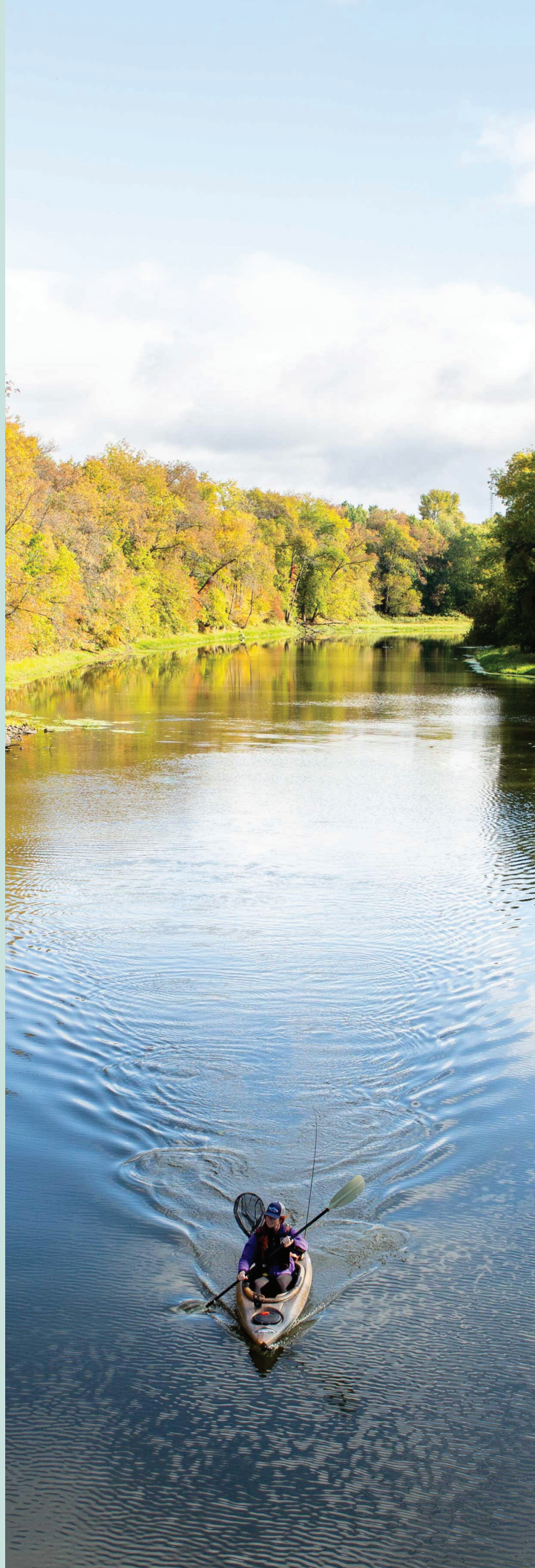


2021 GRI Content Index

2021 Operations
and Sustainability Report



Application Level

This report has been prepared in accordance with the GRI Standards: Core option.

This GRI Index complies with Disclosure 102-55: GRI content index.

Disclosures are grouped based on the GRI Standards.

The following reference documents are cited in the GRI Index and are available on the website of the Fonds de solidarité FTQ: www.fondsftq.com.

- OSR: 2021 Operations and Sustainability Report
- MD&A: Management Discussion and Analysis for the year ended May 31, 2021
- FS: Consolidated financial statements as at May 31, 2021
- MC: Management Circular published July 9, 2021

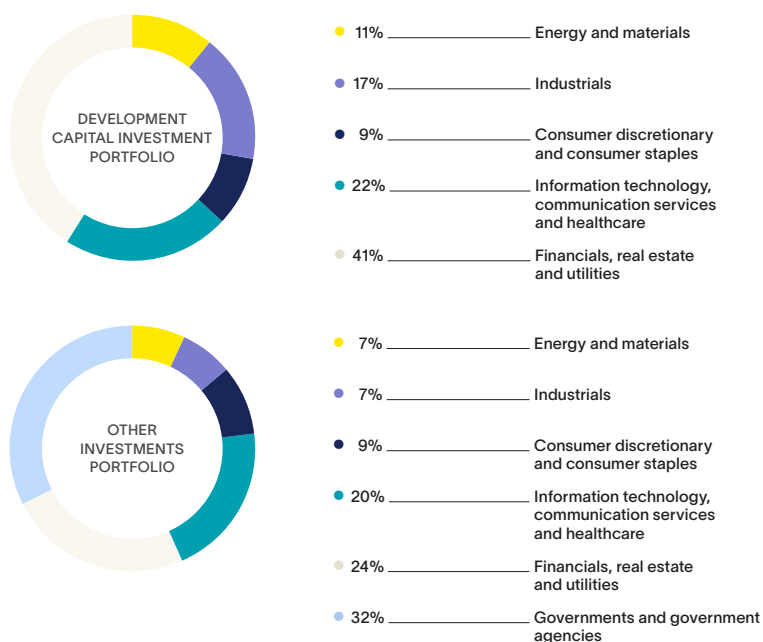
This GRI Index presents information and financial data considered material by the GRI but it does not replace the Fonds' consolidated financial statements and other official documents.

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
GRI 102: GENERAL DISCLOSURES			
Organizational Profile _____ 102-1 to 102-13 and G4-FS6 Strategy _____ 102-14 Ethics and Integrity _____ 102-16 Governance _____ 102-18 Stakeholder Engagement _____ 102-40 to 102-44 Reporting Practice _____ 102-45 to 102-56			
102-1	Name of the organization	<p>The name of the organization is: Fonds de solidarité des travailleurs du Québec (F.T.Q.)</p> <p>The commonly used abbreviated name is: Fonds de solidarité FTQ</p>	F-3.2.1— <i>Act to establish the Fonds de solidarité des travailleurs du Québec</i> (F.T.Q.) FS, p. 7
102-2	Activities brands, products and services	<p>The Fonds is active in the retirement savings market. Fonds shares are eligible for the registered retirement savings plan (RRSP) and entitle shareholders to tax credits: 15 % from the Quebec government and 15 % from the federal government.</p> <p>The Fonds' core activities involve channeling the savings of Quebecers into development capital investments in small and medium-sized enterprises (SMEs) impacting the Quebec economy. As a general rule, the Fonds takes a minority stake in these enterprises. The Fonds also invests the savings collected from Quebecers in cash and money market, bond, and developed country equity portfolios.</p> <p>Since 2019, the Fonds has been the fund manager of FlexiFonds, a family of three mutual funds distributed by the mutual fund dealer FlexiFonds Fonds de solidarité FTQ Inc. FlexiFonds recorded inflows of \$93 million for the period from June 1, 2020 to May 31, 2021.</p> <p>During the fiscal year, the Fonds unveiled its new brand image to show its commitment to "Investing for a better society."</p> <p>As of May 31, 2021, the Fonds had 723,501 shareholders-savers.</p>	MD&A, p. 4, 14, 16 and 23 OSR, p. 9 and 26
102-3	Location of headquarters	<p>The Fonds is headquartered at:</p> <p>545 Crémazie Boulevard East Suite 200 Montréal, Quebec H2M 2W4</p>	FS, p. 7
102-4	Location of operations	The Fonds only operates in Quebec.	
102-5	Ownership and legal form	<p>The Fonds de solidarité FTQ is a joint stock company. It is a labor-sponsored development capital fund created on the initiative of Quebec's federation of labor, the Fédération des travailleurs et travailleuses du Québec (F.T.Q.). The Fonds de solidarité FTQ was created by the <i>Act to establish the Fonds de solidarité des travailleurs du Québec</i> (F.T.Q.), sanctioned by the Quebec National Assembly on June 23, 1983, and amended by subsequent legislation.</p>	FS, p. 7 MD&A, p. 2

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
102-6	Markets served	<p>The Fonds' savings products are available only in the Quebec market.</p> <p>For job-creating investment products, the Fonds serves primarily the Quebec market. However, the Fonds may also make investments outside Quebec when these generate economic spinoffs for the province.</p>	MD&A, p. 13-18
G4-FS6	Percentage of the portfolio for business lines by specific region, size and sector	<p>The Fonds makes primarily unsecured development capital investments in Quebec SMEs.</p> <p>Assets not invested in partner companies are managed by the Other Investments sector. These other investments consist of cash and money market, bond, and equities and other securities portfolios. The investments that make up the Other Investments portfolio are concentrated in developed countries such as Canada and the United States.</p>	<p>MD&A, p. 18-21</p> <p>MD&A, p. 17 and 19</p>

Investment Breakdown by Sector and Portfolio

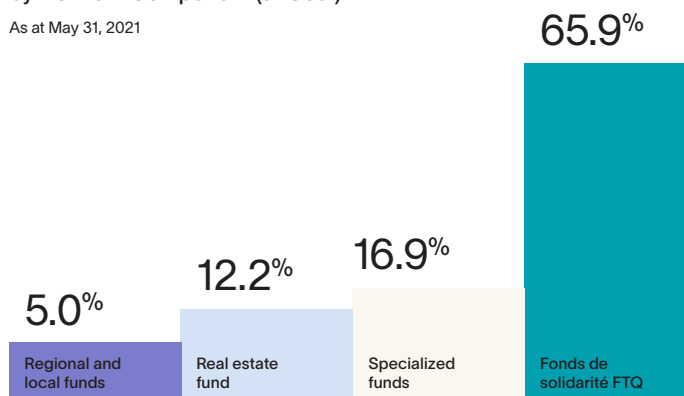
As at May 31, 2021



Since its inception, the Fonds has developed a solid investment network that helps entrepreneurs achieve their ambitions by giving them access to patient capital based on their needs. The Fonds' investment network, which covers all of Quebec, comprises five levels of investment: (1) Fonds de solidarité FTQ (2) Regional funds (3) Local funds (4) Real estate fund (5) Specialized funds.

Breakdown of Development Capital Investments by Network Component (at Cost)

As at May 31, 2021



GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE																																																																																
102-7	Scale of the organization	<p>Scale of the Organization and Additional Information</p> <p>Years ended May 31</p> <table> <tr> <td>Net assets (in millions of dollars)</td><td>17,186</td><td>Development capital investments (in millions of dollars)</td><td>1,133</td></tr> <tr> <td>2021 17,186</td><td></td><td>2021 1,133</td><td></td></tr> <tr> <td>2020 13,794</td><td></td><td>2020 1,416</td><td></td></tr> <tr> <td>2019 15,627</td><td></td><td>2019 1,211</td><td></td></tr> <tr> <td>2011 8,178</td><td></td><td>2011 733</td><td></td></tr> </table> <hr/> <table> <tr> <td>Issues of Class A shares (in millions of dollars)</td><td>1,162</td><td>Issues of Class C shares (in millions of dollars)</td><td>25</td></tr> <tr> <td>2021 1,162</td><td></td><td>2021 25</td><td></td></tr> <tr> <td>2020 961</td><td></td><td>2020 20</td><td></td></tr> <tr> <td>2019 897</td><td></td><td></td><td></td></tr> <tr> <td>2011 698</td><td></td><td></td><td></td></tr> </table> <hr/> <table> <tr> <td>Comprehensive income (in millions of dollars)</td><td>2,889</td><td>Share value (in dollars)</td><td>53.21</td></tr> <tr> <td>2021 2,889</td><td></td><td>2021 53.21</td><td></td></tr> <tr> <td>2020 230</td><td></td><td>2020 44.24</td><td></td></tr> <tr> <td>2019 1,134</td><td></td><td>2019 43.90</td><td></td></tr> <tr> <td>2011 650</td><td></td><td>2011 25.92</td><td></td></tr> </table> <hr/> <table> <tr> <td>Shareholders-savers (in numbers)</td><td>723,501</td><td>Partner companies (in numbers)</td><td>3,437</td></tr> <tr> <td>2021 723,501</td><td></td><td>2021 3,437</td><td></td></tr> <tr> <td>2020 707,935</td><td></td><td>2020 3,329</td><td></td></tr> <tr> <td>2019 694,357</td><td></td><td>2019 3,126</td><td></td></tr> <tr> <td>2011 583,235</td><td></td><td>2011 2,129</td><td></td></tr> </table>	Net assets (in millions of dollars)	17,186	Development capital investments (in millions of dollars)	1,133	2021 17,186		2021 1,133		2020 13,794		2020 1,416		2019 15,627		2019 1,211		2011 8,178		2011 733		Issues of Class A shares (in millions of dollars)	1,162	Issues of Class C shares (in millions of dollars)	25	2021 1,162		2021 25		2020 961		2020 20		2019 897				2011 698				Comprehensive income (in millions of dollars)	2,889	Share value (in dollars)	53.21	2021 2,889		2021 53.21		2020 230		2020 44.24		2019 1,134		2019 43.90		2011 650		2011 25.92		Shareholders-savers (in numbers)	723,501	Partner companies (in numbers)	3,437	2021 723,501		2021 3,437		2020 707,935		2020 3,329		2019 694,357		2019 3,126		2011 583,235		2011 2,129		MD&A, p. 3-4, and 9 FS, p. 3-5
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GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
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102-8

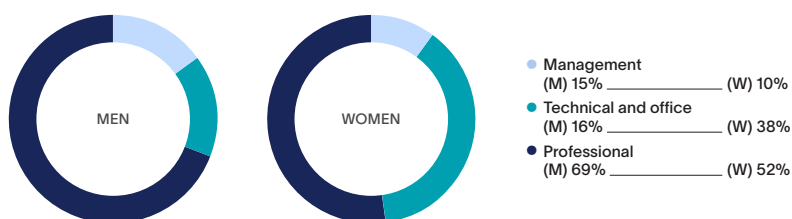
Information on employees and other workers

Of the Fonds' 609 permanent employees, 7 are based in Québec City and 602 in Montréal.

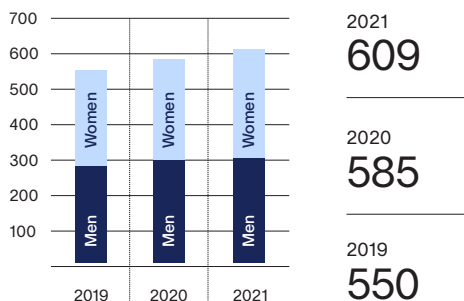
Number of permanent employees	Men (48%)	Women (52%)	Total*
	295	314	609
By job category Management	46	33	79
By job category Professional	201	163	364
By job category Technical and office	48	118	166

The Fonds' Human Capital

Year ended May 31, 2021



Years ended May 31



Average age	Men	Women	Total*
	48	48	48

* Excludes the Fonds' subsidiaries.

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
102-9	Supply chain	<p>All the Fonds' supply chain activities are governed by its Policy Concerning the <i>Responsible Procurement of Goods and Professional Services</i>, whose objectives are to:</p> <ul style="list-style-type: none"> — ensure the transparency and integrity of the procurement process in order to prevent and minimize conflicts of interest, risk of litigation and risk to the Fonds' reputation; — provide a framework for the selection and evaluation of suppliers in order to obtain the best value for the money and optimal conditions for the Fonds. <p>Suppliers are required to complete a form on their sustainability practices prior to being awarded a mandate. Any supplier selected by the Fonds must agree to comply with Quebec's labor standards and regulations.</p>	
102-10	Significant changes to the organization and its supply chain	None	
102-11	Precautionary principle or approach	<p>In 2014 the Fonds adopted a <i>Sustainable Development Framework Policy</i> in (updated in 2016) setting out the organization's broad directions and approach to sustainable development (SD) and responsible investment (RI). The Fonds takes a responsible approach to its development capital investments and other investments.</p> <p>To ensure optimal integration of SD principles in its activities, the Fonds draws up an action plan every three years. The 2018-2021 Sustainable Development Plan is available on the Fonds' website.</p>	
102-12	External initiatives	<p>The Fonds adhered to the Principles for Responsible Investment (PRI) in 2011 and responds to the PRI's annual questionnaire on its RI processes and practices. The answers to this questionnaire are available on the PRI website. The Fonds also joined the Global Impact Investing Network (GIIN) in 2020.</p> <p>In 2011, the organization chose to align its SD disclosure with the Global Reporting Initiative (GRI) Standards.</p>	
102-13	Membership of associations	<p>The Fonds participates in the activities and work groups of many organizations in all sectors of the economy, including Réseau PRI Québec, Conseil des relations internationales de Montréal, Le Cercle canadien de Montréal, Conseil patronal de l'environnement du Québec, Partenariat climat Montréal, Réseau des Femmes d'affaires du Québec, QuébecInnove and the Chamber of Commerce of Metropolitan Montreal.</p>	
102-14	Statement from senior decision-maker	<p>"While the Fonds is now considered a vital economic development tool, we are also attuned to Québec's social issues. We continuously seek to put our expertise and resources to use to bring solutions." – Janie C. Béique, President and CEO of the Fonds de solidarité FTQ.</p>	OSR, p. 8
102-16	Values, principles, standards and norms of behavior	<p>The Fonds' actions and decisions are guided by its values: Respect, Integrity and Solidarity.</p> <p>The employee Code of Ethics and Professional Conduct* (the "Code") sets out the rules of conduct and behavior that must be observed to protect the interests of the Fonds and its shareholders.</p> <p>* The Board of Directors adopted an updated Code, effective April 1, 2021.</p>	MD&A, p. 34

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
102-18	Governance structure	<p>The Fonds' governance is designed to ensure it achieves its mission. The Fonds pays special attention to governance both in terms of its investments, for which it requires that strict transparency, integrity and good governance rules be followed, and in terms of its own corporate governance. The Fonds believes that setting up and maintaining sound governance practices is essential to managing an organization and strengthens stakeholder confidence.</p> <p>The Board of Directors is responsible for administering the Fonds' affairs. Both the independent¹ and non-independent directors must ensure that decisions are made in the Fonds' best interests and in the interest of all its stakeholders.</p> <p>A management committee, composed of the president and chief executive officer² and senior executives, is responsible for the general management of the Fonds' operations. The governance structure that supports the Fonds is made up of sector committees, management committees, investment bodies and regional and local investment structures.</p> <p>1. The independence criteria for directors is set out in the <i>Policy Respecting the Independence of Members of the Board of Directors and Various Committees Constituted by the Board of Directors of the Fonds de solidarité FTQ</i> (the "Independence Policy").</p> <p>2. On April 1, 2021, Janie C. Béïque became the Fonds' president and chief executive officer. Prior to assuming this role, she was the Fonds' executive vice-president (investments).</p>	OSR, p. 88-90 MD&A, p. 8, 36-37 MC, p. 10-14
102-40	List of stakeholder groups	The Fonds' stakeholders are defined in its <i>Sustainable Development Framework Policy</i> as the groups and individuals concerned by the Fonds' mission and activities and on whom the Fonds has an impact. The main stakeholders are presented below.	
102-42	Identifying and selecting stakeholders	<p>Shareholders-savers</p> <p>Shareholders-savers are all Quebecers age 18 and over who hold Class A shares of the Fonds. They come from all regions of Quebec and one out of seven workers has investments with the Fonds.</p> <p>Partner companies</p> <p>Partner companies are the recipients of the capital development investments of the Fonds and its network. Found in all regions, industries and sizes, these companies drive the Quebec economy. The Fonds and its network provides partner companies with unsecured development capital and complementary services to support them in their projects, more specifically, economic education for their workers and guidance with various matters.</p> <p>Local representatives and unions</p> <p>Local representatives are the Fonds' ambassadors in the workplace. Through more than 1,700 local representatives who promote the Fonds in the workplace, the Fonds is in direct and constant contact with the majority of its shareholders-savers, raising their awareness about the importance of saving for retirement and the advantages of doing so with the Fonds. Quebec's labor unions share the Fonds' values of respect, integrity and solidarity as well as its vision of local economic growth that benefits all workers in all industries.</p> <p>Employees</p> <p>Through its employees, the Fonds acts, sustains its purpose and delivers on its commitment to investing for a better society. The human approach taken by employees in their work and achievements is underpinned by respect, integrity and solidarity.</p>	

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
102-42 (continued)	Identifying and selecting stakeholders (continued)	<p>Quebec society</p> <p>Quebec society encompasses all the Fonds' stakeholders. The organization's core mission is to contribute to Quebec's economic growth and prosperity. The Fonds operates only in Quebec, where it seeks to foster a culture of saving among workers and the long-term well-being of communities to help build a better society.</p> <p>Government bodies and regulatory authorities</p> <p>Government bodies encompass two levels of government. The Fonds' mission and business model are supported by the Government of Quebec and the Government of Canada. Fonds shares are eligible for the Registered Retirement Pension Plan (RRSP) and entitle their owners to tax credits (15% from the Quebec government and 15% from the Canadian government) for contributing to a labor fund. The Fonds thus meets two major public policy objectives: encouraging workers to save for retirement and meeting the unsecured development capital needs of companies. The Fonds pursues these objectives by seeking to fill gaps in the investment market in all regions of Quebec, thereby contributing to the responsible creation of more wealth for its shareholders-savers and greater prosperity for the community by creating quality jobs. The Fonds' operations are governed by the securities legislation of Quebec's financial markets regulatory authority, the Autorité des marchés financiers (AMF).</p>	
102-41	Collective bargaining agreements	The collective agreement covers all of the Fonds' permanent employees (85% unionized) and temporary employees (87% unionized). Management staff and human resources business partners are not covered by this agreement.	
102-43	Approach to stakeholder engagement	<p>The Fonds maintains an ongoing dialogue with its stakeholders using the method most suitable to each group.</p> <ul style="list-style-type: none"> — Shareholders-savers: surveys, focus groups, personalized direct communication, annual general meeting. — Employees, partner companies and unions: direct ongoing dialogue through formal and informal meetings, workshops and surveys. — Quebec society: promotion, awareness and information campaigns. — Government bodies and regulatory authorities: ongoing dialogue with the Quebec and federal governments on the needs of businesses and on the economy. This dialogue is reflected in the Fonds' investment plans. Direct ongoing dialogue with the AMF. 	
102-44	Key topics and concerns raised	<p>Shareholders-savers</p> <p>Shareholder-savers entrust the Fonds with their savings with a view to obtaining a reasonable return. They also expect that the Fonds will invest in job-creating businesses to drive economic growth in all regions of Quebec. The pandemic has allowed some shareholders-savers to save at the same rate or more, while others have chosen to redeem all or part of their shares earlier.</p> <p>Partner companies</p> <p>The Fonds has been supporting its partner companies throughout the pandemic, which led to a slowdown in their activities over the past year. The Fonds' professionals have endeavored to help them resume their activities under the best possible conditions. The Fonds also looked for ways to support their development, particularly as it relates to technology and energy transitions. During FY 2020-2021, the Fonds engaged with its partner companies in order to better understand their needs and concerns, such as issues related to the labor shortage.</p> <p>Local representatives and unions</p> <p>The concerns of the local representatives revolve around aspects of the Fonds' mission: creation and preservation of quality jobs, supporting regional economic growth and worker participation in this growth, in particular through training. The labor movement is concerned with a more just post-pandemic recovery. Unions expect the Fonds to be a responsible investor that creates jobs and prosperity.</p>	

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
102-44 (continued)	Key topics and concerns raised (continued)	<p>Employees</p> <p>Because of the pandemic, the Fonds has had to innovate and quickly pivot to new ways of working. In summer 2020, a survey was conducted to better understand the reality of telecommuting employees. This led to a thought process that culminated in the development of a new hybrid work model based on improving and redesigning work spaces to strengthen cohesion between teams and sparking collective intelligence to foster innovation. The new work environment will create more opportunities to nurture the Fonds' human culture.</p> <p>With the implementation of the new integrated management software in 2020, employees can track their career and professional development in real time. This reinforces the importance of everyone setting professional goals in order to achieve the Fonds' main business and organizational objectives.</p> <p>Quebec society</p> <p>The current situation has shed light on issues important to Quebecers, such as health, solidarity and the fight against climate change. Various surveys show that most Quebecers want a recovery that focuses first and foremost on improving health, the environment and quality of life. In this regard, Quebecers are increasingly interested in responsible investment, would like to know more about responsible investment products and would be more inclined to save through such financial products.</p> <p>Government bodies and regulatory authorities</p> <p>Through its governing statute, the Quebec government requires the Fonds to meet a threshold for investments in Quebec businesses. The regulatory authorities expect the Fonds to comply with securities legislation. The governments and regulatory authorities have demonstrated new concerns about certain environmental and social issues through consultations with financial ecosystem actors such as the Fonds.</p>	
102-45	Entities included in the consolidated financial statements	The consolidated financial statements reflect the financial position and results of operations of the Fonds and its wholly owned subsidiary, FlexiFonds de solidarité FTQ Inc. ("FlexiFonds"). Its Management Discussion and Analysis and the Operations and Sustainability Report contain data and information on the activities of its network components: the regional funds, the local funds and the real estate fund.	FS, p. 7
102-46	Defining report content and topic boundaries	<p>In 2016, the Fonds' sustainable development committee examined the set of GRI standards and disclosures (as these terms are defined in the GRI Standards) in order to comply with the four principles for defining report content: stakeholder inclusiveness, sustainability context, materiality and completeness. There have been no significant changes in the Fonds' situation since then.</p> <p>In particular, the committee validated stakeholder expectations and reviewed each disclosure based on the four series of GRI standards and disclosures specific to the Sector Supplement for the Financial Services Industry, examining their materiality for the Fonds in terms of the economic, environmental and social impact generated by each disclosure, as well as their influence on stakeholders, whether or not any were generated.</p>	
102-47	List of material topics	The material topics and disclosures appear in the GRI Index.	
102-48	Restatement of information	None	
102-49	Changes in reporting	None	

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
102-50	Reporting period	This report covers FY 2020–2021, i.e. June 1, 2020 to May 31, 2021.	
102-51	Date of the most recent report	September 2020	
102-52	Reporting cycle	The report is published annually.	
102-53	Contact point for questions regarding the report	To provide feedback or ask questions on the report, please send an email to: dircommunicationscorpo@fondstfq.com	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	
102-55	GRI content index	This GRI Index complies with the requirements in Disclosure 102-55: the number of the disclosure, the page numbers where additional information can be found and if applicable, reasons for omissions.	
102-56	External assurance	<p>The Fonds is responsible for compiling and presenting the information in this Index. An internal quality assurance review was conducted by a member of the financial control team as part of the production of the index.</p> <p>The information presented in the 2021 Operations and Sustainability Report (OSR) and in the Management Discussion and Analysis for the year ended May 31, 2021 (MD&A) was produced and validated by specialists from various Fonds sectors and reviewed by independent auditors. The consolidated financial statements as at May 31, 2021 (FS) were audited by two independent firms.</p>	
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	An introductory paragraph for each GRI Index category explains why the selected topics are material. The impacts are also described.	
103-2	The management approach and its components	A high-level description of the management approach is provided for the Economic, Environmental and Social categories. The social disclosures are grouped into four categories: (1) Labor practices and decent work (2) Human rights (3) Local communities, and (4) Product responsibility.	
103-3	Evaluation of the management approach	Additional details are provided for some disclosures, as needed.	

Category: Economic

103-1 | 103-2 | 103-3

Local economic development is central to the Fonds' mission and business model as well as to stakeholder expectations.

The Fonds' mission is closely tied to improving the economic health of both its shareholders-savers and Quebec. With the Fonds, shareholders-savers have access to a better and an accessible means of saving for retirement through tax credits and systematic savings.

For its part, the Quebec economy benefits from an innovative source of unsecured investment capital that makes it possible to channel funds that would otherwise be parked in traditional savings vehicles or spent on consumer goods and services into productive business investments. The size of the Fonds, its expertise in all sectors of the Quebec economy and its ability to quickly define and deploy tools and plans tailored to the changing needs of businesses make it a recognized actor in the Quebec economy.

The business objectives of the Fonds are inextricably linked to the socioeconomic objectives defined in its mission. The main management tools that ensure compliance are: the Fonds' constituting law, which ensures that a threshold is maintained for job-creating investments; its *Integrated Financial Asset Management Policy* (updated in May 2021); the systematic practice and use of social audits to inform investment and disinvestment decisions; and its *Sustainable Development Framework Policy*.

The adoption of a *Sustainable Development Framework Policy* in 2014 (updated in 2016) is part of the Fonds' integrated risk management approach, which allows it to systematically consider environmental, social and governance (ESG) factors along with financial factors. The Fonds espouses a responsible approach to its development capital and other investments and considers these factors and the principles for responsible investment in managing the risks it plans to assume.

The Fonds complies with and continuously monitors International Financial Reporting Standards (IFRS) in order to stay abreast of changes and assess their impacts. It manages market, credit, liquidity and counterparty risks through its *Integrated Financial Assets Management Policy*. It manages operational, strategic and reputation risks through its management structure and various tools and policies. Its development capital investments are assessed for fair value twice a year by the Fonds' team of qualified valuers. Its consolidated financial statements are produced every six months and are audited by two independent firms.

The information in this section is described in detail in the Management Discussion and Analysis for the year ended May 31, 2021 (MD&A) and in the consolidated financial statements as at May 31, 2021 (FS).

The following GRI standards apply in this section:

GRI 201: Economic Performance

GRI 202: Market Presence

GRI 203: Indirect Economic Impacts

GRI 204: Procurement Practices

GRI 205: Anti-corruption

GRI 206: Anti-competitive Behavior

The aforementioned standards cover the Fonds de solidarité FTQ, Quebec society and government agencies.

HIGHLIGHTS

2020-2021

During the year, a review of the *Other Investments Portfolio Policy* culminated in the adoption of an updated asset allocation and external management processes by the Board of Directors in May 2021.

In addition, with its decision to include \$1.4 billion of assets in the MSCI World Low Carbon ESG Target Screened Index in 2019, the Fonds increased its stake in companies with a low carbon emissions. As at May 31, 2021, over \$1.7 billion of assets were invested in this index.

As part of its support to partner companies committed to reducing their carbon footprint, the Fonds conducted 15 energy efficiency audits, which led to the implementation of solutions to reduce energy consumption, recover energy or replace equipment using fossil fuel.

GRI 201: ECONOMIC PERFORMANCE

201-1

Direct
economic value
generated
and distributed

Direct Economic Value Generated (Reflected in Share Value)

Years ended May 31

Income net of
interest, dividends
and distributions

(in millions of dollars)*

2021	534
2020	520
2019	469

534

Realized and
unrealized
gains (losses)
on development
capital investments,
other investments and
investment property

(in millions of dollars)*

2021	2,558
2020	(63)
2019	886

2,558

Direct Economic Value Distributed in the Quebec Economy

Years ended May 31

Operating costs
(purchases of goods
and services)

(in millions of dollars)*

2019

2020

2021

104

112

112

Employee wages
and benefits

(in millions of dollars)*

2019

2020

2021

115

134

147

Payments
to shareholders
(redeemed shares)¹

(in millions of dollars)*

2019

2020

2021

726

1,960

1,782

Payments to government
(taxes)

(in millions of dollars)*

2019

2020

2021

24

19

14

Community investments
(donations and
sponsorships)

(in millions of dollars)*

2019

2020

2021

1.4

1.3

1.4

¹ The Fonds does not pay dividends.

* Data rounded to the nearest million, except for community investments.


GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
201-2	Financial implication and other risks and opportunities due to climate change	<p>In September 2018, the Fonds adopted a plan for a just energy transition to enable workers and the communities and businesses to seize the opportunities that will arise from the necessary transition to a low-carbon economy. This plan has four components:</p> <ul style="list-style-type: none"> — Reduce the carbon footprint of the Fonds' public investments (marketable securities) and start measuring the carbon intensity of our private equity investments — Support Quebec businesses with the transition — Invest in a low-carbon economy — Assume a leadership role in the just energy transition <p>The Fonds' performance in this area is reported in its annual OSR.</p>	OSR, p. 74-83
201-3	Defined benefit plan obligations and other retirement plans	<p>The Fonds offers defined benefit pension plans and a post-employment insurance plan to eligible employees.</p> <p>Defined benefit pension plans</p> <p>Pension plans are funded by employer and employee contributions based on the plans' financial position and the funding policy. The Fonds' contributions are determined based on a percentage of the pensionable payroll for plan participants.</p> <p>The Fonds is responsible for these funded and unfunded plans. To manage these plans, the Fonds set up retirement committees, which retained the professional services of independent investment managers, actuaries and trustees to assist them.</p>	FS, p. 33-36
201-4	Financial assistance received from government	<p>The Fonds does not receive any financial government assistance.</p> <p>Fonds shareholders-savers receive tax credits from the Quebec and Canadian governments. The Fonds share is an RRSP-eligible product.</p>	MD&A, p. 23

GRI 202: MARKET PRESENCE

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	All Fonds employees receive compensation above the minimum wage and that is commensurate with the requirements, duties and experience associated with the position.
202-2	Proportion of senior management hired from the local community	All directors, officers and employees are hired in Quebec.

GRI 203: INDIRECT ECONOMIC IMPACTS

203-2	Significant indirect economic impacts	<p>Through its investments in Quebec businesses, the Fonds has a significant impact on the creation and preservation of quality jobs and on the economic development of all regions of Quebec. It has developed investment expertise in all of Quebec's economic sectors. It actively encourages partner companies to innovate and backs their initiatives in this regard.</p> <p>In addition to financial backing, the Fonds offers them personalized support.</p>	MD&A, p. 9-10, and 16
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GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE						
GRI 204: PROCUREMENT PRACTICES									
204-1	Proportion of spending on local suppliers	<p>The Fonds applies its Policy concerning the Responsible Procurement of Goods and Professional Services, which sets out qualification criteria for selecting suppliers in order to prioritize: (1) partner company and unionized with the FTQ or part of the Fonds network (2) partner company or company unionized with the FTQ in Quebec (3) Other unionized company (4) Quebec company (5) Canadian company (6) Other company.</p> <p>The majority of the Fonds' purchases involve routine service and professional services contracts. The majority of its purchases are made in Quebec.</p> <p>Proportion of Spending on Goods and Professional Services</p> <p>As at May 31, 2021</p> <div><table><tr><td>● Quebec</td><td>78%</td></tr><tr><td>● Canada</td><td>18%</td></tr><tr><td>● Outside Canada</td><td>4%</td></tr></table></div>	● Quebec	78%	● Canada	18%	● Outside Canada	4%	
● Quebec	78%								
● Canada	18%								
● Outside Canada	4%								
GRI 205: ANTI-CORRUPTION									
205-1	Operations assessed for risks related to corruption	The Fonds manages all operational risks, including corruption risk.	MD&A, p. 34-35						
205-2	Communication and training about anti-corruption policies and procedures	All employees and directors are required to complete an annual statement confirming compliance with codes of ethics and professional conduct.	MD&A, p. 34						
205-3	Confirmed incidents of corruption and action taken	None							
GRI 206: ANTI-COMPETITIVE BEHAVIOR									
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	The Fonds is not subject to any legal action concerning anti-competitive behavior or anti-trust practices.							

Category: Environmental

103-1 | 103-2 | 103-3

Almost all of the Fonds' investment activities involve companies located in Quebec, where they are tightly regulated and subject, in certain circumstances, to review processes that are open to public participation.

The practice of social auditing and the disclosures requested from an officer of a partner company at each meeting of the board or management committee allows the Fonds to identify potentially major environmental problems for companies in which it plans to invest or has already invested. Through shareholder engagement (see section on governance), the Fonds influences the behavior of partner companies in the areas of social and environmental responsibility.

As regards its investment activities (Other investments portfolio), they must comply with the Fonds' *Sustainable Development Framework Policy*, *Integrated Financial Assets Management Policy* (updated in May 2021) and, where applicable, the *Guidelines on the Exercise of Voting Rights*.

The Fonds also strives to maintain high standards for its own organizational practices. As at May 31, 2021, the organization had 609 permanent employees, 98% of whom worked at its head office (before the COVID confinement measures decreed in 2020), a building certified LEED v.4 O+M Platinum and BOMA-Best Platinum. Maintaining this dual certification demonstrates the ongoing excellent operation of the systems in the Louis-Laberge building.

The Fonds is constantly seeking to improve its environmental practices. To that end, it has adopted a *Waste Management Policy*, a *Green Cleaning Policy*, a *Site Management Policy*, a *Policy Concerning the Responsible Procurement of Goods and Professional Services*, which applies to the Fonds' activities, and *Property Management Guidelines* for goods and professional services related to property management.

Through policies, guidelines and practices, the Fonds has rolled out projects of all sizes to increase energy efficiency and reduce water and paper consumption, thus improving the environmental performance of its head office.

As part of one of the four components of its Just Energy Transition Plan, the Fonds is committed to becoming carbon neutral by minimizing its direct carbon footprint (transport, energy and resources consumption) and by offsetting some of its greenhouse gas (GHG) emissions by purchasing certified carbon credits.

Finally, the Fonds adopted a Sustainable Development Plan for 2018-2021 setting out targets for both its organizational and investment activities. The Fonds guides its employees in this direction by offering incentives for using sustainable transportation. The Fonds' *Sustainable Transportation Policy* aims to discourage the use of single-occupant cars, promote carpooling, encourage the use of public transit and active transportation and cut down the growing demand for parking, all with a view to reducing its footprint.

Category: Environmental (continued)

103-1 | 103-2 | 103-3

HIGHLIGHTS

2020-2021

During the year, the Fonds expanded the continuous improvement approach used in sustainability to its organizational and investment practices.

The Fonds' carbon footprint (Scope 3)* decreased significantly, primarily due to the telecommuting guideline covering over 90% of its employees. Less than 10% of employees engaged in business travel and home-to-work commuting during the year. Other indirect emissions make up a significant portion of GHGs in the Fonds' carbon footprint calculation.

In addition, the Fonds donated 180 computers to Insertech, a non-profit organization that trains and prepares unemployed young adults for the job market by teaching them to refurbish and repair computers. With this donation, the Fonds helped divert 1,438 kg of electronic parts from landfills and avoid 32 tons of GHG emissions.

Lastly, in September 2020, the Fonds decided to exclude any company whose oil sands production accounts for a significant portion of total production. Other indirect emissions (Scope 3) make up a significant portion of GHGs in the Fonds' carbon footprint calculation.

* Other indirect emissions (Scope 3) make up a significant portion of GHGs in the Fonds' carbon footprint calculation.

The aforementioned standards cover the Fonds de solidarité FTQ. Some disclosures cover the Louis-Laberge building as a whole (including tenants unrelated to the Fonds).

The following GRI standards apply in this section:

GRI 301: Materials

GRI 302: Energy

GRI 303: Water

GRI 305: Emissions

GRI 306: Effluents and waste

GRI 307: Environmental compliance

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
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GRI 301: MATERIALS

301-1	Materials used by weight or volume	The Fonds used 56% fewer materials* to produce and package its products and services in FY 2020-2021 compared to the previous year due to the fact that its employees worked from home the entire year.
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301-2	Recycled input materials used	Materials Used for the Fonds' Activities Years ended May 31
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Materials		57.3	Renewable materials		57.3
(in tons)			(in tons)		
2021	57.3		2021	57.3	
2020	130.3		2020	130.1	
2019	133.7		2019	133.4	
2011	159.6		2011	159.1	

Non-renewable materials		0.2	Materials made from recycled materials		100%
(in tons)			(in percentage)		
2021	0.2		2021	100.0	
2020	0.2		2020	100.0	
2019	0.3		2019	99.8	
2011	0.5		2011	86.6	

* The products considered are paper and envelopes, promotional material, mailings to shareholders and ink cartridges.

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE								
GRI 302: ENERGY											
302-1	Energy consumption within the organization	<p>In FY 2020-2021, the energy consumption of the Louis-Laberge building (including other tenant occupants and parking spaces) was 18,511 gigajoules (GJ), of which 16,148 GJ came from renewable sources (hydroelectricity) and 2,363 GJ from non-renewable sources (natural gas, fuel oil and propane).</p> <hr/> <p>As at May 31, 2021</p> <div><table><tr><td>87.5%</td><td>Electricity</td></tr><tr><td>12.4%</td><td>Natural gas</td></tr><tr><td>0.1%</td><td>Oil and Propane</td></tr></table></div> <hr/> <p>Energy consumption was 9.7% lower than the previous year mainly due to the fact that more than 95% of employees worked from home the entire year.</p>	87.5%	Electricity	12.4%	Natural gas	0.1%	Oil and Propane			
87.5%	Electricity										
12.4%	Natural gas										
0.1%	Oil and Propane										
302-2	Energy consumption outside of the organization	<p>Total energy consumption outside the organization includes activities related to business travel, employee commuting (home to head office), courier services, and moving truck rental.</p> <p>Total energy consumption in this regard was 1,509 GJ.* It fell by 90% owing mainly to the fact that most employees did not commute to work during the year.</p> <p>* The methodology used to calculate the Fonds' energy consumption outside the organization, specifically for employee commuting, is based on an annual survey on employee transportation habits. Since employees worked from home the entire year, the survey was not conducted such that the figure was estimated for 8% of employees (on average) who came to the office every week during the reference period. The reduction from the previous year is a best-guess estimate.</p>									
302-3	Energy intensity	<p>The energy intensity of the Fonds building in FY 2020-2021 was 14.3 ekWh/sq.ft./yr (calculated on a surface area of 359,719 ft² excluding parking spaces), for total energy consumption of 18,511 GJ.</p> <hr/> <p>Years ended May 31</p> <table><tr><td>Energy intensity*</td><td>2019</td><td>2020</td><td>2021</td></tr><tr><td>(ekWh/sq.ft./yr)</td><td>17.1</td><td>15.8</td><td>14.3</td></tr></table> <hr/> <p>With an energy intensity of 14.3 ekWh/sq.ft./yr in FY 2020-2021, the Louis-Laberge building compares favorably with the 2020 average of buildings certified BOMA Best Quebec (25.6 ekWh/sq.ft./yr).</p> <hr/> <p>* Energy intensity was calculated using the methodology from BOMA Canada's 2021 National Green Real Estate Report. The comparative figure was also drawn from this report. Unlike the previous year, the 2021 report does not present comparative data for BOMA Best Platinum.</p>	Energy intensity*	2019	2020	2021	(ekWh/sq.ft./yr)	17.1	15.8	14.3	
Energy intensity*	2019	2020	2021								
(ekWh/sq.ft./yr)	17.1	15.8	14.3								

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE							
302-4	Reduction of energy consumption	<p>Had the energy saving project implemented in 2011 not been in place, consumption at head office would have been 40% higher in FY 2020-2021.</p> <hr/> <p>As at May 31, 2021</p> <div><div>18,511 GJ Actual Consumption</div><div>25,948 GJ Consumption based on 2011 baseline</div></div>								
<hr/>										
GRI 303: WATER AND EFFLUENTS										
<hr/>										
303-3	Water withdrawal	<p>The Louis-Laberge building is supplied with water by the City of Montréal's water system. The water is used in the building's washrooms.</p> <p>The water volume withdrawn in FY 2020-2021 is 6,382 m³, a 45% decrease from the previous year due to the building's low occupancy rate during the year.</p> <hr/> <div><div><p>Water Withdrawal in Cubic Meters*</p><p>Years ended May 31</p><p>(in m³)</p><table><tr><td>2021</td><td>6,382</td></tr><tr><td>2020</td><td>11,518</td></tr><tr><td>2019</td><td>14,505</td></tr><tr><td>2011</td><td>30,899</td></tr></table></div><div>6,382 m³</div></div> <div><div><div><div>Wastewater 66%</div><div>Cooling towers 15%</div><div><div>Garages 10%</div><div>Humidification 6%</div><div>Other** 3%</div></div></div></div></div> <hr/> <p>With a water consumption intensity of 121 L/m² in 2020-2021, the Louis-Laberge building compares favorably with the average of buildings certified BOMA Best Quebec (640 L/m² in 2020).</p> <p>* Water consumption intensity was calculated using the methodology from BOMA Canada's 2021 National Green Real Estate Report. The comparative figure was also drawn from this report. Unlike the previous year, the 2021 report does not present comparative data for BOMA Best Platinum.</p> <p>**Other occupants: Van Houtte, Gym Toni, carwash, irrigation, water systems</p>	2021	6,382	2020	11,518	2019	14,505	2011	30,899
2021	6,382									
2020	11,518									
2019	14,505									
2011	30,899									

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
303-4	Water discharge	<p>Most of the water discharge from the Louis-Laberge building comes from the washrooms (944 m³), garage cleaning (623 m³), cooling towers (446 m³) and other tenants (22 m³). This wastewater is discharged into the City of Montréal's sewer system. Daily tests are performed to ensure wastewater quality and to comply with regulations.</p> <p>In FY 2020-2021, the volume of water discharge was 2,035 m³.</p>	
303-5	Water consumption	<p>In FY 2020-2021, the Fonds' water consumption stemmed primarily from water used to operate the water cooling towers (3,777 m³) and the humidification system (367 m³). Other sources of water consumption (hot and cold water systems and irrigation) accounted for 202 m³, or less than 5% of the Fonds' water consumption.</p> <p>* The GRI-recommended methodology for calculating water consumption is the difference between water withdrawal (GRI 303-3) and water discharge (GRI 303-4).</p>	

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
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GRI 305: EMISSIONS

Greenhouse Gas (GHG) Emissions Generated by the Fonds

Years ended May 31

305-1	Direct (Scope 1) GHG emissions	<p>Scope 1: Direct emissions</p> <p>Generated by the combustion of natural gas and oil and by refrigerant leaks (tons of CO₂ equivalent)</p> <p>2021 148 2020 127 2019 161</p>	<p>148</p> <p>tCO₂eq</p>
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305-2	Energy indirect (Scope 2) GHG emissions	<p>Scope 2: Indirect emissions</p> <p>Generated by the purchase of electricity (tons of CO₂ equivalent)</p> <p>2021 6 2020 9 2019 10 *</p>	<p>6</p> <p>tCO₂eq</p>
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305-3	Other indirect (Scope 3) GHG emissions	<p>Scope 3: Other indirect emissions</p> <p>Generated by business travel, employee commuting, courier service, the AGM and waste management (tons of CO₂ equivalent)</p> <p>2021 115 2020 1,030 2019 1,287 *</p>	<p>115</p> <p>tCO₂eq</p>
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Total GHG emissions

(tons of CO₂ equivalent)

2021	269
2020	1,166
2019	1,458

269


tCO₂eq

In FY 2020-2021, the GHG emissions (Scope 3) generated by telecommuting activities were included in the calculation according to the methodology of the Agence de l'environnement de la maîtrise de l'énergie (ADEME), adapted to the Quebec context. Telecommuting activities are thus estimated to have generated 9.4 tCO₂eq. Employee commuting (less than 10%) and business travel generated, respectively, 46 tCO₂eq and 58 tCO₂eq.

The majority of the Fonds' emissions are offset by the purchase of carbon credits.

This standard covers the emissions of all Fonds employees and the Louis-Laberge building. Scope 2 emissions (indirect emissions) exclude tenant occupants other than Fonds employees.

* Data recalculated to reflect more recent conversion factors.

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE						
305-4	GHG emissions intensity	<p>As at May 31, 2021, the Fonds' GHG emissions intensity increased 13%, mainly due to the amount of natural gas consumed during the year.</p> <hr/> <p>GHG emissions intensity</p> <p>(tons of CO₂eq/sq.ft./yr)</p> <table><tr><td>2021</td><td>0.43</td></tr><tr><td>2020</td><td>0.38</td></tr><tr><td>2019</td><td>0.48</td></tr></table>	2021	0.43	2020	0.38	2019	0.48	0.43
2021	0.43								
2020	0.38								
2019	0.48								
GRI 306: WASTE									
306-2	Waste by type and disposal method	<p>Head office activities generated 145 tons of waste.</p> <p>Waste by Type and Disposal Method</p> <p>As at May 31, 2021</p> <div><table><tr><td>Landfilled materials</td><td>79%</td></tr><tr><td>Recycled materials</td><td>19%</td></tr><tr><td>Composted materials</td><td>2%</td></tr></table></div> <p>In FY 2020-2021, 25 tons of construction waste was generated, primarily as a result of workspace renovation and redevelopment projects. The diversion rate was 21% due to the pandemic, which forced the recycling waste management supplier to suspend operations.</p> <p>The Fonds generates a small amount of residual hazardous materials (RHM) representing less than 1% of the total weight of materials generated. These materials (fluorescents, light bulbs, cells, batteries and electronic waste) are all recovered by a specialized organization.</p>	Landfilled materials	79%	Recycled materials	19%	Composted materials	2%	
Landfilled materials	79%								
Recycled materials	19%								
Composted materials	2%								
GRI 307: ENVIRONMENTAL COMPLIANCE									
307-1	Non-compliance with environmental laws and regulations	<p>The Fonds is not subject to any legal action or notice of non-compliance with environmental legislation.</p>							

Category: Social

LABOR PRACTICES AND DECENT WORK

103-1 | 103-2 | 103-3

The Fonds acts through its employees. The Fonds' performance, efficiency and agility depend on the engagement, expertise and professionalism of its human capital. The professional development, health, safety and well-being of its employees are therefore issues of prime importance for the organization.

The Fonds and its employees are all subject to Quebec's labor laws and standards. All employees benefit from the social and labor protections provided for by law. The principal international labor conventions are in effect in Quebec.

The Fonds manages employee relations through human resources management policies, which are under the purview of the Executive Vice-President, Human Resources. The Fonds' policies provide for equal pay and opportunities while promoting an inclusive workplace. Many other human resources management and development practices are in place to ensure the health, safety and professional development of employees. These practices are detailed in each of the material topics below. The collective agreement adopted by the Fonds and its employees seeks to promote healthy labor relations by providing a basis for mutual agreement on working conditions and by establishing appropriate mechanisms for resolving disputes. The collective agreement applies to all permanent and temporary employees except management staff and human resources partners.

Fonds employees work in office buildings where the work environment is constantly monitored. The fact that the Louis-Laberge building obtained the highest level of the new LEED certification (v.4 O+M Platinum) for the operation and maintenance of existing buildings in 2020 also attests to the Fonds' commitment to providing a healthy work environment for its employees.

The following GRI standards apply in this section:

GRI 401: Employment

GRI 402: Labor/Management relations

GRI 403: Occupational health and safety

GRI 404: Training and education

GRI 405: Diversity and equal opportunity

The aforementioned standards cover the Fonds de solidarité FTQ.

HIGHLIGHTS

2020-2021

In FY 2020-2021, the Fonds began reorganizing its workspaces to reflect the new post-pandemic reality. The Fonds continued to implement preventive measures related to teleworking in accordance with government directives in order to ensure the continuity of its operations. Telecommuting was prioritized for almost all employees (over 90%) throughout the year. A safe work environment was provided for the very small number of employees who had to report to the Fonds' offices, and ergonomic furniture was made available to those working from home.

Themed activities and virtual events were held throughout the year to promote the Fonds' human culture.

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
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GRI 401: EMPLOYMENT

401-1	New employee hires and employee turnover	<p>In FY 2020-2021, the Fonds hired 63 employees (32 women and 31 men). Including departures, retirements and hires, the total number of permanent employees stood at 609 for the year.</p> <p>The turnover rate was 2.88% (excluding retirements and involuntary departures).</p> <p>Staff Mobility</p> <p>As at May 31, 2021</p> <table> <tr> <th>Number of permanent employees</th><th>Men (48 %)</th><th>Women (52 %)</th><th>Total</th></tr> <tr> <td></td><td>295</td><td>314</td><td>609</td></tr> </table> <table> <tr> <th>Hires (hires and new permanent positions included)</th><th>Men</th><th>Women</th><th>Total</th></tr> <tr> <td></td><td>31</td><td>32</td><td>63</td></tr> </table> <table> <tr> <th>Retirements</th><th>Men</th><th>Women</th><th>Total</th></tr> <tr> <td></td><td>(7)</td><td>(13)</td><td>(20)</td></tr> </table> <table> <tr> <th>Departures</th><th>Men</th><th>Women</th><th>Total</th></tr> <tr> <td></td><td>(12)</td><td>(7)</td><td>(19)</td></tr> </table>	Number of permanent employees	Men (48 %)	Women (52 %)	Total		295	314	609	Hires (hires and new permanent positions included)	Men	Women	Total		31	32	63	Retirements	Men	Women	Total		(7)	(13)	(20)	Departures	Men	Women	Total		(12)	(7)	(19)	
Number of permanent employees	Men (48 %)	Women (52 %)	Total																																
	295	314	609																																
Hires (hires and new permanent positions included)	Men	Women	Total																																
	31	32	63																																
Retirements	Men	Women	Total																																
	(7)	(13)	(20)																																
Departures	Men	Women	Total																																
	(12)	(7)	(19)																																

401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>Permanent employees receive comprehensive medical and dental coverage, life insurance and short- and long-term disability insurance. Employees are eligible for these benefits as soon as they are hired or when they become full time, as the case may be.</p> <p>Temporary employees have access to the same medical and dental plans, as well as short-term disability insurance. However, they are not eligible for life insurance or long-term disability insurance. They are covered once they have worked a certain number of hours.</p> <p>Every year, the Fonds issues Class A shares of the Fonds de solidarité FTQ to its permanent employees, the number of which varies with years of seniority. Temporary employees are also eligible for this benefit on a pro-rata basis according to the shares they have acquired through payroll deduction in the last 12 months.</p>	FS, p. 29
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401-3	Parental leave	<p>During the period covered by this report, 25 permanent employees (14 women and 11 men—20 professionals and 5 technical and clerical staff) took maternity, paternity or adoption leave.</p> <p>All those who took these leaves are still with the Fonds.</p>	
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GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
GRI 402: LABOR/MANAGEMENT RELATIONS			
402-1	Minimum notice period regarding operational changes	The four-year collective agreement signed in 2019 requires the employer to notify the union in writing one month ahead of any plans to restructure or cut service.	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
403-1	Occupational health and safety management system	<p>The Fonds implements the necessary preventive measures to ensure the health, safety and well-being of its workers.</p> <p>To ensure the effectiveness of these measures, the Fonds has a health and safety committee (HSC) in the workplace. Composed of three (3) managers and three (3) employees, this committee represents all unionized employees. Its members can investigate any situation involving employee health, safety or well-being. The HSC also provides volunteer teams with certain resources to ensure they are well equipped to manage incident risks. These resources include the Employee Handbook containing safety and security instructions for the Louis-Laberge building, the Assembly Plan and the Evacuation Plan.</p> <p>Another joint management-worker committee, the Employee Assistance Committee (EAC) is responsible for the design and deployment of information, training or other activities to improve the well-being of the Fonds' staff. The committee is composed of three (3) managers and three (3) employees. Over the past year, the EAC organized several awareness-raising activities on various topics, including mental health.</p> <p>The COVID-19 committee continued its mandate to ensure employee safety and to oversee the implementation and communication of pandemic-related decisions.</p>	
403-2	Hazard identification, risk assessment, and incident investigation	<p>In FY 2020-2021, the absenteeism rate for permanent employees was 3.17%. This rate includes sick, personal, unpaid and disability, SAAQ, CNESST leaves. Maternity and paternity leaves are not included.</p> <p>There was one incident and one work-related injury, both without lost time (or absenteeism), and one occupational injury with lost time (or absenteeism).</p>	
403-3	Occupational health services	<p>The various joint committees in place as well as the health, safety and well-being measures and programs deployed by the Fonds aim to reduce the risks of work accidents and occupational diseases.</p> <p>Several renovation and redevelopment projects are currently underway to adapt workspaces to the new hybrid way of working. The goal is to provide the Fonds' employees with an ergonomic, open, modern and technological work environment that promotes physical and mental well-being as well as collaboration, innovation and efficiency.</p>	
403-4	Worker participation, consultation, and communication on occupational health and safety	Under the collective agreement, the union committee deals with occupational health and safety matters.	

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
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GRI 404: TRAINING AND EDUCATION

404-1

Average hours of training per year per employee^{1,2}

By job category				
Management	Number of Employees Who Participated in Training	Total Hours of Training	Average Hours of Training per Employee	
	11	63	6	
Professional	Number of Employees Who Participated in Training	Total Hours of Training	Average Hours of Training per Employee	
	109	1,690	16	
Technical and office	Number of Employees Who Participated in Training	Total Hours of Training	Average Hours of Training per Employee	
	91	927	10	
Temporary and students	Number of Employees Who Participated in Training	Total Hours of Training	Average Hours of Training per Employee	
	50	626	13	
Total	Number of Employees Who Participated in Training	Total Hours of Training	Average Hours of Training per Employee	
	261	3,306	13	
By gender				
Women	Number of Employees Who Participated in Training	Total Hours of Training	Average Hours of Training per Employee	
	161	1,708	11	
Men	Number of Employees Who Participated in Training	Total Hours of Training	Average Hours of Training per Employee	
	100	1,598	16	

1. Rounded to the unit.

2. Training hours shown are from employee self-reporting. The number of employees and actual hours may be higher; however, the data is not available.

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
404-2	Programs for upgrading employee skills and transition assistance programs	<p>In-house training is offered every year to all Fonds employees to make them aware of the organization's policies and practices and to upgrade their knowledge and skills. This training also aims to ensure that employees have the qualifications to fill the positions to which they aspire.</p> <p>The Fonds reimburses tuition fees for part-time continuing education courses taken by employees to acquire or improve work-related knowledge.</p> <p>Permanent employees can take an unpaid study leave of up to twelve (12) months.</p> <p>A one (1) day workshop on preparing for retirement and a three (3) day workshop on transitioning to retirement are also available to all employees.</p>	
404-3	Percentage of employees receiving regular performance and career development reviews	<p>All permanent employees take part in the performance management process, which seeks to set and assess the achievement of performance objectives and to define a skills development plan.</p> <p>For some business sectors and employment categories, such as investment and corporate affairs, the Fonds has put together a career advancement plan to guide and foster professional development.</p>	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	<p>Since July 2021, the management committee is composed of three women and four men, for a female representation of 43%. The Fonds' Board of Directors has 19 directors, including the Fonds' President and Chief Executive Officer. The board is composed of six women and thirteen men, for a female representation of 32%.</p> <p>The governance and ethics committee is responsible for ensuring a diversity of skills and experience within the Board of Directors and its committees. With respect to electing seven independent directors, the governance and ethics committee must recommend female and male candidates with the required qualifications and experience to ensure that both genders account for at least 40% of board membership.</p> <p>During the year, an equity, diversity and inclusion benchmarking exercise was carried out to provide a picture of market practices.</p> <p><i>* These important updates were announced at the end of the financial year and came into effect at the beginning of the following year (2021-2022).</i></p>	
405-2	Ratio of basic salary and remuneration of women to men	<p>The average salary of women versus men as at May 31, 2021, is as follows:</p> <ul style="list-style-type: none"> — Management staff: 99% — Professionals: 100% — Technical and office staff: 99% <p>The salary structure complies with pay equity legislation.</p>	

Category: Social

HUMAN RIGHTS

103-1 | 103-2 | 103-3

The Fonds' activities take place in Quebec, Canada, where human and labor rights are recognized and codified in legislation enforced by special bodies (for example, the province's labor relations board and human rights commission) and by the courts.

The Fonds was created on the basis of union values such as respect, integrity and solidarity. These values underpin its relationship with employees, the latter's interactions with the organization's stakeholders, and all its investment activities.

The Fonds is aware of the potential impact of its investments and other investments on human rights. The Fonds' *Sustainable Development Framework Policy* establishes a reference framework for the Fonds to apply in terms of sustainable development and responsible investment while setting out the practices and processes applicable to its two main portfolios.

Some of these practices apply to both portfolios: guiding principles for exercising the right to vote, shareholder engagement with companies, targeted exclusions, among others. Other practices are adapted to the type of portfolio. For example, the Fonds conducts a social audit before each investment and divestment in its development capital portfolio.

The Fonds also strives to maintain high standards for its own organizational practices. The adoption of the *Sustainable Procurement of Goods and Professional Services Policy* aims to promote responsible procurement practices that are ethical and respect the principles related to the Fonds' mission, values and activities. Moreover, the Fonds gives preference to suppliers whose employees are unionized and to partner companies, all of which have undergone a social audit.

All Fonds employees except management staff and human resources partners are unionized. The collective agreement is renegotiated each time it expires.

The following GRI standards apply in this section:

GRI 406: Non-discrimination

GRI 407: Freedom of Association and Collective Bargaining

GRI 412: Human Rights Assessment

The aforementioned standards cover the Fonds de solidarité FTQ.

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
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GRI 406: NON-DISCRIMINATION

406-1	Incidents of discrimination and corrective actions taken	The Fonds applies its <i>Anti-harassment Policy</i> , adopted in 2004 and updated in 2015. No cases of discrimination were recorded during the reporting period.	
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GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None	
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GRI 412: HUMAN RIGHTS ASSESSMENT

412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<p>In 2014, the Fonds adopted a <i>Sustainable Development Framework Policy</i> (updated in 2016) that defines its broad directions and general approach to sustainable development and responsible investment. This policy applies to all the Fonds' activities, especially those involving investment.</p> <p>The responsible investment approach, and more particularly the integration of ESG factors, are adapted to the nature of each of the Fonds' two portfolios:</p> <p>Development capital investment portfolio</p> <ul style="list-style-type: none"> — Due diligence of legal, financial and environmental aspects — Social acceptability analysis and social audit — Compliance with the Fonds' code of conduct for international business dealings, if applicable — Exercise of voting rights in accordance with the Fonds' Guidelines on the Exercise of Voting Rights (2018) for listed shares. The voting process is adapted to the reality of private companies. <p>Other investments portfolio</p> <ul style="list-style-type: none"> — Annual review of issuers, which may lead to exclusions from the portfolio (e.g. poor ESG performance) — Exercise of voting rights in accordance with the Guidelines on the Exercise of Voting Rights (2018) for listed shares <p>Furthermore, the Fonds reserves the right to exclude from its portfolios any company whose activities or practices are not in line with its values. The <i>Sustainable Development Framework Policy</i> provides for the exclusion of companies with a history of non-compliance with labor standards or human rights legislation.</p>	
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Category: Social

LOCAL COMMUNITIES

103-1 | 103-2 | 103-3

Through its action, the Fonds aims to support the socioeconomic development of Quebec's local communities.

The Fonds is aware of the impact that investing in a community can have, especially in regions that are less densely populated or have a more fragile economic and industrial fabric. One of the four aspects of its mission is to support economic development and to drive job creation and preservation in all regions of Quebec.

To minimize the potential risks of an investment on local communities, the Fonds carries out a social acceptability analysis and a social audit containing a wide range of social criteria. The social performance of future partner companies is assessed by investment professionals, known as development agents, from the Labor Relations Office. In addition to its impact on the economy and jobs, the Fonds encourages Quebecers to save.

The Fonds also strives to maintain high standards for its own organizational practices. The Fonds supports non-profit organizations across Quebec through its philanthropic action. Donations and sponsorships are governed by its *Policy on Donations and Sponsorships* (2018).

The Fonds engages in a transparent and ongoing basis with the various levels of government by participating in discussions on savings and investment. The Fonds does not make political contributions in the form of money or services and abstains from any partisan debate.

The following GRI standards apply in this section:

GRI 413: Local communities

GRI 414: Public policy

The aforementioned standards cover the Fonds de solidarité FTQ.

HIGHLIGHTS

2020-2021

In the context caused by the COVID-19 pandemic, the Fonds put its values into action by allocating significant sums to social and community causes, in particular to organizations dedicated to protecting, assisting and providing shelter to female victims of domestic violence.

The Fonds teamed up with committed partners to invest in a social housing initiative that will provide some 1,500 affordable quality housing units for low-income households.

Last spring, the Fonds took part in the COVID-19 vaccination effort. Since its offices are located in an area of Montréal with a low vaccination rate (as at May 31, 2021), the Fonds joined forces with various partners to set up a COVID-19 vaccination clinic. Working closely with neighborhood organizations, the clinic reached as many groups as possible from the local and cultural communities.

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
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GRI 413: LOCAL COMMUNITIES

413-1	Operations with local community engagements, impact assessments, and development programs	<p>All companies in the development capital investment portfolio are subject to a social acceptability analysis and a social audit at the time of investment and another social audit at the time of disinvestment. The impacts on employment and on the community are then assessed. The social acceptability analysis includes an analysis of labor relations. The social audit assesses various aspects, including the diversity of the workforce and senior officials, working conditions and the company's performance in the areas of health and safety.</p> <p>The Fonds' philanthropic action may take the form of donations to or sponsorships of non-profit organizations whose activities are linked to its fundamental mission. The award process is governed by a policy. The Fonds' philanthropic action is divided into four components: (1) Societal (2) Social and community causes (3) Economic and (4) Networking.</p> <p>Lastly, one aspect of the Fonds' mission is to educate and encourage workers to save for retirement. The Fonds' savings products are offered to all Quebec workers aged 18 and over, with no minimum contribution required or membership fees. Shareholders-savers obtain tax credits on Class A shares (one from the Quebec government and one from the federal government) and can opt for payroll deduction, which allows them to save by having the amount deducted from their pay. All these advantages make it easier for workers to build a nest egg for retirement.</p>	
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413-2	Operations with significant actual and potential negative impacts on local communities	<p>No direct activity generates a significant actual or potential negative impact on local communities.</p> <p>Some companies can generate negative externalities. The positive aspects should outweigh the negative, as measured in the social audit.</p>	
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G4-FS13	Access points in low-populated or economically disadvantaged areas by type	Shareholders-savers have access to 17 permanent offices in low- and high-population regions. The Fonds' savings product is also available through payroll deduction plans to employees of more than 12,500 companies.	
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G4-FS14	Initiatives to improve access to financial services for disadvantaged people	<p>The Fonds offers a variety of ways to make it easy for shareholders-savers to contribute.</p> <p>Its headquarters and regional offices are wheelchair accessible for those who prefer to transact in person at a point of service.</p>	
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GRI 415: PUBLIC POLICY

415-1	Political contributions	The Fonds does not make political contributions.	
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Category: Social

PRODUCT RESPONSIBILITY

103-1 | 103-2 | 103-3

The Fonds offers three financial products, the first two to individuals.

Of the first two, one is Class A shares of the Fonds de solidarité FTQ, which can be registered in an RRSP and entitle their holders to tax credits for contribution to a labor-sponsored fund. The other, offered through its subsidiary FlexiFonds, is units of one of three FlexiFonds mutual funds, which can also be registered in an RRSP, a Tax-Free Savings Account (TFSA) or a Registered Retirement Income Fund (RRIF). Geared to business, the third consists of financing in the form of unsecured loans or equity investments. The Fonds is thus a reporting issuer, an investment fund and a company.

The Fonds operates in a highly regulated environment where it is subject to various laws and regulations and where the province's financial regulator, the Autorité des marchés financiers (AMF), monitors its advertising, promotion, official documents, share issues, development capital investments and other investments. Any complaints concerning the organization can be filed with the AMF. The Fonds diligently deals with all complaints whether received directly or through the AMF. It regularly conducts surveys, holds focus groups and analyzes communications received by its Saving Services, and it communicates directly with its partner companies to measure their satisfaction and understand their expectations.

The Fonds' activities depend in large part on the information it generates or collects from shareholders-savers, partner companies and employees. The Fonds carefully protects these information assets.

The following GRI standards apply in this section:

GRI 417: Marketing and Labeling

GRI 418: Customer Privacy

GRI 419: Socioeconomic Compliance

The aforementioned standards cover the Fonds de solidarité FTQ.

HIGHLIGHTS

2020-2021

In response to corporate information security issues, the Fonds has clarified its *Information Security Code Policy* to ensure alignment with best practices in the field.

As a client of the Shareholder Association for Research & Education (SHARE), the Fonds had the organization engage with companies on the topic of climate change with a view to improving corporate disclosure and transparency practices.

GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE
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GRI 417: MARKETING AND LABELING

417-1	Requirements for product and service information and labeling	<p>The prospectus and annual information form contain all relevant information on the requirements for Class A shares and the FlexiFonds mutual funds.</p> <p>In addition, the Management Proxy Circular and Notice of Meeting contain information on the financial year and information on voting, general proxy matters and the Board of Directors.</p> <p>These documents are available on the Fonds' website and on SEDAR.</p> <p>The Fonds uses various communication channels to reach and inform Quebec businesses about its financing offer and financial products, such as personalized information sharing, sending newsletters and publishing press releases or information on its website.</p>	
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417-2	Incidents of non-compliance concerning product and service information and labeling	None	
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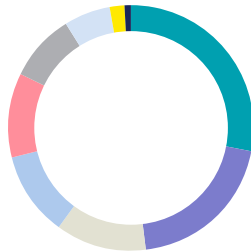
417-3	Incidents of non-compliance concerning marketing communications	None	
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GRI 418: CUSTOMER PRIVACY

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>No complaints.</p> <p>The Fonds has adopted an information security framework based on the ISO 27002 security standard, which sets out the rules for protecting the information assets of the Fonds and its network. These rules are set out in the <i>Information Security Policy</i>. Employees receive training on the importance of protecting confidential information.</p>	
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GRI 419: SOCIOECONOMIC COMPLIANCE

419-1	Non-compliance with laws and regulations in the social and economic area	None	
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GRI STANDARD	DESCRIPTION	DISCLOSURE	ADDITIONAL REFERENCE																				
G4-FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	<p>Does not apply to the Fonds' savings product (its shares) or to units of FlexiFonds mutual funds.</p> <p>As regards the due diligence process and the integration of ESG factors into the development capital investment and other investments portfolios, see GRI 412-3, G4-FS10 and G4-FS11.</p> <p>Lastly, an annual review of the securities in the other investments portfolio is carried out to ensure compliance with the list of excluded issuers stemming from the <i>Sustainable Development Framework Policy</i>.</p>																					
G4-FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	<p>The Fonds interacts with each prospective partner company at the pre-investment stage (development capital investments portfolio).</p> <p>In addition, for a number of years now, SHARE has been mandated by the Fonds to engage on its behalf with targeted companies on ESG issues. During the year, the Fonds co-signed three shareholder proposals as part of SHARE's shareholder engagement plan.</p> <p>During the period from June 1, 2020, to May 31, 2021, SHARE carried out 127 engagement initiatives with 85 companies, all sectors combined.</p> <div><p>Breakdown of SHARE Engagement Initiatives on Behalf of the Fonds in 2020-2021 by Topic</p><table><tr><th>Topic</th><th>Percentage</th></tr><tr><td>Decent work</td><td>28%</td></tr><tr><td>Reconciliation</td><td>20%</td></tr><tr><td>Racial justice</td><td>12%</td></tr><tr><td>Political spending</td><td>11%</td></tr><tr><td>Health access and equity</td><td>11%</td></tr><tr><td>GHG reduction</td><td>9%</td></tr><tr><td>Sustainable finance</td><td>6%</td></tr><tr><td>Just transition</td><td>2%</td></tr><tr><td>Access to water</td><td>1%</td></tr></table></div>	Topic	Percentage	Decent work	28%	Reconciliation	20%	Racial justice	12%	Political spending	11%	Health access and equity	11%	GHG reduction	9%	Sustainable finance	6%	Just transition	2%	Access to water	1%	OSR, p. 81
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Just transition	2%																						
Access to water	1%																						
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	<p>All the Fonds' investments are subject to the exclusion criteria set out in its <i>Sustainable Development Framework Policy</i>.</p> <p>The Fonds excludes companies:</p> <ul style="list-style-type: none">— that do not meet international standards, including the Oslo Convention on Cluster Munitions, the Ottawa Treaty on anti-personnel mines and any other convention on prohibited weapons and, on a case-by-case basis, companies that derive part of their income from the manufacture or sale of weapons;— in the tobacco industry;— with a history of irresponsible environmental practices;— with a history of non-compliance with labor standards or human rights legislation;— that do not comply with the Fonds' International Code of Conduct for business dealings abroad (this criterion applies only to the development capital investments portfolio);— with coal reserves used for energy production;— engaged in the exploration or production of oil or gas in Quebec;— whose activities associated with oil sands production represent a significant share of total production.																					