68 trillion in assets) from across the globe around a commitment targeting 166 of the largest commercial GHG emitters worldwide. AEquo,

Shareholder Engagement Services is coordinating the dialogues of three of the five Canadian companies involved—Enbridge, Imperial Oil, and TC Energy. The CA100+ updated its report assessing the practices of companies targeted by the initiative. Of the 161 companies in question, 69% adopted a net-zero target for 2050, meaning a 17% increase from the previous year. AEquo has been taking part in the consultation on the implementation of a long-term strategy for the 2023 to 2030 period. The most recent analysis of the climate performance of companies targeted by the CA100+ revealed that 75% of them have net-zero emissions targets for 2050 or before, 92% have integrated climate change into their governance and 91% are compliant with the TCFD recommendations regarding disclosure.

▶ **Climate Engagement Canada (CEC):** Created in October 2021, CEC is an investor-led initiative that drives dialogue between the financial community and Canadian companies to promote a just transition to a net-zero economy. In conjunction with AEquo, Shareholder Engagement Services, Bâtirente is one of the founding participants of CEC. AEquo takes part in various dialogues—in a leadership role in the case of Barrick Gold, Capital Power and Cenovus; and in a supporting role in the case of Alimentation Couche-Tard, Magna, Nutrien, Canadian Pacific and Tourmaline. AEquo also sits on the CEC's technical committee, which consists of investors and experts tasked with guiding the initiative in terms of its priorities and strategies and drafting performance indicators for companies and dialogues.

▶ **Montréal Carbon Pledge:** Institutional investors who keep this commitment, which was launched during the PRI in Person in Montréal annual conference in

September 2014, commit to measuring and disclosing the carbon footprint of their equity portfolio.

▶ **Investor collaboration on issues related to facial recognition technology:** Coordinated by Candriam, this initiative addresses the rapidly expanding use of facial recognition technology and its impact on privacy, data protection and civil liberties. It is calling on companies that develop or use this kind of technology to increase their disclosure, demonstrate their awareness of its impact on human rights, and adopt ethical practices. The group published its interim report, in which it defined a number of best practices while highlighting some areas of concern.

▶ **Investor collaboration on the reduction in pesticide use and safer management of chemical products:** This group is working on reducing the use of pesticides and other toxic chemical products in companies' supply chains.

▶ **Farm Animal Welfare Initiative—Business Benchmark on Farm Animal Welfare (BBFAW):** Through the BBFAW, this group of investors aims to assess and improve farm animal welfare management practices. The BBFAW published its 2021 report. The initiative successfully met its objectives aimed at placing animal welfare on the agenda of companies and investors; 116 companies (79%) are concentrating on improving farm animal welfare through published objectives and targets, but few of them have actually demonstrated how this is put into action on the ground.

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.

- ▶ Investor statement supporting tax transparency at Amazon
- ▶ Letter demanding stronger European due diligence regulations related to human rights and the environment
- ▶ PRI recommendations on climate-related disclosure regulations in Canada
- ▶ Letter on climate-related disclosure regulations in Canada
- ▶ Investor letter to the federal government regarding a GHG emissions cap for the oil and gas industry
- ▶ Letter to Pathways Alliance
- ▶ Letter to the Québec government regarding the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)
- ▶ Consultation with the Office of the Superintendent of Financial Institutions (OSFI) regarding climate-related standards
- ▶ Investor letter on vaccine equity
- ▶ Investor statement for stronger European due diligence regulations related to human rights and the environment
- ▶ Investor statement on a just transition (oil and gas industry)





Investing responsibly

 **PRI** | Principles for Responsible Investment

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

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 all of 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.

Principles for Responsible Investment (PRI) in action at Bâtirente

Principe 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.
- ▶ ESG issues play a central role in our fund manager search process.

Principe 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 Æquo, Shareholder Engagement Services' pooled 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.

Principe 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.

Principe 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.

Principe 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 the mutual efforts of numerous asset owners by participating in the shareholder engagement pools offered by Æquo, Shareholder Engagement Services, of which Bâtirente is a founding party.

Principe 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 Æquo, Shareholder Engagement Services holds on its behalf with the companies held in our portfolios.
- ▶ Bâtirente annually surveys its members' satisfaction, including their sustainable finance opinions and expectations.



Fund performance

6.4%

10-year returns for the Provident Diversified Fund

100%

fund returns outperforming benchmark indices in 2022

1.3%

average value added for Diversified Funds compared to their benchmark portfolio in 2022

Performance of Bâtirente Funds

BÂTIRENTE DIVERSIFIED FUNDS

Economic context for 2022

The year was characterized by global inflation, which reached an unprecedented 40-year high due to several factors, such as the invasion of Ukraine, the persisting pandemic, the world's supply chain failures, and the lack of labour and housing. The vast majority of central banks quickly increased their key interest rate in an aim to reduce the demand for goods and services and slow down this inflation. In Canada, we saw that these rate increases worked even though inflation remained high (dropping from 8.1% to 6.3% between June and December). These rate increases also led to a slow-down in economic growth, and many experts have been predicting widespread slowing or even a recession in 2023.

Market performance

Money tightening measures, including interest rate hikes, had a major impact on bond and equity markets, which experienced a sharp decline during the year.

The FTSE Canadian Universe Bond Index had a negative performance of close to 12% in 2022—a record drop for this index. All-country equities (\$CAD) posted returns of -12%, while the S&P/TSX Composite Index ended the year with a return of -5.8%. The Canadian market outperformed primarily thanks to the strong performance of energy securities, which make up a significant proportion of the index.

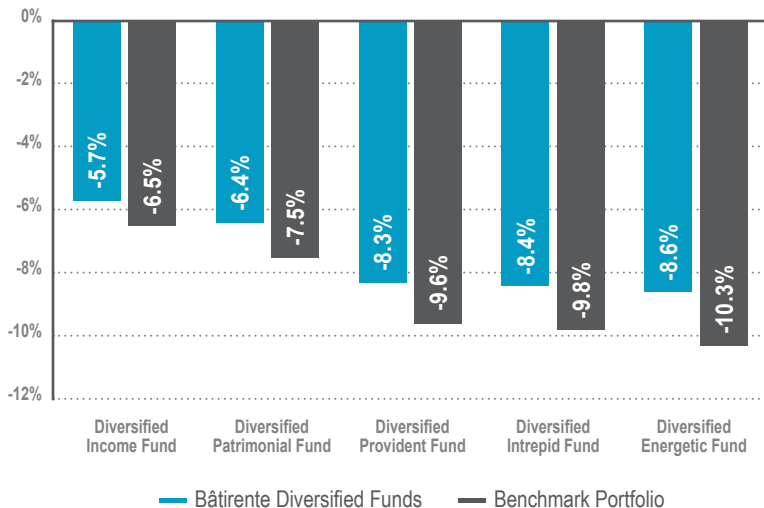
Bâtirente Diversified Fund performance

In periods of high volatility, Bâtirente's focus is on protecting the value of members' portfolios. In that vein, we're proud to share that all Bâtirente Diversified Funds beat their benchmark portfolio in 2022. The right positioning of mandates entrusted to experienced managers helped minimize the negative impacts on our members' capital. The Income Fund, which has the most conservative profile, added 0.8% value with a performance of -5.7%, compared with -6.5% for its benchmark portfolio. Our Energetic Fund, the most dynamic of all profiles,

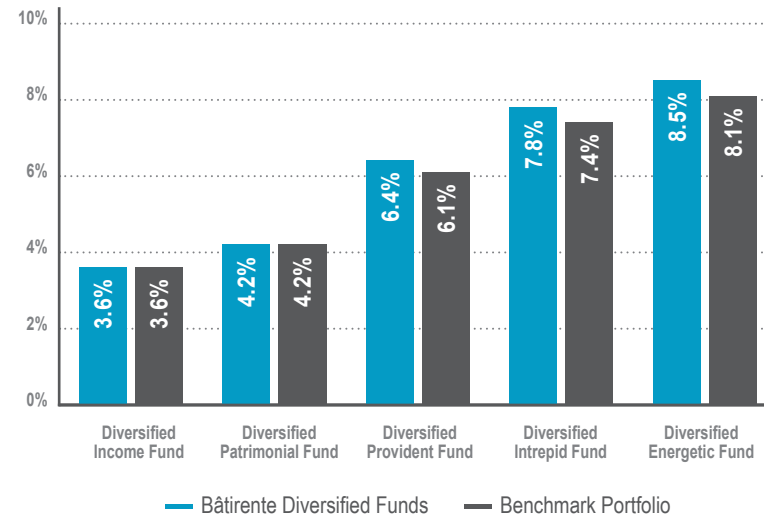
ended the year with a -8.6% result, compared with its benchmark performance of -10.3%, thus generating added value of 1.7% for members.

Furthermore, in periods of volatility, the key is to stay the course and look to long-term performance. To that end, Bâtirente Diversified Funds provided gross annualized returns over 10 years ranging from 3.6% (Diversified Income Fund) to 8.5% (Diversified Energetic Fund)—surpassing the inflation rate recorded for this period. As illustrated below, our five funds posted returns over the last 10 years that were greater than or equal to their benchmark portfolio.

DIVERSIFIED FUNDS – 1-YEAR RETURNS



DIVERSIFIED FUNDS – 10-YEAR ANNUALIZED RETURNS



MULTI FUNDS

Multi Fund performance

Managers working for Bâtirente generated added value for our members by choosing quality securities that would provide good long-term returns with less volatility. The Bâtirente Global Equity Multi Fund achieved a yield of 0.7% above its benchmark index (-11.7% compared with -12.4%). As for Bâtirente's Global Small Cap Equity Multi Fund, it provided 4.3% in added value (performance of -9.0% compared with the -13.3% benchmark). This means an annual performance of 12.9% over 10 years, in contrast with the 9.8% return for its benchmark portfolio. The Bâtirente Canadian Equity Multi Fund exceeded the benchmark index by 4.6% (-1.3% compared with -5.8%).

In this period of rising interest rates, the shorter term involved for Multi fixed income funds helped safeguard members' assets during the year. In fact,

Bâtirente's Treasury Multi Fund yield was 1% greater than the benchmark portfolio (-3.0% compared with -4.0%). With its very enviable performance, the Bond Multi Fund generated added value of 3.0% (-8.7% in contrast with -11.7% for the benchmark portfolio). On a 10-year basis, fixed income funds have all posted returns that are higher than their benchmarks.

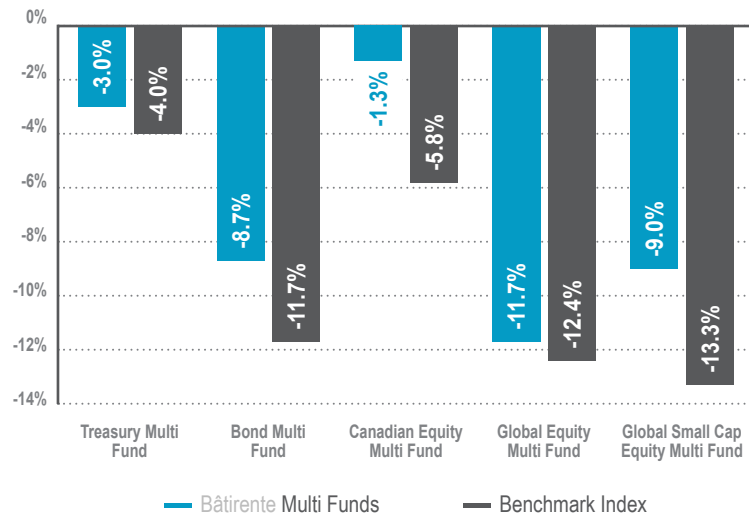
Active management

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.

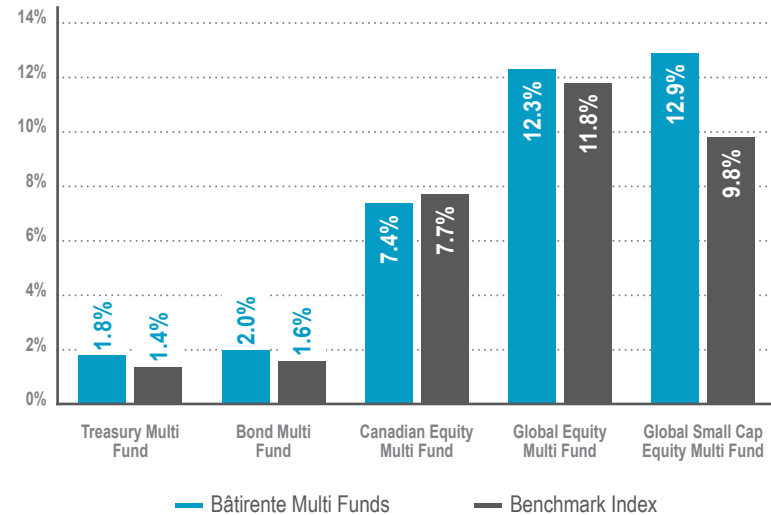
In 2022, we boosted our portfolios with two new mandates: Fiera-Canadian equities; and Schroders-emerging market equities. Their addition will ensure we reach our goal of reducing our carbon footprint. We are also pleased to note how well they have performed since their introduction.



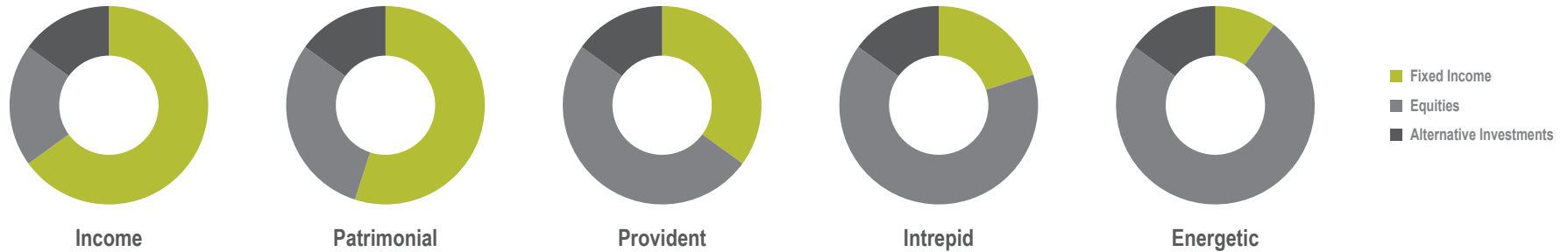
MULTI FUNDS – 1-YEAR RETURNS



MULTI FUNDS – 10-YEAR ANNUALIZED RETURNS



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						

2022 Annual Report

The French version of the 2022 annual report was printed in 400 copies and is also available on Bâtirente's website.

2022 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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