Principles for Responsible Investment

Bâtirente was one of the first signatories to the Principles for Responsible Investment (PRI), an initiative launched under the aegis of the United Nations. To preserve the credibility of the initiative, the PRI request signatories to submit their implementation of the six principles covered by the declaration to yearly assessments.

The PRI assessment method is currently being revised. As a consequence, the quartile ranking was not completed this year. Signatories will be able to disclose their placement in 2015 upon completion of the methodology review process.

This PRI table of contents helps to tie each of the six principles with Bâtirente’s 2012 accomplishments, as described in this report.

1. We will consider environmental, social and governance (ESG) issues in our investment analysis and decision-making processes. Pages 13, 31

2. We will be active investors and we will consider ESG issues in our shareholder policies and practices. Pages 32-35, 38

3. We will require the entities in which we invest to publish appropriate information on ESG issues. Pages 33-34

4. We will promote the acceptance and application of the Principles with asset managers. Pages 36-37, 43

5. We will work together to increase our efficiency. Pages 36-37

6. We will individually report on our activities. Inside Cover
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BECAUSE OUR COMMITMENT to serve you better prompts us to take up challenges and to roll back frontiers. Bâtirente is at the service of its members' financial future and carries out this first duty by practicing a finance that takes into account their interests as a whole. Seeing another way means bringing together thousands of union members within one retirement system to use the strength of our savings as leverage. It means providing ourselves with reliable and high performance financial tools and with services that meet our needs. It means practicing a finance that is conscious of its impact on our ecosystem, a finance that acts upon the mid and the long term.
In the upcoming year, Bâtirente’s environment will experience major changes that I wish to discuss with our stakeholders.

We recently informed our groups and members as well as our labour and professional partners that Bâtirente had to transfer responsibility for its retirement system’s administration to another financial corporation. Indeed, at the end of 2012, SSQ Financial Group announced its intention to conduct a business realignment process which would lead it eventually to terminate its mandate as Bâtirente’s administrator and trustee.

Although this long and fruitful association must come to an end for reasons outside of our control, I wish to underscore the contribution of SSQ Financial Group to the development of our group retirement system. As the administrator of Bâtirente since its very creation 25 years ago, SSQ was our partner from day one. I wish to express our deep gratitude to its officers and employees.

New Partnership with Desjardins Insurance

In January 2013, having reviewed our options and studied market conditions with our consultants, we elected to open talks with Desjardins Insurance. Discussions ended on April 12, 2013, with the signature of a memorandum of agreement settling the fundamental aspects of a service contract with the insurance company that will be finalized over the next few weeks.

Our board of directors is proud to join forces again with an insurance provider from the Québec co-operative sector, a good match with our values and those of our members who will benefit from one of the best administration platforms on the market and from conditions as good as those they enjoyed previously. The agreement signed with Desjardins Insurance renews the allocation of responsibility that prevails with SSQ Financial Group. We are assured of a smooth and efficient transition that will not affect Bâtirente members.

We begin this partnership with Desjardins Insurance with high enthusiasm, thus opening a new stage in the development of our group retirement system. The transition should be complete by the end of 2013.
The Future of The Québec Retirement System

On April 17, 2013, the Expert Committee on the Future of the Québec Retirement System, chaired by Alban d’Amours, presented its recommendations on how to maintain the Québec retirement financial security system while helping it to adapt to new economic and demographic realities.

The issues explored by the d’Amours committee represent a tall order. Actually, should no solution be applied quickly, the continued dilution of defined benefit retirement plans could considerably weaken the Québec retirement system. Although only 35 percent of Québec workers are participating in this type of plan, their disappearance would have a negative impact on the purchasing power of individuals contributing to these plans and by rebound, on the economic vitality of Québec.

On the other hand, the demographic reality demands that collective efforts for retirement savings be increased. While workers are starting their working life later than before and are usually targeting earlier retirement than previous generations, their life expectancy is getting longer. Workers are thus staying in the labour market for shorter periods but the length of their retirement period is increasing.

Since approximately 50 percent of Québec workers do not participate in any type of group retirement plan, if nothing is done to reshape the Québec retirement system, the conditions of poverty that many seniors are already experiencing could seriously worsen for future generations of pensioners.

The Longevity Pension: An Innovative Solution

The creation of a longevity pension is no doubt the most innovative recommendation of the d’Amours report. The longevity pension would be paid by a new compulsory defined benefit plan financed in equal parts by all employers and salaried workers, as well as by self-employed workers. Total contributions would be 3.3 percent of earnings up to the maximum pensionable earnings of the Québec Pension Plan, set at $51,100 for 2013. All contributors would start receiving this pension at age 75. At maturity—after 40 years of contribution—the longevity pension provided by the new plan would replace 20 percent of workers’ earnings, at the rate of 0.5 percent per year of contribution.

This is how the financial security of all pensioners participating in the plan would be protected. By pooling the “longevity risk”, or the risk that individuals will outlast their savings, this new plan would ensure a supplemental retirement income independent from income derived from group retirement plans or personal savings.

We feel that the longevity pension is an especially interesting solution for salaried workers participating in capital accumulation plans. This applies to all Bâtirente members, who may be facing the risk of outlasting their retirement savings. By partially protecting our members against this uncertainty, the longevity pension will make it much easier to plan the cashing out pace of retirement savings. Workers who do not benefit from any company pension plan will also find this to be a major step forward.

Nonetheless, should the longevity pension be implemented, some employers and even some participants might be tempted to compensate for the benefits granted by the longevity pension by reducing the benefits drawn from the capital accumulation plans negotiated by their labour union. The latter will need to be vigilant to make sure that the longevity pension represents a true advance for their members rather than a simple reallocation exercise of retirement savings which, all told, would remain insufficient, with the risk of impoverishing their members in the period between retirement and age 75. Unions and their members will need to stay focused on reaching contribution rates that truly lead to adequate retirement income.

To maintain the consistency of the retirement system, the d’Amours report also recommends that defined contribution plans be provided with more flexible cashing out rules so that retirees may make optimal use of their retirement savings between the time they retire and their 75th birthday.
It also suggests that these plans be allowed to provide variable benefits. You will remember that, for this purpose, Bâtirente members already enjoy these advantages, because our RRIF and our LIF both allow retired members to remain within their group retirement system and to continue enjoying the same low fees as their colleagues who are still active. In addition, with Plannuity, members get free professional services to develop a cashing out plan that suits their needs.

The Chair and some members of the d’Amours committee frequently insisted on the indivisibility of their recommendations. We can easily understand their preoccupation with avoiding that different parties pick and choose only those that serve their own interest. However, as we consider the longevity pension as a genuine improvement of the Québec retirement system that will benefit the salaried workers participating in capital accumulation plans and those not participating in any type of retirement plan, we believe that it would be regrettable that a stall in settling the complex issue of defined benefit plans could end up preventing the implementation of this innovative proposal. If, as the committee recognized, defined benefit plans only reach one-third of Québec workers, why should an impasse in this category block the progress of the financial security of the vast majority?

Voluntary Retirement Savings Plan (VRSP)

According to the committee, the last building block contributing to the reorganization of the Québec retirement system would go through the rapid implementation of an improved proposal regarding the advent of voluntary retirement savings plans (VRSPs), giving the Régie des rentes du Québec jurisdiction over fee surveillance and disclosure. The government quickly followed up on this recommendation, introducing Bill 39 on May 8, 2013. Effective January 2014, some 90,000 enterprises employing at least five persons and not currently providing any registered retirement savings plan (RRSP) or tax-free savings account (TFSA) eligible to deduction at source, or no registered pension plan, will have two years to comply with their obligation to provide their employees with a VRSP.

We maintain our belief that without mandatory employer contributions, voluntary retirement savings plans are bound to fail. Actually, our experience with retirement plans with no employer counterpart has taught us that the risk of salaried workers’ disengagement is quite real. In addition, the average asset level that will result from low participation and contribution rates will hinder the VRSP’s capacity to deliver the provision of low-cost services that the government has been dreaming of.

We continue to question the relevance of putting the governance of VRSPs in the sole hands of financial institutions. While a wide consensus has developed around the strategic nature of sound governance, we believe that the imposition of a normative framework shall not suffice.

We maintain our support for neutral governance, capable of ensuring arbitration free from conflicts of interests.

Bâtirente will closely monitor these discussions and will not hesitate to raise its voice to make sure that the measures implemented are truly beneficial to women and men workers.

Recognition

I wish to thank every one of our directors, employees and partners as well as every officer and employee of the CSN for their contribution to the good performance of our retirement system.

I extend special thanks to our group agents for their daily contribution to the local administration of their retirement plans. Through your engagement, you make a great contribution to the improvement of your colleagues’ retirement conditions and to the expansion of our group retirement system. Together, we have the capacity to innovate and to show that the strength of our savings makes it possible to face individual and collective retirement related challenges in another way.

Pierre Patry,
Chair of The Board
BECAUSE SERVING OUR MEMBERS is a pleasure and making things easier for them is our watchword, we offer an investment strategy that adjusts automatically, calibrating retirement capital growth and protection, your life through. We understand that retirement is an important stage in life. This is why we put so much care in offering quality advice and personalized support to our retired members.
Profile

Created upon the initiative of the Confédération des syndicats nationaux, Bâtirente’s first mission is to provide labour unions affiliated to the CSN with a complete retirement system that combines capital accumulation plans and retirement income plans. These plans benefit from a state-of-the-art investment platform comprising eleven investment funds, which include five diversified funds, and from a time-horizon retirement investment strategy called Trajectory. Bâtirente is mandated by the CSN to promote and develop a quality retirement savings service offer, and to ensure that the partners it appoints administer it soundly. Bâtirente is also registered with the Autorité des marchés financiers as a financial services firm. As a non-profit corporation incorporated under Chapter III of the Quebec Companies Act, Bâtirente is inalienable. However, its by-laws and regulations stipulate that upon dissolution or liquidation, any assets remaining after debts and other obligations have been paid must revert to the Confédération des syndicats nationaux.

The Team
The Bâtirente team consists of eight salaried employees and three consultants. Its responsibilities include: general administration; recruitment, distribution and group services; retired member support; internal and external communications activities; investment policy development, monitoring and review; and extra-financial risks management.

Photo, left to right: Marie-Diane Deslauriers, Senior Manager – Institutional Markets; Daniel Fortin, Deputy Manager – Products and Distribution; Steeve Duchesne, Financial Security Advisor; Guylaine Proulx, Communications Manager; Danick Lessard, Group-Annuité Advisor; François Meloche, Extra-financial Risks Manager; Lorraine Pipon, Financial Planner; Pierre Boies, Office Agent; Michelle Filteau, Communications Consultant; Martin Blais, Group-Annuité Advisor; and Daniel Simard, Chief Executive Officer.
Products and Services
Bâtirente retirement plans are usually implemented upon the signing of collective agreements providing for capital accumulation plans featuring employer and employee contributions. Labour unions then give mandates to the Comité Bâtirente to establish retirement plans and to provide additional services to their members. Upon retirement, Bâtirente members may decide to continue enjoying the benefits of their group retirement system. They then transfer their capital to registered retirement income plans—RRIFs or LIFs—from which their retirement benefits will be drawn. Bâtirente signs agreements with Canadian life insurance companies to obtain group life annuities for members who prefer their retirement income to be wholly or partly covered by a guarantee. All members of the CSN—and their spouses—may at any time exercise their right to enroll in any of Bâtirente’s retirement plans, even if the desired plan has not been established by their affiliated union.

Institutional Accounts
Various organizations such as Fondaction, the CSN labour-sponsored fund, SSQ’s Astra Funds, as well as other sponsors’ pension plans are investing assets in Bâtirente funds. In addition, Bâtirente signs agreements with associative organizations who wish to benefit from its retirement system. For instance, various organizations dedicated to developing workers’ co-operatives have already concluded this kind of agreements.

Composition of The Board of Directors
The board of directors includes twelve members. Five are elected by member group representatives on the occasion of the annual meeting pursuant to a call for nominations. Four directors are appointed by the Executive Committee of the CSN and two are appointed by the previously mentioned nine directors. The person elected as Treasurer of the CSN has generally been one of these four appointed individuals and, traditionally, has been serving as chair of the board of directors. Finally, the Chief Executive Officer of Bâtirente has a non-voting seat on the board. Board members have three-year terms, which are renewed alternately to ensure continuity. The officers of the board of directors include the Chair, the Vice-Chair and the Secretary. The Chief Executive Officer of Bâtirente serves as Treasurer. The goal of our board candidate nomination or appointment processes is to ensure the representation of a variety of competencies and skills relevant to the sound governance of the retirement system. The board wishes, for instance, to provide for a balanced representation of men and women as well as for a higher participation from cultural communities. Four women and eight men are currently sitting on the board of directors.

Origin of Directors
At the June 8, 2012 annual meeting, delegates re-elected Serge Fournier, President of the Fédération du Commerce (FC-CSN), as a director. Pierre Leduc, Group Agent for the Syndicat national des travailleurs des produits chimiques de Valleyfield (CSN), was appointed by the board in September 2012 as pro tempore replacement for Jean-Paul Thibault, a retired member of the same union who vacated his seat before the end of his term. The other members of the Comité Bâtirente are Néjia Chehidi of the Fairmont Queen Elizabeth Hotel, Patrick Jean of the Cascades Tissue Group and Alain Lampron, President of the Fédération de l’industrie manufacturière (FIM–CSN). The terms of office of Alain Lampron and Pierre Leduc will expire at the annual meeting of group representatives to be held on June 19, 2013, when elections will take place.

1. Please note that the title of General Co-ordinator of Bâtirente was replaced with that of Chief Executive Officer.
Representatives elected by groups have an average of twenty years of experience as active union members. Many of them have been in charge of their local retirement plan. They take turns attending various seminars and training sessions on retirement plans and on investment.

The four members of the board appointed by the CSN are: Pierre Patry, Treasurer of the CSN; Léopold Beaulieu, President and Chief Executive Officer of Fondaction; Andrée De Serres, Lawyer and Tenured Professor at the Université du Québec à Montréal (UQAM); and Nathalie Arguin, Secretary General of the Fédération des employées et employés de services publics (FEESP–CSN). The two co-opted members appointed by the board of directors are Louise Charette, Portfolio Management and Governance Consultant and Normand Brouillet, retired CSN Economist.

The terms of office of Léopold Beaulieu and Nathalie Arguin, appointed by the CSN, and of Normand Brouillet, co-opted by the board of directors, ended in 2012. The board of directors and the CSN having been unable to rule on these appointments before the end of the year, it was decided in May 2013 to renew the terms of these three directors. Please note as well that the terms of office of Louise Charette and Andrée De Serres will end in 2013. The board will rule on their renewal at its first meeting following the June 2013 annual meeting.
### Bâtirente Retirement Plans

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*For these plans, enrolment and contributions are established through collective agreements.

**All CSN members and their spouses may voluntarily enroll in these plans.
Bâtirente Investment System

- Batirente funds available to individuals and institutions
- Batirente funds available to institutions only
- Categories unavailable as funds

Bâtirente Funds:

- Batirente Money Market Fund
- Batirente Bond Multi Fund
- Batirente Treasury Fund
- Batirente Canadian Equity Multi Fund
- Batirente North-American Small-Cap Equity Fund
- Batirente Global Equity Multi Fund
- Low Volatility Global Equity
- Global Equity (All Countries)
- Global Real Estate
- Comodities
- Batirente Diversified Energetic Fund
- Batirente Diversified Intrepid Fund
- Batirente Diversified Provident Fund
- Batirente Diversified Patrimonial Fund
- Batirente Diversified Income Fund

Portfolio Managers:

1. AlphaFixe
2. CoreCommodity
3. Fiera Capital
4. TD Asset Management
5. Hexavest Asset Management
6. Horizon 360°
7. Montrusco Bolton Investments
8. Presima
9. SSQ Financial Group
10. Triasima
11. Van Berkom and Associates
Committees of The Board

The board of directors entrusts five committees with the monitoring of a number of strategic activities.

The Investment Committee is composed of three members appointed among Bâtirente board members, one of which at least must be a group representative, and of one or two external members called upon to sit as independent experts. The mandate of the committee is to complete works, studies and analyses on the investment policies of the funds and to carry out any other investment-related mandate the board of directors of Bâtirente may wish to give it.

The Audit Committee, for its part, is composed of three members appointed among board members, one of which at least must be a group representative, and of one or two external members with accounting or financial management expertise and knowledge of the regulatory requirements applicable to Bâtirente. The mandate of the committee is to assure the board of directors of the efficacious, efficient and economical conduct of business, of the appropriateness of the controls implemented by management and of a presentation of financial information that faithfully reflects activities and operating results.

The Member Services Committee is composed of three members appointed among board members, two of which at least must be group representatives, and of one external member with pension expertise. The mandate of the committee is to assure the board of directors of the appropriateness and the quality of the services offered and of the adequacy and the appropriateness of information. It reviews the fee and service policy, conducts studies on member needs and supports the development of training policies for group agents, in addition to reviewing the main contracts.
The Extrafinancial Risks Management Committee brings together three members appointed among board members, one of which at least must be a group representative, and one or two external members with expertise in one of the following areas: economics, human rights, labour relations, environment, corporate governance or international law. The mandate of this committee is to assure the board of directors of the updating of the Guidelines on Extrafinancial Risks Management, to monitor the conformity of the exercise of voting rights, to assess ESG performance in investment activities and to check the quality of Bâtirente’s performance reporting.

The Governance Committee is composed of three members appointed among board members, one of which at least must be a group representative, and one at least must be an independent director. The Governance Committee assesses the operation of the board and of the committees, draws recommendations to improve their efficiency and is mandated to develop a by-law on ethics and professional conduct and to ensure its application.

Convergence of Interests
The fact that board members and external committee members hold individual savings in Bâtirente funds represents a proof that their personal interest converges with the interest of the members who entrust their assets to Bâtirente. In this regard, out of the twelve members of the board of directors and the two external committee members, ten are holding Bâtirente fund units worth over $720,000. The average value of the holdings of directors and external members exceeds $51,000, which is higher than the average savings account of members. The value of the savings accumulated by directors is entirely made up of their own or of their employers’ contributions. Bâtirente makes no contributions to their retirement or savings plans.

External Member Compensation
In order to attract experienced experts, Bâtirente adopted a compensation policy for external board of directors and committee members. Board members who are group representatives elected at the annual meeting, or who are officers or employees of the CSN or its collective tools, receive no compensation. However, group representatives are entitled to the reimbursement of the salary lost and the expenses incurred to attend meetings.
Capital and Income
As a non-profit corporation, Bâtirente does not have a share capital structure. In addition to its intangible assets (custom, trademark and other goodwill), its owner’s equity stems from accrued operating surpluses. The larger part of Bâtirente’s income is generated by the management fees collected by Bâtirente funds. These management fees are established according to a fee policy adopted by the board of directors or to agreements signed with institutional members. Bâtirente’s policy calls for management fee reductions in the form of refunds based on the size and assets of groups. This is how 45 percent of members benefit from reduced fees that can be less than 1 percent in some cases. With standard before-tax management fees ranging between 0.70 and 1.95 percent, Bâtirente advantageously sustains comparison with similar funds offered by retail sector financial institutions. This income helps Bâtirente to support the activities required to ensure the sound management of its retirement system and investment funds. One third of revenues are allocated to the management of funds. The same proportion covers expenses incurred for communications and group services. The last third is dedicated to account administration, governance and general administration.

Outsourced Activities and Partners
Operations required for asset management are delegated to professional portfolio managers and to recognized financial institutions, namely SSQ Financial Group and Desjardins Trust. Ten portfolio management firms are individually responsible for managing a portion of Bâtirente funds’ assets. The firms are Alpha-Fixe, CoreCommodity, Fiera Capital, TD Asset Management, Hexavest Asset Management, Horizon 360°, Montrusco Bolton Investments, Presima, Triasima and Van Berkom and Associates. It is worth noting that the management teams of all those firms but one are located in Montréal.

SSQ’s Responsibilities
Bâtirente entrusts SSQ Financial Group, a Quebec insurance company rooted in a long tradition of mutualism, with a set of strategic responsibilities, including:
• Administering member, group and employer accounts and financial activities;
• Keeping records and producing statements;
• Maintaining a member services department accessible by phone and the Internet;
• Bâtirente Funds’ accounting and daily valuation of fund units;
• Relations with regulatory and fiscal authorities.

The insurance company is also responsible, upon request, for providing members with guaranteed capital and interest accounts. Finally, as depository of Bâtirente Funds, Desjardins Trust has the custody of the securities held by the funds.

National and International Association Memberships
• Canadian Pension and Benefits Institute (CPBI)
• Chambre de la sécurité financière;
• Social Investment Organization (SIO);
• Committee on Workers’ Capital (CWC), CSN delegation
• Principles for Responsible Investment (PRI)

Our Group-Annuité Advisors and our Chief Executive Officer are members of the Chambre de la sécurité financière and are subject to its code of ethics. The same applies to the Senior Manager – Institutional Markets, who is also a member of the CFA Institute. The Deputy Manager – Products and Distribution is, for his part, a member of the Canadian Institute of Actuaries and is subject to this professional corporation’s code of ethics.

2. Please note that the title of Assistant Co-ordinator – Institutional Markets was replaced with the title of Senior Manager – Institutional Markets.
3. Please note that the title of Assistant Co-ordinator – Products and Distribution was replaced with the title of Deputy Manager – Products and Distribution.
Bâtirente launched a new RRSP campaign using the theme: “Less management fees. Better RRSP performance for me.” The theme focused on the low management fees offered to Bâtirente members.

Campaign results are heartening: voluntary contributions to the Bâtirente RRSP and TFSA increased by 22 percent compared to the previous year. On the one hand, the RRSP received close to $500,000 during the campaign. On the other hand, the Bâtirente TFSA experienced a nice breakthrough with contributions exceeding $100,000. The TFSA is a privileged investment vehicle for non-RRSP supplemental savings.

As was the case last year, half of members who made voluntary contributions did so via Internet and their on-line banking service, rather than mailing a cheque.

This education campaign will be maintained over the next few years to increase the number of members who make additional contributions. According to an Ad hoc recherche survey conducted in August 2012 on behalf of Bâtirente, one member out of seven, or 15 percent, responded that they had already made this type of contribution. Among the reasons likely to encourage members to transfer savings accrued with other institutions to their Bâtirente plan, the lower management fee argument ranked first. The campaign theme was based on these results.
STRENGTH THROUGH NUMBERS inspires us daily. As a non-profit corporation born from the labour union movement, we always place the interests of our members at the forefront of our decisions. This strength through numbers allows us to offer management fees lower than our competitors’ and to continuously improve the services we provide to our members. Because their hard-earned lifetime savings should primarily serve to ensure a well-deserved retirement.
Growing Assets
In 2012, Bâtirente’s total assets under management progressed by 36 percent, moving from $1 billion to $1.4 billion. This increase is mainly due to the $211 million progression of responsible investment mandates, while the assets of institutional accounts and Bâtirente retirement plans grew respectively by $122 and $36 million.

As at December 31, 2012, the Bâtirente retirement system assets under management reached $440.7 million, compared to $404.9 million at the end of 2011. This progression was due to the good performance of financial markets ($22.2 million) and to net member contributions ($13.6 million).

On the other hand, institutional accounts assets under management moved from $506.1 million at the end of 2011 to $627.9 million at the end of 2012, while those of portfolios associated with our responsible investment mandates reached a summit of $322.5 million.

Retirement System Assets Breakdown
We divide the various retirement plans that make up the Bâtirente retirement system into three categories. Capital accumulation plans represent the plans negotiated by labour unions. These are group RRSPs, simplified pension plans (SIPPs) or federal simplified pension plans (SPPs), and deferred profit-sharing plans (DPSPs). Auxiliary plans are the plans in which salaried workers enroll voluntarily, such as locked-in retirement accounts (LIRAs) or tax-free savings accounts (TFSAs). Finally, retirement benefit plans are plans used by members when they decide to convert their accrued assets into a registered retirement income fund (RRIF) or a life income fund (LIF).

Capital accumulation plans still represent the largest part of the assets of the retirement system with $403.4 million, which is slightly more than 91 percent of total assets. It is worth noting however that the relative weight of the group RRSP continues to decrease, representing 65.4 percent of total capital accumulation plans compared to 75 percent barely three years ago.
These results are a direct consequence of the arrival of a few generous DPSPs and of the efforts deployed to promote simplified pension plans over group RRSPs with labour unions. Simplified pension plans currently represent 29.3 percent of overall capital accumulation plans compared to 25.8 percent in 2009.

The assets of retirement benefit plans are constantly progressing, while ever-increasing numbers of members are migrating to retirement. These assets moved from $14 million as at December 31, 2011 to $16.7 million a year later. With the addition of $5.4 million savings held in our retired members’ RRSPs, total assets related to our retired participants are now very close to $22 million. We remind readers that at the end of 2009, assets related to this cohort only reached $7.5 million.

On the other hand, auxiliary plan assets experienced a slight decline, moving from $21.6 million at the end of 2011 to $20.6 million in 2012. This decline was due to the closing of several co-operative RRSPs in 2012 pursuant to the cessation of operations of worker-shareholder co-operatives that had implemented these plans.

Echoing the 2011 situation, the vast majority of member assets (90 percent) continue to be invested in investment funds. The share allocated to the Bâtirente diversified funds (73.5 percent) is divided as follows: 54.7 percent to the Provident Fund; 10.4 percent to the Intrepid Fund; 7.2 percent to the Patrimonial Fund; 1.1 percent to the Income Fund; and 0.1 percent to the Energetic Fund. More than $6.1 million were allocated to these last two funds introduced in the second quarter of 2011, with the lion’s share ($5.8 million) to the Diversified Income Fund. For their part, guaranteed interest accounts (GICs) received 8.5 percent of capital accumulation plans assets; equity funds received 8.2 percent; and the share allocated to fixed income securities reached 6.8 percent.

The most remarkable change observed in 2012 in allocations between the various investment options of capital accumulation plans was the result of launching Trajectory, Bâtirente’s turnkey investment programme which is currently counting for 3.1 percent of total capital accumulation plans assets. Assets allocated to Trajectory are invested in an assortment of diversified funds corresponding to target portfolios established based on the age of members who chose this investment method. When assets invested in the Trajectory programme are added, the share of total assets allocated to diversified funds reaches 76.6 percent.
Benefit Plans
On the side of retirement benefit plans, asset allocation per category rarely shows sudden variations. We observe, however, that the proportion of assets allocated by retired members to the diversified funds, including those provided by the Trajectory programme, moved up in the world to currently account for 68 percent compared to 66 percent in 2011. Conversely, the weight of guaranteed interest accounts (GICs) moved from 23 to 21 percent. Fixed income securities funds represent 10 percent of these assets compared to 1 percent for equity funds. Only one year after its launching, the assets associated with the Trajectory programme already represent 3 percent of the total assets of these plans.

As to the allocation of investments between the diversified funds, we note that the Patrimonial Fund has become the most popular option with retired members, with a proportion of 35.1 percent as at December 31, 2012, while the Diversified Income fund, recently set up for retirees, is gradually coming into its own with a proportion of 5.2 percent, mainly via the Trajectory programme. The Provident Fund represents 24.7 percent of these assets.

Whether for capital accumulation plans or retirement income plans, we are satisfied overall with the place that the diversified funds and Trajectory have taken in our members’ allocation between the various investment vehicles. Not only does it compare advantageously to statistics observed in the industry, it also bears witness to the fact that our members are giving a positive reception to our message regarding the importance of diversifying their investments.

Participation to The Bâtirente Retirement System
New Groups
In 2012, a dozen new groups joined Bâtirente. We welcome the women and men workers of the Bombardier plant in La Pocatière; Produits performants in Valleyfield; Unibéton plants in Laval, Montréal-Est and La Prairie; Vimont Toyota in Laval; and of Acier Leroux Est-du-Québec, all members of the FIM–CSN. We also wish to underscore the arrival of the municipality of Cayamant in the Outaouais region and of Élévateurs des Trois-Rivières, affiliated to the FEESP-CSN; of Faubourg St-Laurent in Montréal, Delta Hotel in Quebec and IGA in Chibougamau, affiliated to the FC–CSN; as well as of the employees of the SSQ Société d’assurance inc. and of the Fonds d’action québécois pour le développement durable (FAQDD). We thank all these groups for their trust in Bâtirente.

Taking into account the end of activities of several co-operative RRSPs—more than 400 members of the co-operatives in question ceased their participation—and the jobs lost pursuant to company closures or staff reductions, the total number of participants declined slightly, with 25,575 members as at December 31, 2012 compared to 26,340 at the end of the previous year.
Contributions and Withdrawals

Total contributions to the retirement system for 2012 reached $47.2 million. Excluding the assets transferred by new groups and contributions made to the co-op RRSP, this represents a growth of nearly 35 percent for regular contributions over two years. Actually, thanks to the recruitment of new groups and to the increase in existing group contribution levels over the past two years, regular contributions moved from $32 million in 2010 to $38 million in 2011 and to $43 million in 2012. This is very encouraging data, since regular contribution volume is one of the main determinants of the future growth of Bâtirente’s business volume.

Asset transfers by new groups reached $2 million in 2012, compared to $35 million in 2011 and $16 million in 2010. Our business development team is closely monitoring this variable, unpredictable by nature, where Bâtirente enjoyed greater success over the past three years than at any other moment in its history. On the other hand, individual in-transfers to Bâtirente experienced a substantial increase of 30 percent, with $2.7 million in 2012 compared to $2.1 million the previous year.

The volume of withdrawals also increased substantially, moving from $22.4 million to $30.3 million, including $17.9 million in the form of transfers to other financial institutions. In 2011, external transfers reached $11.7 million. This increase in withdrawals caused a slight sag in the retention rate of assets under management to 92.8 percent, which stood at 93.9 percent in 2011. This indicator, which excludes benefits paid to retired members, had reached an historical 89 percent low in 2008. Let’s specify that, without denying the importance of the nominal size of disbursements, we prefer to follow the retention rate, a relative indicator that takes into account the evolution of the size of assets under management and in this regard, we have no major preoccupation when the latter stays within a range between 92 and 94 percent. We believe that the expansion of our Plannuity service and the increasing numbers of members who are using our support services will contribute to increase asset retention.

Management Fees

The average net management fee rate, after payment of refunds, stayed on a downward course in 2012, reaching 1.23 percent compared to 1.27 percent in 2011 and 1.31 percent in 2010. Including the $2.00 fixed monthly fee, the rate reached 1.39 percent compared to 1.45 percent in 2011 and 1.53 percent in 2010. This trend is directly due to the increase in the size of average group assets under management and to a slight increase in their average membership.

For its part, the average management fee rate, all Bâtirente funds confounded, for participants to group retirement plans, reached 1.17 percent in 2012. On the other hand, the corresponding rate of members who are not part of a group increased to 1.82 percent.

Thus, the total value of refunds paid to members continued progressing to reach $2.7 million compared to $2.1 million in 2011 and $1.4 million in 2010. We remind readers that refund rates improve with the volume of savings accrued in group retirement plans. The greater the savings, the more their management fees decrease. This system encourages the collective efforts of groups that strive to increase the
value of their portfolios using various strategies such as progressively increasing contribution rates negotiated with employers, increasing voluntary contributions and in-transfers from other institutions’ savings plans, or implementing mechanisms to limit withdrawals, such as replacing group RRSPs with SIPPs and SPPs.

Even for groups that do not yet qualify for refunds, Bâtirente’s management fees remain very competitive compared to the average rates imposed by retail mutual funds. Our standard fee rate is 1.95 percent for Canadian equity and Bâtirente’s diversified funds compared to 2.28 percent and 2.30 percent for retail mutual funds. For global equity, once again, Bâtirente beats its competitors with a base rate of 2.15 percent compared to a market average of 2.57 percent.

**Member Services**

**The Trajectory Programme Is Well Received**

The Trajectory programme, implemented in the second quarter of 2011, is well received by our groups. As at February 28, 2013, $15 million had been invested in the programme, by more than 750 members from 90 different groups. All of the combinations of the Trajectory programme, which are bound to the planned retirement age of the member, are currently being used, from Trajectory for 2012 retirees up to Trajectory 2050, for new participants in their twenties. More than 80 percent of the sums invested in Trajectory come from members aged 50 and over, which bears witness to the higher interest of those approaching retirement towards their portfolio and the necessity of preserving their capital.

**Electronic Remittance**

A targeted strategy was rolled out with the co-operation of SSQ to significantly improve the proportion of groups whose contributions are remitted via Internet. These efforts were conclusive since, by year end, in more than 80 percent of groups representing 88 percent of contributing members, employers were using Internet to remit contributions. We remind all groups whose employers have not yet adopted this service that electronic remittance makes their life easier, makes remittance quicker and limits mistakes while ensuring a better control of operating costs for all.
The CSN federations’ triennial conventions to which Bâtirente representatives participated, and activities celebrating the 25th anniversary of Bâtirente, marked 2012.

To The Builders of Bâtirente

Bâtirente highlighted its 25th anniversary at a soirée held on November 29, 2012 at the Écomusée du fier monde. Invited artist and Champion of the 5th Slam Poetry World Cup, David Goudreault “slammed” an homage that he wrote especially for this occasion in honour of all the men and women who contributed to the development of Bâtirente for the past 25 years. Upon general request, you will find David Goudreault’s Slam des bâtisseurs on the next page.

1. David Goudreault and his musicians, Roxanne Beaulieu at the keyboard and Anais Constantin at the cello.
2. Pierre Patry succeeded to Michel Lessard as Chair of the Bâtirente board of directors. The two men in deep discussion.
3. The 25th anniversary soirée brought together approximately 100 persons, friends and partners. In a slide show in the background: Léopold Beaulieu and Gérald Larose, at the launching of Bâtirente in 1987.
4. Three former Presidents of the CSN reunited: Gérald Larose, Claudette Carbonneau and Marc Laviolette, flanked on the left by Michel Forget, assistant to the current President and on the right by Normand Brouillet, Secretary of the Bâtirente board.
Anissa Zouggari
Human Capital and Administration Manager, Éditions Protégez-vous

“We feel truly well supported by the Bâtirente team. Their availability is unflinching. Bâtirente is a small team but their service is superior to the service of large institutions. That’s what makes the difference.”

Slam des Bâtisseurs

Quelques mots aux âmes de chiffres
Qui mettent du conte et de la poésie
Jusque dans les calculs comptables
Qui savent qu’une retraite qui s’apprécie
Commence par avoir du beurre sur la table
Mais que la faim ne justifie en rien les moyens
Quand on choisit le respect d’une vision responsable

Au-delà de la personne morale
Je rends hommage à la morale de ces citoyens
Bâtisseurs de Bâtirente
Ce mur porteur et mitoyen
Entre les travailleurs et les grandes banques
Cette preuve par le milliard
Qu’en étant conscient et solidaire
Le monde s’améliore
Que l’on peut choisir ses gestionnaires
Ses alliés et ses actuaires
En mettant de l’être dans les affaires
Être pros, proactifs et prospères

Depuis mille neuf cent quatre-vingt-sept
Il en aura fallu des jongleurs de nombres et de lettres
Des passionnés des régimes de retraite
Des géants de la performance prêts à mettre
Du temps, du talent et de la sueur
Pour nous prouver et nous promettre
Qu’il y a plus que les placements qui ont de la valeur
Quand on prête de l’intérêt
Avec la tête et le cœur

Et dans cette réussite collective
Il y a l’essor déployé par les efforts de Daniel Simard
Rassembleur et négociateur à l’affût de belles initiatives
Sachant faire rimer croître et croire
Insufflant de l’avenir dans l’histoire
Il sait compter et raconter
Ciseler les mots qui font rêver
En gardant les pieds rivés au concret
C’est avec la parole que l’on crée
Avec le stylo, le micro ou la craie
Connaissant ses dossiers à échelles humaines
Pouvant en faire les portraits
Partout où sa passion le mène
afin que la prospérité des régimes de retraite
Ne reste jamais en retrait

Bâtirente: The Pride of A Community

On the occasion of its 25th anniversary, Bâtirente had informative video capsules produced and made them available on-line. Four of them are on the Bâtirente Web site home page (www.batirente.qc.ca) and three more are on the new Web site dedicated to retired members’ services (www.planirente.ca). Many members and group agents contributed to these vignettes. Here is a story taken from one of them.

Anissa Zouggari
Human Capital and Administration Manager, Éditions Protégez-vous

“We feel truly well supported by the Bâtirente team. Their availability is unflinching. Bâtirente is a small team but their service is superior to the service of large institutions. That’s what makes the difference.”
Economy and Markets

The debt-reduction process which started in the wake of the major financial crisis of 2008 continued to characterize the economic tension lines perceived in 2012. The barely sustainable conditions of public finances in a number of states on the Old Continent and the fragility of their banking systems, coupled with the over-stringent austerity dictated by the European Union’s financial assistance mechanisms, amplified the Euro zone economic downturn, which was flirting with recession at year end. In certain countries, the unemployment of one youth out of two forebodes a sacrificed generation.

In the United States, the fiscal cliff debate reached a temporary solution in early 2013, but the passage of arms continued. Public finances in that country are in no better shape than on the other side of the Atlantic, but any over robust action raises the threat of choking a still timid recovery.

In Canada, household debt—especially mortgages—have reached an all-time high. This undesirable effect of the ultra-accommodating monetary policy that the Bank of Canada had to adopt to help the economy sail through the contrary winds blowing from the south and the east, could prove to be the good student’s Achilles’ heel, should global conditions deteriorate.

But there is a silver lining. In the United States, the ratio of job creation observed in the second half of the year and the slow recovery of the resuscitating real estate sector augur well. Despite atrophied external demand, emerging countries continued to post positive performances, thanks to the easy money thrown in support of external demand. Corporations, on the other hand, showed remarkable profitability given the overall context, and stock exchanges took this opportunity to rebound, as described in the next section.

Managing

BECAUSE OFFERING OUR MEMBERS a line of risk-adjusted investment vehicles from which to choose is at the heart of our mission. In the mid and long term, our diversified or specialized funds are regularly performing above market. They post advantageous historical returns obtained at the price of a risk level inferior to that of comparable funds.

Financial Review
BOND MARKET

For the second year in a row, the Bank of Canada maintained its leading rate at 1 percent, while for a fourth year in a row, the American Federal Reserve maintained its own at 0.25 percent. In the United States, the US Central Bank’s quantitative easing measure was extended once more. It is unlikely that the bank will increase interest rates before unemployment rates fall below 6.5 percent or anticipated inflation exceeds 2.5 percent. This provides markets with an indication that growth must have been sustainably restored before the first increase in the leading rate occurs. The Bank of Canada, on the other hand, worries that an interest rate increase or a marked employment slow-down could upset the finances of indebted households. In fact, Canadian household debt is now exceeding 160 percent of income.

In 2012, the DEX Universe bond index produced a 3.6 percent yield (see graph on p. 28). Corporate bonds (6.2 percent) beat provincial (3.4 percent) and federal (2.1 percent) bonds. The easy money policies maintained by the European Central Bank and by the US Federal Reserve, to name but a few, as well as the low volatility of interest rates, encouraged investors seeking higher returns to take more risks. The long-term sector was the producer of the best performance (5.2 percent), followed by mid-term performance (4.7 percent) and short-term (2.1 percent).

BOND MULTI FUND

As at December 31, 2012, the return of the Bond Multi Fund reached 4.0 percent, or 0.4 percent above its benchmark index. Managers Fiera Capital (4.9 percent) and AlphaFixe (4.7 percent) made a positive contribution to this performance, while manager Horizon 360° subtracted 1.1 percent from market returns. Overall, the overweighting of corporate bonds positively contributed to returns due to narrowing credit spreads over the year.

TREASURY FUND

For its part, the Treasury Fund yielded 2.4 percent, or 0.4 percent above market index. Duration management and overweighting of provincial, municipal and corporate securities explain this fine performance.

MONEY MARKET FUND

The Money Market Fund, for its part, generated 1.3 percent, beating market by 0.3 percent.
Equity Market
As opposed to 2011 when it closed on negative ground (−8.7 percent), the Canadian equity market represented by the S&P/TSX index, resumed positive returns in 2012 with 7.2 percent. All industrial sectors, with the exception of energy (−4.8 percent) and materials (−5.7 percent), ended the year on a positive note, the strongest contributions coming from consumer staples (22.6 percent) and discretionary consumption (22.1 percent).

The MSCI World index ($ CA) closed the year on a 13.3 percent return. Eight out of ten of the index sectors posted positive yields, the finance (26.5 percent) and discretionary consumption (21.2 percent) sectors obtaining the strongest results.

Canadian Equity Multi Fund
As at December 31, 2012, the Canadian Equity Multi Fund posted an annual return of 9.3 percent, overtaking its index by 2.1 percent. This positive return variance was due to the management results of the underlying Canadian equity funds, which reached 10.2 percent for Triasima, 9.0 percent for Montrusco Bolton Investment and 7.5 percent for the fund managed by Hexavest.

On the other hand, since their addition to the Income and Patrimonial diversified funds and, for a small portion, to the Canadian Equity Multi Fund at the end of the first quarter of 2012, TD Asset Management’s low-volatility Canadian equities delivered returns of 8.7 percent.

Global Equity Multi Fund
For the year as a whole, the return of the Bâtirente Global Equity Multi Fund totalled 11.2 percent, 2.0 percent below the market index. The Hexavest Fund produced a 9.9 percent return while the Fiera Capital Fund, which was implemented at the end of the first quarter of 2012, yielded 7.5 percent over the next nine months.

North-American Small-Cap Equity Fund
The North-American Small-Cap Equity Fund produced a yield of 8.9 percent, 3.2 percent above its benchmark portfolio (5.8 percent) made up for 50 percent of the American Russell 2000 ($ CA) index and for 50 percent of the Canadian S&P/TSX small-cap index. The Canadian portion progressed by 4.1 percent for the year, overtaking its index by 6.3 percent, while the American portion produced a return of 14.0 percent, beating its reference index by 0.2 percent.

On the Canadian side, the consumer staples and commodities sectors made the best contributions to the relative performance of the fund. On the other hand, the American compartment benefited from the easy money which helped the American equity market, and more specifically small-cap equities, to take off.
Alternative Asset Categories
While commodities ended the year 3.3 percent behind their starting point, the global real estate equity index, the FTSE EPRA/NAREIT Developed Countries (CAD), posted a return of 25.8 percent. For 2012, the CoreCommodity Commodity Fund produced a –2.9 percent return, at 0.4 percent above its market index. For their part, the “Concentrated” and “Enhanced Yield” versions of the Presima Global Real Estate Funds progressed by 28.3 percent and 22.3 percent respectively.
Diversified Funds

Bâitrente’s diversified funds closed 2012 on positive ground, with returns of 5.5 percent for the Income Fund, of 6.8 percent for the Patrimonial Fund, of 8.6 percent for the Provident Fund, of 10.3 percent for the Intrepid Fund and of 10.0 percent for the Energetic Fund, beating, with the exception of the latter (−0.3 percent), their respective benchmark portfolios by 0.5, 0.7, 0.1 and 0.3 percent.
BECAUSE WE BELIEVE in a sustainable development in which economic activity takes account of its social and environmental impact. This is why we actively practice a socially responsible finance. A finance in which investors accept their obligation to drive progress by exercising their rights and influencing corporate decisions. We intervene with corporations on issues of governance, climate change, labour rights or relations with communities. So that “long-term returns” can rhyme with “better collective living”.

Investing
Extrafinancial Risks exist when a corporation’s environmental, social and governance (ESG) practices are likely to hinder sustainable economic development or to have a negative impact on its financial results and, as a consequence, on its market capitalization.

Our raison d’être is to grow our members’ retirement savings in a clairvoyant, transparent, responsible and profitable way. The long-term financial interests and general interests of our members are at the heart of our action. This is why we intervene with enterprises in which we invest to have them improve their extrafinancial risks management.

Extrafinancial risks exist when a corporation’s environmental, social and governance (ESG) practices are likely to hinder sustainable economic development or to have a negative impact on its financial results and, as a consequence, on its market capitalization.

As an active member of the Principles for Responsible Investment (PRI), Bâtirente has developed a recognized expertise in the area of responsible finance. Its strategy is divided into four parts:

- Integration of ESG risks into external portfolio managers’ investment decisions
- Shareholder engagement
- Voting rights exercise
- Participation in national and international responsible investment and corporate responsibility initiatives

Every year, we report on activities related to each one of these four parts.

Integration of ESG Risks into Investment Decisions

With its Guidelines on Extrafinancial Risks Management, Bâtirente can methodically assess the risks that enterprises are exposed to due to their environmental, social and governance (ESG) practices. Adopted in 2005, the guidelines were updated in 2011. The update provides for greater involvement for our Senior Manager – Institutional Markets who, within the scope of her supervision activities, must convince managers to integrate ESG analysis into their portfolio building process and to report on them.

More than half our managers are signatories to the PRI. They are: AlphaFixe Capital, Fiera Capital, Hexavest, Montrusco Bolton Investments, Presima and TD Asset Management.
Shareholder Engagement
Bâtirente holds dialogues with the corporations in its investment portfolio to encourage them to improve their extrafinancial risks management and their sustainable development performance. This process unfolds as follows:

1. Analyze companies represented in portfolios and identify the main ESG risks and the mitigating measures to be taken.

2. Develop an annual action plan to be presented to the Extrafinancial Risks Management Committee and to the board of directors.

3. Hold constructive dialogues with corporations to have them adopt the proposed measures or take advantage of new business opportunities.

4. When needed, file a shareholder proposal at the annual general meeting when a corporation fails to make a satisfactory commitment to improve its risks management. After the proposal has been filed, Bâtirente remains open to withdraw its proposal if dialogue is moving forward.

In 2012, 37 enterprises were approached to discuss various ESG issues. Twenty-three agreed to meet with Bâtirente, and most of them were open to dialogue.

Annual Review
Relations with Communities
- In September 2012, with the contribution of Bâtirente, the Boreal Leadership Council published a report concluding that the responsible exploitation of the Canadian boreal region’s natural resources must be based on the principle of aboriginal people’s free, prior and informed consent (FPIC). The report proposes a series of related recommendations.
- Pursuant to demands by numerous organizations, including Bâtirente, the Quebec government finally announced on March 28, 2012, that it was mandating the BAPE to study the environmental and social impacts of uranium exploration and mining in Quebec. Bâtirente believes that this kind of study will help to better understand the risks involved in developing this sector and to improve the way we seek the free, prior and informed consent (FPIC) of local stakeholders.

- Bâtirente recommended that Osisko Mining Corporation continue negotiating the acquisition of properties located next to the pit dug up by the mining company and owned by Malartic citizens complaining about the nuisance caused by the mine. Despite efforts on both sides, the parties are still unable to agree on the sale price of four properties. Bâtirente recommends adopting a code of conduct with regard to property acquisition for the purpose of establishing procedures and criteria to be applied when relocations are needed to allow mining. With this in mind, Bâtirente offered the example of a guide recently produced by the Niobec Saguenay–Lac-Saint-Jean Mine Monitoring Committee entitled Guide et bonnes pratiques pour un processus harmonieux d’acquisition et d’indemnisation. Bâtirente also recommended that the mining company revive the Monitoring Committee, as recommended in a Raymond Chabot Grant Thornton study conducted for the company and filed in February 2013. Pursuant to an independent selection process, a new chairperson was appointed for the Monitoring Committee. This appointment could help to build trust between Malartic citizens and Osisko.
## ESG ISSUES BROached IN 2012

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<th>2012 Targeted Corporations</th>
<th>Met</th>
<th>Dialogue Status</th>
<th>ESG Risk</th>
<th>Environment</th>
<th>Social</th>
<th>Governance</th>
<th>ESG Disclosure</th>
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<td>Silver Wheaton Corp.</td>
<td></td>
<td></td>
<td>★</td>
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<tr>
<td>Barrick Gold</td>
<td></td>
<td></td>
<td>★</td>
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<tr>
<td>Uranium One Inc.</td>
<td></td>
<td></td>
<td>★</td>
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<tr>
<td><strong>Oil and Gas</strong></td>
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<tr>
<td>Athabasca Oil Corp.</td>
<td></td>
<td></td>
<td>★</td>
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<tr>
<td>Baytex Energy Corp.</td>
<td></td>
<td></td>
<td>★</td>
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<tr>
<td>Bonavista Energy Corp.</td>
<td></td>
<td></td>
<td>★</td>
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<tr>
<td>Encana Corporation</td>
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<td></td>
<td>★</td>
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<tr>
<td>Peyto Exploration &amp; Development</td>
<td></td>
<td>★</td>
<td>★</td>
<td>★</td>
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<tr>
<td>Talisman Energy Inc.</td>
<td></td>
<td></td>
<td>★</td>
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<tr>
<td>Suncor Energy Inc.</td>
<td></td>
<td></td>
<td>★</td>
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<tr>
<td><strong>Utilities and Pipelines</strong></td>
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<tr>
<td>Enbridge Inc.</td>
<td></td>
<td></td>
<td>★</td>
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<tr>
<td>TransCanada PipeLines Limited</td>
<td></td>
<td>★</td>
<td>★</td>
<td>★</td>
<td></td>
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</tr>
</tbody>
</table>

- Not open to dialogue
- Some openness to dialogue
- Open to dialogue
- High ESG risks
- Medium ESG risks
- Well-managed ESG risks
Climate Change
In 2012, close to 100 international investors supporting the Carbon Disclosure Project sent a letter to 415 companies over the world demanding that they adopt greenhouse gas emission reduction goals. For that purpose, Bâtirente met with Encana and Kinross Gold, two of the targeted companies. Encana stated that it needs first to complete its strategic activity review before it adopts this kind of goals, specifying that it does not intend to adopt absolute reduction targets. Kinross, on the other hand, rejected the idea, indicating that by nature mining could not target significant reduction goals. Bâtirente intends to keep the dialogue going with both corporations.

Extractive Industries
Bâtirente and NEI Investments were jointly at the origin of sending a letter signed by some twenty investors demanding that the federal government comply with the Extractive Industries Transparency Initiative (EITI). The EITI requests governments to report annually on their transactions with extractive industries present on their territory. Natural Resources Minister Joe Oliver responded that Canada was already showing sufficient transparency. On the other hand, a task force made of Canadian industrial associations and NGOs was set up to develop recommendations for the government. Bâtirente and NEI gained the support of 22 investors to sign a declaration of support for this multiparty committee.

Shareholders’ Rights
Bâtirente, Invesco, NEI Investments, Montrusco Bolton Investments and Gestion FERIQUE disputed before the Ontario Superior Court the $117 million arrangement agreed between the plaintiffs of a class action and Ernst & Young, as compensation for losses incurred by investors pursuant to the bankruptcy of Sino Forest, which collapsed pursuant to significant fraud allegations. This settlement frees Ernst & Young from any and all claims related to their work as auditors of the forest company and deprives investors of their legally recognized right to launch distinct lawsuits. The Superior Court’s ruling dismissing the settlement opponents’ motion is currently being appealed.

Reporting
- Québecor has been applying for a few years an environmental strategy that includes procuring sustainable forest management paper. Bâtirente nonetheless believes that the corporation should report on its strategy, objectives and performance to help investors better assess their results in these areas. Bâtirente met with Quebecor’s management, who showed some willingness to improve transparency without however committing to act in the near future. Bâtirente consequently filed a shareholder proposal demanding that the board of directors report annually on the corporation’s environmental and social performance. This proposal was presented at the May 2013 annual meeting and was supported by 23 percent of proxy votes not cast by the controlling shareholder.
- In 2011, Bâtirente filed three proposals for adoption at the shareholders’ meeting of Couche-Tard Inc., one of which demanded the production of a sustainable development report. The other proposals requested the adoption of a policy regarding the respect of freedom of association and the right to collective bargaining and a commitment to increase the number of women on the board of directors. The sustainable development report proposal was favourably received by 30 percent of outside shareholders. Despite this support, the corporation’s management chose not to follow up on our requests for meetings to discuss this issue.
A new shareholder proposal on the same issue was filed for the next shareholders’ meeting to be held in the fall of 2013.

● Bâtirente also approached the Jean Coutu Group (PJC) Inc. to request the pharmaceuticals retailer to produce a sustainable development report covering topics such as the issue of toxic products in the cosmetic and personal care products that it distributes. It is worth noting that Jean Coutu’s ESG reporting is inferior to that of several retailers, some of which are direct competitors. Although Bâtirente has not been a Jean Coutu shareholder since January 2013, we are monitoring the corporation’s progress with regard to ESG reporting.

Responsible Procurement
● Metro published its first corporate responsibility report in 2012, a major reporting breakthrough for a public company in Quebec. While recognizing the considerable progress made in its approach to responsible procurement, Bâtirente recommended that Metro adhere to a multiparty palm oil certification initiative and pay particular attention to labour rights issues related to its procurement chain, including aquaculture facilities located in Asia.
● Through a SHARE representative, Bâtirente quizzed Rogers Sugar’s chair of the board on their intentions regarding the improvement of the corporation’s social and environmental reporting at its annual meeting held in Vancouver. Rogers Sugar produces no adequate annual ESG report and has no policy regarding fundamental labour rights, although the majority of its sugar suppliers are in Brazil and Guatemala. The chair of the board replied that Rogers Sugar is not planning to implement this improvement. Bâtirente intends to keep the dialogue open with this company.
● Dollarama and Dorel adopted codes of conduct requiring their suppliers to respect fundamental labour rights but they do not provide information on their implementation. Moreover, the two corporations only publish very little information on their environmental and social performance. Bâtirente had constructive meetings with these two corporations over the past year and dialogue is ongoing.

In 2012, at 213 shareholders’ meetings, Bâtirente exercised its voting right on 2,279 proposals.

Voting Rights Exercise
In 2012, at 213 shareholders’ meetings, Bâtirente exercised its voting right on 2,279 proposals, including 104 filed by outside shareholders. Bâtirente voted for 74 of those. Several purported to the separation of the positions of CEO and chair of the board, on executive compensation or shareholders’ rights. Others covered environmental and social risks. Bâtirente gives the Groupe investissement responsable a mandate to exercise its voting rights in compliance with its Guidelines. Every quarter, Bâtirente publishes on its Web site the list of proposals that were voted on.
Strategic Partnerships
Bâtirente is actively involved with national and international initiatives whose mission is to mitigate the risks associated with the impact of corporate environmental, social and governance (ESG) issues.

- **Principles for Responsible Investment (PRI):**
  Global Network on Responsible Investment.
  In September 2012, Daniel Simard, CEO of Bâtirente, was re-elected for a third term to the North American position on the Principles for Responsible Investment Advisory Council. He also chairs the committee that supports PRI implementation by signatories with more modest resources.

- **Québec PRI Network:**
  Québec Network of PRI Signatories.
  Bâtirente started developing a Québec network of signatories to the Principles for Responsible Investment in 2011. The network was launched on February 19, 2013, at the Colloque québécois sur l’investissement responsable that was held in Montréal.

- **Extractive Industries Transparency Initiative (EITI):**
  Initiative whose mission is to fight corruption through better extractive industries transparency.

- **Canadian Boreal Initiative:**
  Multiparty group seeking to protect the Canadian Boreal forest.

- **Initiative pour la finance durable (IFD):**
  Québec professional financial sector association seeking to encourage sharing information on best practices and to promote university training in responsible investment.

- **Social Investment Organization (SIO):**
  Network promoting the practice of sustainable investment in Canada. Bâtirente participates in the SIO committee on public policy.

- **Euresa:**
  European co-operative responsible investment network.

- **Carbon Disclosure Project (CDP):**
  Initiative seeking corporate disclosure of greenhouse gas emissions and risks associated with climate change.
A Québec PRI Network was launched on February 19, 2013, at the Colloque québécois sur l’investissement responsable held in Montréal. Bâtirente was one of the instigators of this network that brings together more than 25 Québec institutional investors, all of whom have signed the Principles for Responsible Investment (PRI). The mission of the Québec PRI Network is to raise awareness on the integration of environmental, social and governance considerations into activities. With 200 participants, this symposium was a true success. Rob Lake, then PRI Director, was the guest of honour. Also a speaker, Bâtirente’s CEO Daniel Simard, who has a seat on the PRI Advisory Council, encouraged symposium participants to join the ranks of network members.

Signatories to The Québec PRI Network:
Addenda Capital; AlphaFixe Capital; Amundi; Bâtirente; Caisse de dépôt et placement du Québec; Caisse d’épargne solidaire Desjardins; Cordiant; Fiera Capital; Fondaction CSN; Fonds de solidarité FTQ; Desjardins Funds; Gestion FÉRIQUE; Global Alpha Capital Management; Groupe investissement responsable; Hexavest; HR Stratégies; Mercer; Optimum Asset Management; Montrusco Bolton Investments; PBI Actuarial Consultants; Presima; Régime de retraite de l’Université du Québec; Régime de retraite de l’Université de Montréal; Native Benefits Plan; Regroupement pour la responsabilité sociale des entreprises; SSQ Financial Group.
In addition to providing financial support for the development of health, education and electrification projects, Talisman contributed financially to the production of a regional social development plan that was to help communities to become better equipped and to make representations for their needs with the Peruvian government.

Lastly, the medical services of Talisman’s base camp were extended for free to local citizens.

Due to disappointing drilling results, Talisman ended up abandoning its Peruvian concession soon after our visit. Bâtirente is still monitoring the progress of this corporation with regard to relations with communities.

1. Bâtirente paid for its expenses, with the exception of travels from Lima and on the territory of the concession which Talisman took care of for reasons of security.
Every other year, Bâtirente integrates to its annual report the information pertaining to the Global Reporting Initiative (GRI) indicators, to ensure the systematic disclosure of the way it manages its social and environmental impacts.

With a regular team of eight salaried and three contract employees, Bâtirente is an organization of modest size compared to major banking and financial sector corporations. Limited resources have so far prevented Bâtirente from implementing a sustainable development plan based on the consultation of its stakeholders and on reaching goals according to an established timetable as recommended by the GRI. Note, however, that exchanges on a number of aspects of Bâtirente’s social and environmental performance do take place within the scope of the organization’s regular activities, including the work of the Extra-financial Risks Management Committee, follow up meetings with portfolio managers and exchanges with institutional and labour clients whose retirement plan is established with Bâtirente.

Nonetheless, this report documents all of the financial services supplier sector supplement basic indicators proposed by the GRI as well as several voluntary indicators applicable to Bâtirente’s business reality. It also takes into account the 3.1 GRI Guidelines update. The index for these indicators can be found on pages 44 to 47. Indicators were selected based on their relevance to the type of activities conducted by Bâtirente and to other presumed expectations of the stakeholders this report is intended for, including members of the retirement system, labour unions and employers, associated institutions investing assets in Bâtirente funds, employees and portfolio managers.

Our annual global report also accounts for our performance in applying the Principles for Responsible Investment (PRI), as they apply to our approach as an institutional investor on public markets. On the first page of the report, you will find a table of contents to guide you through our application of the six principles.
Scope of Report
The report covers the period from January 1 to December 31, 2012, with the exception of this chapter, which reports on Bâtirente’s social and environmental performance for 2011 and 2012, and of the section on extrafinancial risks management, for which the shareholder engagement cycle of activity covers the period from June 1, 2011 to May 31, 2013.

The report is limited to the activities of Bâtirente. The organization, with its head office located in Montréal, offers services essentially in Québec and owns no subsidiary or joint ventures. However, according to the Guidelines for defining the boundary of a GRI report, this report covers our approach with regard to the social and environmental performance of a number of suppliers and partners, including SSQ Financial Group with regard to paper consumption, the Carrefour financier solidaire with regard to greenhouse gas and residual material management and our portfolio managers, with regard to extrafinancial risks management in our investment practices.

Environmental Performance
Paper consumption represents the main direct environmental impact related to the activities of a retirement system such as Bâtirente.

Paper Consumption
Over the past few years, Bâtirente has been working with its trustee, SSQ Financial Group, to reduce paper consumption for purposes of communicating with members and group agents.

The number of pages of some reports and statements printed by SSQ on behalf of Bâtirente has been reduced. These changes had but a minor impact, with the ratio of sheets consumed per participant remaining sensibly unchanged over the past four years, oscillating slightly between 11.2 and 12.0 sheets\(^1\). All told for statements, reports, communiqués and some information tools printed by SSQ for Bâtirente members and groups, paper consumption reached 306,000 sheets in 2012.

To ensure a significant impact on our paper consumption, we will conduct a campaign with members and group agents to offer them the possibility of receiving their statements and reports electronically. The planning of the campaign will be done in 2013-2014.

It is worth noting that these statistics on SSQ’s paper consumption do not take into account personalized administrative forms and letters sent to members, group agents and remittance agents. With regard to forms, all of the forms produced by SSQ on behalf of Bâtirente are now available on Bâtirente’s Web site.

Finally, an on-line enrolment module was implemented in 2011 to improve the efficiency of the enrolment process and to reduce paper consumption.

In addition, Bâtirente directly manages the production of its information and promotion material. The resulting paper consumption varies greatly from year to year according to special projects and business development priorities. For instance, in 2012, a 103 percent increase in the number of sheets used per participant was recorded compared to 2011. Over the past four years, paper consumption for this area ranged from 151,000 to 319,000 sheets.

To limit the environmental footprint of this paper consumption, Bâtirente prints all its publications on FSC certified or 100 percent recycled paper. Bâtirente also allocated resources over the past few years to the development of on-line information and promotion tools.

Lastly, the paper consumption of Bâtirente employees and of the committees that ensure the governance of the organization reached 70,000 sheets in 2011 and 56,000 sheets in 2012. The ratio of sheets consumed per employee helps to monitor the evolution of internal paper consumption. This ratio increased by 20 percent between 2009 and 2011, moving from 6,880 sheets to 8,250 sheets per employee. Fortunately, in 2012, the ratio fell back down below its 2009 level, with a consumption of 5,870 sheets per employee.

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1. Paper consumption is reported on the basis of total 8 ½ x 11 inches equivalent pages.
Over the next two years, Bâtirente will raise its employees’ and board members’ awareness to reduce paper consumption. From now on, Bâtirente will also purchase 100 percent recycled postconsumer paper products.

**GHG Emissions**

As a financial services firm, all our greenhouse gas (GHG) emissions are indirect and essentially stem from our employees’ usual business travels by car and occasionally, by plane.

For 2011 and 2012 respectively, total GHG emissions reached 14.1 and 20.2 tons of CO₂ equivalent. As usual, Bâtirente offset its emissions by purchasing credits with Planetair.

Please note that between 2009 and 2012, Bâtirente’s travels generated an annual average of 72 kg of GHG per 100 members, a result 23 percent below the 93 kg per 100 members ceiling that Bâtirente had adopted in 2006.

To encourage workers to maintain this fine performance, the collective agreement negotiated in 2012 provides for the partial reimbursement of monthly public transit passes in 2012, 2013 and 2014. Four Bâtirente employees are taking advantage of this measure. This incentive is financed by the non-indexation of the compensation rate for kilometres driven in a car for the same years.

In addition, Bâtirente employees who use active means of transportation (public transit, carpooling, biking or walking) to go to work can participate in the CarboPoints programme implemented in 2008 for Carrefour solidaire workers, which houses the Bâtirente head office. In this way, they collect CarboPOINTS that they can redeem against gift certificates to purchase fair trade, organic or outdoors products. Staff members can also elect to donate them to their preferred charities. Three Bâtirente salaried employees are participating in the CarboPOINTS programme, one of which is a member of the sustainable transport committee.

**Energy, Water, Emissions and Effluents**

The head office of Bâtirente is located in the Carrefour financier solidaire, a building recognized by Natural Resources Canada’s Office of Energy Efficiency. The organizations regrouped therein work together to improve their environmental performances.

Fondaction, the owner and main occupant of the Carrefour financier solidaire, publishes a biennial GRI-compliant sustainable development report documenting the Carrefour’s performance with regard to energy and water consumption and to emission, effluent and waste management. The 2010-2012 report is available on-line in French, at www.fondaction.com.

**Residual Material Management**

The Carrefour financier solidaire, which houses the Montréal Bâtirente offices, produces close to 11,490 kg of residual materials per year according to Fondaction’s 2010-2012 sustainable development report. The valorization rate of residual materials at the Carrefour financier solidaire for this period was 81 percent, corresponding to level 3 of Recyc-Québec’s “Ici on recycle” programme, which is granted to establishments that reach high residual matter valorization performances.
Internal Social Performance
Six Bâtirente employees are unionized. A second collective agreement was signed in 2012. It establishes their working conditions comprising a benefits package including a retirement plan, group insurance, supplemental parental leave programme, and access to professional training.

In a work-life balance perspective, employees have access to confidential support services to help them in case of serious illnesses, conjugal violence or other problems of a private nature. They also enjoy a certain level of flexibility and a high degree of autonomy in the organization of their work schedule.

Salary Conditions
Salary conditions are established according to a specific salary scale providing for automatic yearly progression. Bâtirente’s entry-level salary is $22.28 per hour, which represents 2.25 times the minimum wage applicable in Québec.

Bâtirente’s staff includes two women and five men. For 2011 and 2012, the ratio of women’s maximum basic salary compared to men’s was 95.1 and 95.6 percent respectively.

Retirement Plan
Bâtirente and its employees jointly contribute to the CSN’s defined benefit retirement plan. The 2008-2009 financial crisis’ weighing down returns and the protracted reduction in interest rates over the past few years caused defined benefit pension plans’ capitalization and solvency to deteriorate considerably. Although doing better than many major plans, the CSN’s retirement plan does not escape this phenomenon. Against this background, steps were taken in 2011 to reduce some of the plan’s obligations towards participants.

As at December 31, 2010, actuarial valuation reported a capitalization level of 91.1 percent. The following year, the level climbed back to 94.2 percent. On the other hand, the coverage of retirement plan benefit liabilities which stood at 92.2 percent as at December 31, 2010, had dropped to 75.1 percent as at December 2011, despite the changes made to the plan. Parties representing plan employers and members set up a task force to recommend measures apt to ensure the plan’s continuity.

Professional Development
The regulations of the Autorité des marchés financiers, the CFA Institute and the Canadian Institute of Actuaries require finance professionals to accumulate 30 to 100 professional development hours per two-year period. Bâtirente covers related training fees for concerned employees. Employees from other job categories also have access to professional development. In 2011 and 2012, Bâtirente contributed to 456 hours of professional training completed by eight regular Bâtirente employees.

External Social Performance

Influencing Financial Markets
Bâtirente representatives are regularly invited to speak at various events and conferences on responsible investment and retirement savings. They take advantage of every one of these opportunities to bring other financial industry players into the fold of various local and international responsible finance initiatives.

In 2011 and 2012, Bâtirente managed to be present at some twenty events, including those listed in the first table on the next page.

Sponsorships and Local Involvement
Every year, Bâtirente allocates a global amount to social and community support. Bâtirente thus sponsors many events related to the labour movement, socially responsible finance, sustainable development and social and humanitarian causes.

The second table on the next page presents some of the organizations that Bâtirente supported in 2011 and 2012.
In 2012, Bâtirente associated with BOURSTAD, a stock market simulation competition developed by the Collège de Rosemont. This original initiative proposes to introduce members of the public as well as high school, college and university students to the universe of stock markets through an on-line stock exchange simulation, and to help them become familiar with the goals of responsible investment.

Bâtirente also supports an important research project conducted by the Institut de recherche en économie contemporaine on financing the ecological transition of the Québec economy.

Bâtirente takes part every year in the benefit auction sale of the Écomusée du fier monde, which supports local artists and a neighbourhood museum dedicated to the history of labour, industry and culture.

EVENTS AND CONFERENCES AT WHICH BÂTIRENTE INTERVENED IN 2011 AND 2012

- 6th Edition of the Conférence sur le développement durable et la responsabilité sociale, Montréal, April 2011
- Deloitte Directors’ Series (auditors), videoconference, April 2011
- Symposium of the Centre for Interdisciplinary Research and Information on Community Enterprises – Université de Sherbrooke, Sherbrooke, May 2011
- Launching of Portrait de la finance responsable au Québec, Montréal, June 2011
- Private conference presented before executives and officers of co-operatives affiliated to the Brazilian financial co-operative CRESOL, Montréal, July 2011
- PRI in Person Conference, Paris, France, September 2011
- Professional Development Seminar of the Canadian Institute of Actuaries (CIA), Toronto, November 2011
- Bourstad Gala, Montréal, May 2012
- Breakfast seminar of the Association of Canadian Pension Management (ACPM), Montréal, June 2012
- Board of directors of the Etablissement de retraite additionnelle de la fonction publique Paris, France, September 2012
- Conference of the Interuniversity Research Centre on Globalization and Work, (CRIMT), Montréal, October 2012
- PRI Academic Network Conference, Toronto, October 2012

ORGANIZATIONS SUPPORTED BY BÂTIRENTE IN 2011 AND 2012

- CSN movement labour conventions
- Various events organized by CSN organizations and CSN affiliated labour unions
- Collège de Rosemont – Bourstad stock market simulation contest
- Fondation de l’Université de Sherbrooke
- Fondation pour l'éducation à la coopération et à la mutualité
- Fondation Monique-Fitz Back
- Institut de recherche en économie contemporaine (IREC)
- Institut du nouveau monde - Dialogue on the future of mining
- Forum Plan Nord
- Fonds d’action québécois pour le développement durable
- Équiterre
- Regroupement pour la trisomie 21 – Action 21 Soirée
- Leucan
- Amnesty International
- Écomusée du fier monde
## Strategy and Profile

### Strategy and Analysis

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Pages</th>
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<tbody>
<tr>
<td>1.1</td>
<td>Statement of most senior decision-maker in the organization</td>
<td>Inside back cover.</td>
</tr>
<tr>
<td>1.2</td>
<td>Description of main impacts, risks and business opportunities</td>
<td>3-5, 17-21, 31-38</td>
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### Organization Profile

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
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<tr>
<td>2.1–2.8</td>
<td>Name of the organization; main products, services and corresponding brands; operational structure of the organization; head office location; country of implementation of the organization; capital structure and legal form; markets and geographic areas covered; industry sectors and types of clients served; size of organization</td>
<td>7-14</td>
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<tr>
<td>2.9</td>
<td>Changes in size, structure</td>
<td>3, 17-20</td>
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<tr>
<td>2.10</td>
<td>Prizes received</td>
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### Scope of Report

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<tr>
<th>Indicator</th>
<th>Description</th>
<th>Pages</th>
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<tr>
<td>3.1–3.8</td>
<td>Period covered; date of last report; reporting cycle considered, person to be contacted for questions on the report; process used to determine report contents and materiality, topic prioritization, report user-stakeholder identification; scope of the report; limitations; reporting on subsidiaries and joint ventures</td>
<td>39-40</td>
</tr>
<tr>
<td>3.9–3.11</td>
<td>Measurement methods, explanation of any re-statements of information in previous reports and reasons for such re-statements</td>
<td>40-41</td>
</tr>
<tr>
<td>3.12</td>
<td>GRI Index</td>
<td>44-47</td>
</tr>
<tr>
<td>3.13</td>
<td>External report audit policy and current practices</td>
<td>None.</td>
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### Governance, Engagement and Dialogue with Stakeholders

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<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
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<tr>
<td>4.1–4.5</td>
<td>Governance structure; role of Chair of the Board as executive officer; number of independent or non-executive directors, mechanism for shareholders and employees to make recommendations or to communicate instructions to the board of directors; relationship between board member, executive and executive officer compensation and the performance of the organization</td>
<td>7-9, 12-14</td>
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<td>4.6</td>
<td>Process implemented by the board of directors to avoid conflicts of interest</td>
<td>13-14</td>
</tr>
<tr>
<td>4.7</td>
<td>Process to establish the qualification and expertise of board members to determine organizational strategies related to economic, environmental and social issues</td>
<td>8-9, 12-13</td>
</tr>
<tr>
<td>4.8</td>
<td>Missions or values, codes of conduct internally developed with regard to economic, environmental and social performances, and level of implementation</td>
<td>Inside front cover, 7, 14, 22-23, 25-26, 29, 31</td>
</tr>
<tr>
<td>4.9</td>
<td>Economic, environmental and social performance assessment procedures</td>
<td>18-19, 25-26, 29, 31, 33, 39</td>
</tr>
<tr>
<td>4.10</td>
<td>Governance structure performance assessment process</td>
<td>13</td>
</tr>
<tr>
<td>4.11</td>
<td>Precautionary principle</td>
<td>Not applicable. The services offered by Bâtirente have no direct environment or health incidence.</td>
</tr>
<tr>
<td>4.12</td>
<td>Charters, principles and other external initiatives Bâtirente adheres to or supports</td>
<td>Inside front cover, 4-5, 14, 31, 36-37, 43</td>
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<tr>
<td>4.13</td>
<td>Membership in associations or enrolment in advocacy organizations in which it plays an active and strategic role</td>
<td>Inside front cover, 14, 36-37</td>
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<td>4.14–4.17</td>
<td>List of stakeholders Bâtirente is interacting with; selection criteria for stakeholders, process and frequency of dialogues; key topics broached</td>
<td>7, 15, 21, 31-38, 39</td>
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## PERFORMANCE INDICATORS

### Economic Performances

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<th>Description</th>
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<tr>
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<td>Economic value generated and distributed</td>
<td>17-21, 24-29, 43</td>
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<tr>
<td>EC2</td>
<td>Risks and opportunities related to climate changes</td>
<td>33-34, 36, 41</td>
</tr>
<tr>
<td>EC3</td>
<td>Coverage of liabilities related to defined benefit pension plan</td>
<td>42</td>
</tr>
<tr>
<td>EC4</td>
<td>Significant subsidies and financial support received from government</td>
<td>None.</td>
</tr>
<tr>
<td>EC5</td>
<td>Ratio of entry-level salary over legal minimum wage</td>
<td>42</td>
</tr>
<tr>
<td>EC6</td>
<td>Policy, practices and proportion of expenses made at local suppliers</td>
<td>3, 14</td>
</tr>
<tr>
<td>EC7</td>
<td>Procedures to hire from local communities</td>
<td>None.</td>
</tr>
<tr>
<td>EC8</td>
<td>Development of infrastructures and services benefiting the community</td>
<td>8, 10-11, 15, 17, 23</td>
</tr>
</tbody>
</table>

### Environmental Performances

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN1-EN2</td>
<td>Material consumption; percentage of consumed material from recycled material</td>
<td>40-41</td>
</tr>
<tr>
<td>EN3-EN4</td>
<td>Energy</td>
<td>41</td>
</tr>
<tr>
<td>EN8</td>
<td>Water</td>
<td>41</td>
</tr>
<tr>
<td>EN11-EN15</td>
<td>Biodiversity</td>
<td>Bâtirente is developing no real estate, facility or infrastructure, and has no direct impact on biodiversity.</td>
</tr>
<tr>
<td>EN16-EN18</td>
<td>GHG emissions</td>
<td>41</td>
</tr>
<tr>
<td>EN19-EN21</td>
<td>Emissions, effluents and waste</td>
<td>41</td>
</tr>
<tr>
<td>EN22</td>
<td>Total waste per type and treatment method</td>
<td>41</td>
</tr>
<tr>
<td>EN23</td>
<td>Discharges</td>
<td>Bâtirente manages no industrial processes.</td>
</tr>
<tr>
<td>EN26</td>
<td>Initiatives to manage environmental impacts of products and services</td>
<td>31-37, 40-41</td>
</tr>
<tr>
<td>EN27</td>
<td>Percentage of packaging recycled or reused</td>
<td>Bâtirente produces no packaged consumer goods.</td>
</tr>
<tr>
<td>EN28</td>
<td>Financial penalties or sanctions for breaking an environmental law</td>
<td>None.</td>
</tr>
</tbody>
</table>

### Social Performances

#### Employment, Social Relations and Decent Work

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA4</td>
<td>Percentage of employees covered by a collective agreement</td>
<td>42</td>
</tr>
<tr>
<td>LA5</td>
<td>Prior notice given employees in case of major changes in the nature of activities</td>
<td>Collective agreement.</td>
</tr>
<tr>
<td>LA7</td>
<td>Workplace accidents and occupational diseases</td>
<td>None.</td>
</tr>
<tr>
<td>LA8</td>
<td>Employee assistance programme in case of serious illness</td>
<td>42</td>
</tr>
<tr>
<td>LA9</td>
<td>Occupational health and safety topics covered by formal agreement with labour unions</td>
<td>42</td>
</tr>
<tr>
<td>LA10</td>
<td>Number of training hours per year and per employee</td>
<td>42</td>
</tr>
<tr>
<td>LA13</td>
<td>Composition of governance committees and breakdown of employees per gender</td>
<td>8, 42</td>
</tr>
<tr>
<td>LA14</td>
<td>Ratio of men’s basic salary over women’s per occupational category</td>
<td>42</td>
</tr>
<tr>
<td>LA15</td>
<td>Employee return to work and retention rate pursuant to parental leave, per gender</td>
<td>One employee took a maternity leave at the end of which she returned to her job.</td>
</tr>
</tbody>
</table>
## PERFORMANCE INDICATORS – cont’d

### Social Performances – cont’d

<table>
<thead>
<tr>
<th>Society</th>
<th>SO1–SO4: Corruption and community</th>
<th>Bâtirente has no foreign operations.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SO5: Taking of strong line on public policies and participating in lobbying activities</td>
<td>4-5</td>
</tr>
<tr>
<td></td>
<td>SO6: Total contributions made in kind and in cash to political parties, politicians and related institutions, per country</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>SO7: Total number of lawsuits for anticompetitive behaviour, transgression of antitrust legislation and monopolistic practices</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>SO8: Amount of significant financial penalties and total number of non-financial sanctions for breaking laws and regulations</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>SO9-SO10: Description of significant impacts on local communities, whether probable or actual; prevention and actions to mitigate the said impacts</td>
<td>Not applicable.</td>
</tr>
</tbody>
</table>

### Product Responsibility

<table>
<thead>
<tr>
<th>PR1 Life cycle</th>
<th>Bâtirente develops no products that could have a direct incidence on the environment.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR3 Type of information on products and services required by regulatory bodies</td>
<td>According to capital accumulation plan guidelines.</td>
</tr>
<tr>
<td>PR4, PR7 Incidents of non-compliance with regulations and voluntary codes on product and services information (labelling, promotion, advertising, etc.)</td>
<td>None.</td>
</tr>
<tr>
<td>PR5 Practices aimed at assessing client satisfaction</td>
<td>General meeting of group representatives and annual survey.</td>
</tr>
<tr>
<td>PR6 Watch programme on compliance with laws, standards, voluntary codes regarding marketing and communication</td>
<td>Responsibility lies with the insurance company administering the Bâtirente retirement system.</td>
</tr>
<tr>
<td>PR8 Substantiated complaints for invasion of privacy and client data loss</td>
<td>None.</td>
</tr>
<tr>
<td>PR9 Financial penalties for non-compliance with laws and regulations regarding the provision and the use of products and services</td>
<td>None.</td>
</tr>
</tbody>
</table>

## SUPPLEMENT–FINANCIAL SERVICES*

<table>
<thead>
<tr>
<th>FS1 Environmental and social policies regarding financial services</th>
<th>31-38</th>
</tr>
</thead>
<tbody>
<tr>
<td>FS2 Procedures to assess and screen environmental and social risks</td>
<td>31-38</td>
</tr>
<tr>
<td>FS3 Procedures to control client compliance with environmental and social standards</td>
<td>Bâtirente manages its clients’ assets but does not grant them loans.</td>
</tr>
<tr>
<td>FS4 Procedures to improve employees’ competence to implement environmental and social</td>
<td>Two employees enrolled in the Sustainable Investment Professional Certification Program and another obtained a GRI Report Production Certification.</td>
</tr>
<tr>
<td>INDICATORS</td>
<td>DESCRIPTION OF INDICATORS COVERED BY THE REPORT</td>
</tr>
<tr>
<td>------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>FS5</td>
<td>Interactions with clients/contributors/business partners with regard to environmental and social risks and business opportunities</td>
</tr>
<tr>
<td>FS7</td>
<td>Value of products and services with social benefits</td>
</tr>
<tr>
<td>FS8</td>
<td>Value of products and services with environmental benefits</td>
</tr>
<tr>
<td>FS9</td>
<td>Scope and frequency of audits aimed at assessing the implementation of social and environmental policies and risk evaluation procedures</td>
</tr>
<tr>
<td>FS10</td>
<td>Percentage and number of companies held in portfolio with whom the organization interacted with regard to environmental or social issues</td>
</tr>
<tr>
<td>FS11</td>
<td>Percentage of assets subjected to environmental and social screenings</td>
</tr>
<tr>
<td>FS12</td>
<td>Voting policy applied to environmental or social issues voted on at annual general meetings of enterprises in portfolios</td>
</tr>
<tr>
<td>FS13</td>
<td>Access points in sparsely populated or economically disadvantaged areas</td>
</tr>
<tr>
<td>FS14</td>
<td>Initiatives to improve access to financial services for disadvantaged people</td>
</tr>
<tr>
<td>FS15</td>
<td>Policies framing the financial product and service offer</td>
</tr>
<tr>
<td>FS16</td>
<td>Initiatives to educate contributors and beneficiaries</td>
</tr>
</tbody>
</table>

*Note that indicators HR1-HR9 have been replaced with the financial services supplement indicators.*
Board of Directors

Chair
Pierre Patry
Montréal
Treasurer
Confédération des syndicats nationaux

Vice-chair
Léopold Beaulieu
Montréal
President and Chief Executive Officer
Fondaction

Secretary
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Montréal
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Confédération des syndicats nationaux

Chief Executive Officer
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Montréal

Directors

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Fédération des employées et employés de services publics (CSN)

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Portfolio Management and Governance Consultant

Néjia Chehidi
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Bâtirente Plan Representative
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Andrée De Serres
Ville Monte-Royal
Lawyer and Tenured Professor
École des sciences de la gestion de l’UQAM

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Saint-Constant
Bâtirente Plan Representative
Syndicat national des employés du papier de Candiac (CSN)

Alain Lampron
Repentigny
President
Fédération de l’industrie manufacturière (CSN)

Pierre Leduc
Salaberry-de-Valleyfield
Syndicat national des travailleurs des produits chimiques de Valleyfield (CSN)

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Yvan Duqueppe
Longueuil
Chartered Accountant
MCE Conseils

Investment Committee
Jean-Jacques Pelletier
Lévis
Retired Teacher and Author
Member of the BREGOP Investment Committee
Annual Global Report
This annual report covers the social and environmental performance of Bâtirente for 2011 and 2012. Based on the guidelines of the Global Reporting Initiative (GRI), it lists all basic indicators included in the GRI financial services sector supplement and several of its voluntary indicators (please refer to pages 44 to 47). It takes into account version 3.1 of the GRI guidelines. The French version of the 2012 Annual Global Report was printed in 1,500 copies and the English version is available on Bâtirente’s Web site.

Annual Financial Report
The annual financial report is available on Bâtirente’s Web site. It contains the audited financial statements of Bâtirente funds.

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