

A large graphic consisting of a dark blue circle with a light green border. Inside the circle, the text "Annual Report" is written in white, and "2018" is written in a large, bold, light green font.

Annual Report
2018



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Message from Management

Since it was first established in 2001, the Fondation Hydro-Québec pour l'environnement has been supporting the efforts of Québec communities to protect the natural environment. Close to \$16 million has been invested in a total of 284 projects proudly undertaken by nonprofit organizations, municipalities, regional county municipalities (MRCs) and band councils. These initiatives to enhance our natural heritage have a positive social and environmental impact on communities.

In 2018, the Foundation funded 12 new projects in 7 of Québec's administrative regions. A total of \$764,840 was invested to enhance, develop and restore natural environments and raise awareness among thousands of visitors of the richness of Québec's ecosystems and of their role in protecting them. The Foundation is delighted to partner with the different organizations that undertake promising projects and develop effective tools for raising awareness about our lands, forests, wetlands, lakes, rivers and natural urban areas. We commend the dedication of the members of these proponent organizations who carried out the projects and the many volunteers who contributed to the success of the measures taken across Québec to preserve the environment.

Our heartfelt thanks to the experts of the review committee and to everyone at the Foundation and its Board of Directors. This year, we welcomed a new Board member, Ann Bourget, and we said good-bye to Myriam Truchon, who we thank for her contributions to the Foundation for over 11 years. Lastly, our sincere thanks to Stella Leney, who joined the Board in 2004 and served as its president from 2012 to 2017.

/s/ Pierre Gagnon
President

/s/ Carlo Gagliardi
Executive Director

The Foundation

Mission

The Fondation Hydro-Québec pour l'environnement is a non-profit organization whose mission is to help Québec communities develop a sense of ownership of their environment, enjoy it responsibly and pass on this natural heritage to future generations.

Objectives

The Foundation funds tangible initiatives in local communities across Québec whose environmental and social benefits serve community interests. The projects it supports are the result of collaboration at the local level and have the following aims:

- To protect, restore and enhance natural habitats
- To educate target publics about local environmental issues

These objectives go hand in hand: an environmental protection or rehabilitation project will have no lasting effect if the people who have an impact on the site do not feel concerned. Similarly, the message of an awareness-raising or educational activity will go unheeded if it does not give people a way to take action.

The Foundation supports projects that are likely to have direct, positive impacts on specific natural areas. Educational projects satisfy this criterion if they focus on changing the behavior of clearly defined target groups with respect to the natural areas they use. Educating the public about general environmental issues is not part of the Foundation's mission.

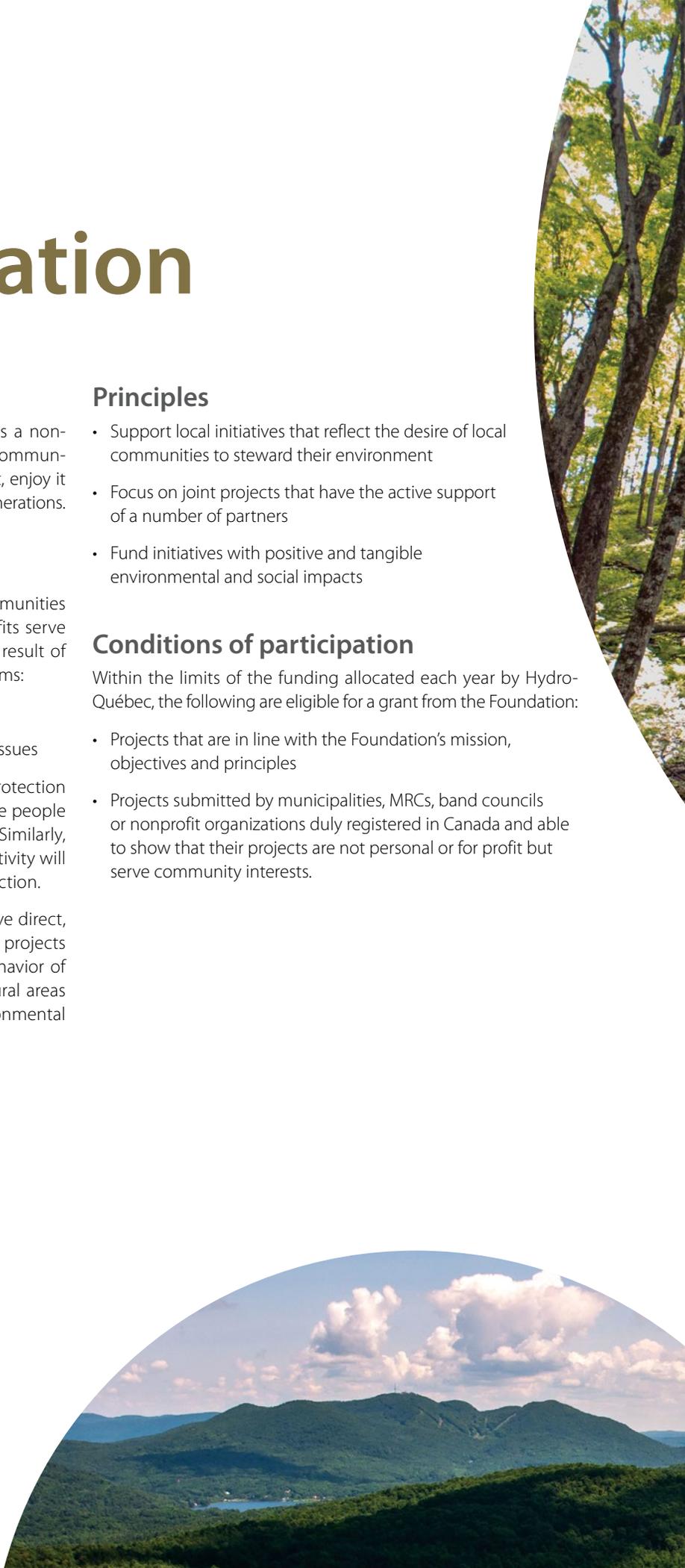
Principles

- Support local initiatives that reflect the desire of local communities to steward their environment
- Focus on joint projects that have the active support of a number of partners
- Fund initiatives with positive and tangible environmental and social impacts

Conditions of participation

Within the limits of the funding allocated each year by Hydro-Québec, the following are eligible for a grant from the Foundation:

- Projects that are in line with the Foundation's mission, objectives and principles
- Projects submitted by municipalities, MRCs, band councils or nonprofit organizations duly registered in Canada and able to show that their projects are not personal or for profit but serve community interests.





Facts and figures

Funding by the Foundation since 2001:

\$15.5 million

284 projects in all regions of Québec

Natural environments enhanced/protected by projects undertaken by over **160** organizations:

11,568

hectares of lands
and forests

9,188

hectares
of wetlands

148

rivers
and lakes

Geographical Distribution

of Projects Supported by
the Foundation in 2018





Lands and Forests

- 1 Protection and enhancement of the Centre écologique Fernand-Seguin
- 2 Protection of a Sainte-Anne-des-Lacs forest property through acquisition
- 3 Creation and enhancement of Parc des Sommets de Bromont
- 4 Protection and enhancement of the boreal forest and coastal ecosystems along the Fleuve Saint-Laurent: Sentier des Embruns – Phase II



Centre écologique Fernand-Seguin

Rivers and Lakes

- 5 Preservation of Lac des Battures: a natural oasis in the heart of Île des Sœurs
- 6 Enhancement of Lac Vachon



Lac Vachon

Wetlands

- 7 Enhancement, awareness and threat mitigation at the Réserve naturelle du Marais-Léon-Provancher
- 8 Protection and enhancement of the Parc nature de Saint-Lin-Laurentides
- 9 Enhancement of Molson marsh – Phase II



Marais Léon-Provancher

Awareness and Education

- 10 Awareness and education for the protection and enhancement of Rivière Bonaventure
- 11 Citizen mobilization against non-native invasive species in Coteau Sainte-Geneviève
- 12 Awareness of biodiversity in the Saint-Léonard food-producing green corridor



Rivière Bonaventure

A photograph of a forest with a wooden boardwalk. Two people are standing on the boardwalk, holding hands. The forest is filled with tall, thin trees and a dense canopy of green leaves. The ground is covered with fallen leaves. A large, light green circle is overlaid on the upper part of the image, containing the text "Lands and Forests".

Lands and Forests

Protection and enhancement of the Centre écologique Fernand-Seguin

With its 65 hectares of forest, the Centre écologique Fernand-Seguin is a key component of the Châteauguay-Léry green corridor and of the Greater Montréal green belt. Outdoor enthusiasts use its network of trails for hiking, cross-country skiing and snowshoeing. A site of tremendous ecological value with a perpetual conservation easement, the Centre écologique Fernand-Seguin is one of the most visited municipal parks in the region. It is managed by Héritage Saint-Bernard, which is committed to protecting this exceptional natural environment now under stress because of its growing popularity. The goal is to introduce structures that will control how the park is used while ensuring visitors enjoy an even better experience.

Funding from the Foundation will help Héritage Saint-Bernard to minimize the negative effects of the growing user traffic. In particular, the funds will be used to build cedar fences and a low boardwalk in an area where drainage is poor. These structures will reduce off-trail traffic and the trampling of vegetation. This will mean better protection for trilliums, wild leeks and other rare plants in this forest typical of southwestern Québec. Visitors will also be able to obtain a brochure with information on good practices when visiting this natural environment. In addition, interpretation panels will be installed at rest stops to educate visitors about the impressive diversity of the ecosystems surrounding them and the importance of preserving them.



Project	Area (ha)	Proponent	Expected Total Cost (\$)	Foundation's Contribution (\$)
Protection and enhancement of the Centre écologique Fernand-Seguin	51	Héritage Saint-Bernard	76,080	49,900
Protection of a Sainte-Anne-des-Lacs forest property through acquisition	29.5	Héritage Plein Air du Nord	544,000	30,000
Creation and enhancement of Parc des Sommets de Bromont	185	Town of Bromont	445,000	220,000
Protection and enhancement of the boreal forest and coastal ecosystems along the Fleuve Saint-Laurent: Sentier des Embruns – Phase II	52.8	Centre d'expérimentation et de développement en forêt boréale	285,695	49,000
TOTAL	437.5*		1,350,775	348,900

*Includes forests affected by wetlands projects in the Réserve naturelle du Marais-Léon-Provancher (106 ha) and the Parc nature de Saint-Lin-Laurentides (13.2 ha).

Lands and Forests



Protection of a Sainte-Anne-des-Lacs forest property through acquisition

Héritage Plein Air du Nord (HÉPAN) was created in 2015 because the local community wanted to protect nearby natural sites. Its mission is to help maintain the biodiversity and ecological processes of the Laurentian forest while at the same time offering visitors access to nature. HÉPAN thus decided to purchase and enhance a first forest property of 29 hectares in Sainte-Anne-des-Lacs, near Prévost.

The acquisition of this key property, located on two square kilometres of virtually undisturbed natural environments and newly christened Forêt Héritage, was made possible thanks to funding from the Foundation and many other partners. This was in addition to a large sum collected in a fund-raising effort enthusiastically supported by the local community. The funds from the Foundation will also make it possible for HÉPAN to improve visitor facilities in this incomparable environment. In addition, steps have been taken to have the site officially recognized as a nature reserve.

Forêt Héritage harbors a number of at-risk species, including southern twayblade, a flower designated as threatened in Québec, and smooth greensnake, a reptile species likely to be designated as threatened. By organizing visits and educational activities, HÉPAN will help raise awareness about the ecological interest of this land and the need to protect natural environments that are still intact from the ever-increasing pressure of human activities.

Creation and enhancement of Parc des Sommets de Bromont

The 185-hectare Parc des Sommets de Bromont is located on Mont Brome, one of the nine Monteregian hills known for their unique geological formation. Thanks to an impressive community mobilization for the conservation of natural environments, the town of Bromont was able to acquire a piece of land extending over three still intact peaks. In protecting this site from real estate development, the town acknowledges the importance and value of the ecological components of the Parc des Sommets. Intent on protecting these components while ensuring the sustainability of its vast network of trails, the town wants to raise awareness of the exceptional wealth of this natural heritage.

Funding from the Foundation will make it possible to counter soil erosion by closing certain trails and restoring others. The goal is to protect the area's exceptional forest ecosystem. Interpretation panels, trail markers, appropriate signage and observation platforms will be installed. Nature lovers as well as outdoor recreation enthusiasts will thus be able to enjoy the rich biodiversity of the region and partake in an extraordinary mountain experience. With this project, the town of Bromont is providing a model for balancing environmental conservation with outdoor recreational activities.

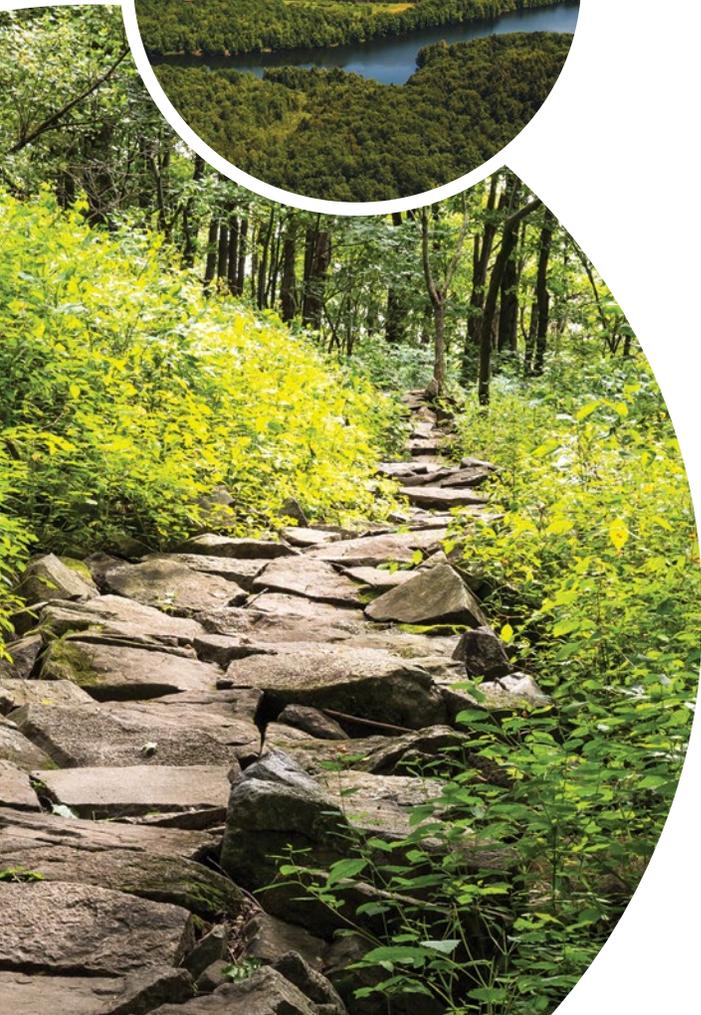




Protection and enhancement of the boreal forest and coastal ecosystems along the Fleuve Saint-Laurent: Sentier des Embruns – Phase II

A stretch of the Sentier des Embruns was built right in the heart of the city of Baie-Comeau, showcasing the richness of the boreal forest and the coastal ecosystems of the Rivière Manicouagan and the Fleuve Saint-Laurent (St. Lawrence River). This project was launched in 2014, part of a broader initiative for participatory sustainable development within the Baie-Comeau community (Ma Ville Ma Voix).

Thanks to a second provision of funds by the Foundation, the Centre d'expérimentation et de développement en forêt boréale (CEDFOB) will be able to finish the enhancement work over the entire Sentier des Embruns, close to 12 km long. Trail markings are to be improved and wooden walkways, stairways, bridges and boardwalks are to be built to channel visitor traffic and provide observation points the length of the trail. As its mandate is to increase knowledge of the nature and dynamics of the boreal forest, CEDFOB is also planning to enhance habitats for small mammals and install interpretation panels. Hikers will thus learn about the richness of the coastal ecosystems and the presence of many wildlife species characteristic of the boreal forest, including the wide diversity of birds.



Rivers and Lakes

Project	Number of Rivers and Lakes	Proponent	Expected Total Cost (\$)	Foundation's Contribution (\$)
Preservation of Lac des Battures: a natural oasis in the heart of Île des Sœurs	1 lake	Nature-Action Québec	143,507	56,500
Enhancement of Lac Vachon	1 lake	Town of Chandler	166,400	96,900
TOTAL	2 lakes		309,907	153,400

Preservation of Lac des Battures: a natural oasis in the heart of Île des Sœurs

Given its proximity to downtown Montréal, Île des Sœurs has a large residential population. Nonetheless, despite the many transformations the island has undergone in recent decades, the southern tip still has close to 50 hectares of natural environments. In addition to the Saint-Paul woodlands, a forest of remarkable biodiversity, there are a lake, a stream, a small marsh and a riparian forest buffer that form an aquatic ecosystem of immense ecological value. These Fleuve Saint-Laurent island environments are especially rich in wildlife species of interest.

The site has special meaning for the local community, which benefits from many ecological services specific to this area. However, the highly urbanized environment along the shores of Lac des Battures and the heavy visitor traffic threaten the integrity and the fragile equilibrium of the environment. The borough of Verdun commissioned Nature-Action Québec to undertake a variety of activities to enhance the lake's aquatic and riparian environments and to educate the public about the importance of protecting this site. Funding from the Foundation will make it possible to improve habitats in Lac des Battures, rendering them more favorable as wildlife breeding, feeding and nesting areas. Vegetated rafts, for example, will be installed in the middle of the lake for birds.

As for visitors, they will be directed to use a completely new structure comprising a boardwalk and a platform that will reduce the environmental impact of visitor traffic. In addition, an interpretation panel and workshops on avian wildlife will raise visitor awareness about the importance of protecting the aquatic environments, which are so essential to the island's rich indigenous biodiversity.

Enhancement of Lac Vachon

Lac Vachon is located right in the heart of Chandler, a town along Gaspésie's Atlantic coast. The lake is part of a water ecosystem that includes Ruisseau Noir as well as aquatic grass beds and wetlands. An extensive boardwalk and trails running along the shoreline provide access to the site. Local residents, groups of students and bird-watchers frequent the site year-round to enjoy and observe nature and take part in a variety of outdoor recreational activities. Given the mix of environments, the site harbors many species of birds, some of them rare or unusual—including the prairie warbler and the purple gallinule, a small waterbird with spectacular plumage.

Lac Vachon, the lake at the center of this ecosystem and of the town of Chandler, a major regional attraction, has been subjected to a number of disturbances. Over the years, the boardwalk embankments have caused substantial accumulation of sediment. Not only is this harmful to the lake's riparian habitats but it has also provoked heavy proliferation of aquatic vegetation. In addition, the trails are regularly flooded by runoff, and in trying to avoid these flooded areas, visitors risk disturbing the animals and plants inhabiting this fragile environment.

With the funding provided by the Foundation, the town of Chandler will take measures to improve water flow through the Lac Vachon ecosystem. In addition, the embankments will be made smaller, the boardwalk extended and trail drainage improved. New interpretation panels will also be installed. Users can thus learn about the ecological functions of the environment. They will also learn about the imbalance that lake deterioration generates, and that unless appropriate conservation measures are taken, the end result can be asphyxiation of aquatic ecosystems.





Wetlands

Project	Area (ha)	Proponent	Expected Total Cost (\$)	Foundation's Contribution (\$)
Enhancement, awareness and threat mitigation at the Réserve naturelle du Marais-Léon-Provancher	19	Société Provancher	131,390	78,900
Protection and enhancement of the Parc nature de Saint-Lin-Laurentides	9.54	Town of Saint-Lin-Laurentides	128,296	58,710
Enhancement of Molson marsh – Phase II	1	Comité de surveillance Louis-Riel	87,600	29,000
TOTAL	84.8*		347,286	166,610

*Includes wetlands covered by lands and forests projects in Parc des sommets de Bromont (11.9 ha) and the Centre écologique Fernand-Seguin in Châteauguay (14 ha) and by rivers and lakes projects in Lac Vachon in Chandler (3.36 ha) and Lac des Battures on Île-des-Sœurs (26 ha).

Enhancement, awareness and threat mitigation at the Réserve naturelle du Marais-Léon-Provancher

Founded in 1919, the Société Provancher this year is celebrating 100 years of nature conservation. Management and enhancement of natural environments, public education and awareness activities and dissemination of natural science knowledge are among the measures this organization has implemented to this end. Owner of the Réserve naturelle du Marais-Léon-Provancher at Neuville along the north shore of the Fleuve Saint-Laurent (St. Lawrence River), the Société has opened this 125-hectare nature reserve to the public. Thousands of visitors come year-round to experience the extraordinary biodiversity of the reserve's ecosystems—its forests, marsh, grassy areas, meadows and coastal shorelines. In addition to the many birds that use the marsh during the migration period, there are many species of ducks, grebes and rails that spend the summer there.

It is thus crucial to reduce the impact of heavy visitor traffic on this regional jewel. A group of volunteers from the Société has undertaken to review the signage of the network of trails, improve the visitor reception and wildlife observation infrastructure and put up rail fencing in certain areas to channel traffic. They will also install a number of interpretation panels and organize two nature rallies for young people and families. Thanks to funding from the Foundation, visitors to the reserve will have an even better experience and an opportunity to get the most from this iconic natural environment dedicated to wildlife protection.

Protection and enhancement of the Parc nature de Saint-Lin-Laurentides

The town of Saint-Lin-Laurentides is known today for the large agricultural plain crossed by the Rivière de l'Achigan in its territory. Situated in the Lanaudière region, at the gateway to the Laurentides, the town wanted to create a natural park of substantial size for its residents' use by protecting one of the very last natural spaces in its territory. By acquiring land that included lakes, wetlands and forests, the town was able to consolidate some 54 hectares for conservation. In all, there are seven wetlands (a pond, marshes, swamps and bog woodland) with animal and plant habitats of tremendous value.

The town of Saint-Lin-Laurentides thus decided to invest in the enhancement of these sites. The natural habitats had deteriorated due to heavy traffic coupled with poor use of the site, and this proved a strong incentive to undertake the project. With the funding provided by the Foundation, protection and awareness activities are to be organized with the goal of preserving ecological integrity and the sensitive wetlands. The measures



planned include closing off certain accesses with vegetation, building trails and putting up interpretation panels and signs. This will make it possible to better channel visitor traffic, build awareness of the fragility of the environment and encourage behavior consistent with the conservation mission of the nature park. The enhancement of this singular environment, outstanding for the diversity of its wetlands, will mean residents of the town and its surroundings can have easy access year-round to a nature park they can be proud to call their own.

Enhancement of Molson marsh – Phase II

Active for the last 50 years, the Comité de surveillance Louis-Riel (CSLR) mobilizes citizens who want to help preserve the environment in which they live. Among its major projects is the protection and enhancement of Parc du Boisé-Jean-Milot, located in the Mercier-Hochelaga-Maisonneuve borough. Bordering a commercial area, this small natural forest is used annually by more than 20,000 people. Among its key features is the Molson marsh, located in the bed of a stream that once ran through the area. An island of urban biodiversity, this 1,000-m² wetland is unique and essential, and a new phase in its enhancement is under way.

A second contribution of funds by the Foundation will enable the CSLR to continue restoring the Molson marsh. This will involve plantings and placement of rockfill to halt erosion of the steep hill at the foot of which the marsh lies. More than 300 native trees, shrubs and plants are to be introduced, increasing the diversity of the forest vegetation. The CSLR is also planning to build shelters for wildlife to improve habitats for the snakes and birds that use this natural space, a favorite among bird-watchers and nature lovers. Thanks to these improvements to this urban ecosystem, Montréalers will be able to enjoy the Molson marsh and benefit from the ecological services it offers.



Awareness and Education

Awareness and education for the protection and enhancement of Rivière Bonaventure

Renowned for its natural beauty and its remarkably clear waters, the Rivière Bonaventure offers a magnificent environment for outdoor enthusiasts and salmon fishers. However, sites along the riverside are among the hottest properties in the Gaspésie for residences and vacation homes. And it's worst around the town of Bonaventure, where some 260 homes have been built along the shore.

The integrity of the river has suffered because of this heavy use of its shoreline. Land clearing and exposure of the soil are detrimental to the ecological functions of the riparian buffer strip and lead to alterations in the quality of the aquatic environment. The resulting loss of habitats endangers species whose presence is unusual—the harlequin duck, for example, and the Anticosti aster, a plant specific to the geological formations at this location.

One of 40 organizations devoted to protecting Québec's watersheds, the Conseil de l'Eau Gaspésie Sud (CEGS) promotes and supports initiatives to protect and enhance waters and their use. Its goal with this project is to educate riverside property owners and the general public about the exceptional value and vulnerability of natural riverside environments. The CEGS is also dedicated to promoting behavior that respects the habitats of the Rivière Bonaventure. Thanks to funding from the Foundation, the CEGS plans to produce an educational video and an information kit encouraging property owners to protect and enhance their shorelines. Bonaventure residents will also be encouraged to take part in annual river days celebrating the importance of the river to the community and highlighting the need to protect its aquatic ecosystems.



Project	Proponent	Expected Total Cost (\$)	Foundation's Contribution (\$)
Awareness and education for the protection and enhancement of Rivière Bonaventure	Conseil de l'Eau Gaspésie Sud	93,464	21,000
Citizen mobilization against non-native invasive species in Coteau Sainte-Geneviève	Conseil régional de l'environnement – région de la Capitale-Nationale	43,054	29,930
Awareness of biodiversity in the Saint-Léonard food-producing green corridor	Nature-Action Québec	276,903	45,000
TOTAL		413,421	95,930

Awareness and Education



Citizen mobilization against non-native invasive species in Coteau Sainte-Genève

The Coteau Sainte-Genève forms a green belt along the north side of the cliff that separates the city of Québec's upper and lower towns. Just over three kilometres long, this narrow strip of forest runs from the Saint-Jean-Baptiste district to the Saint-Sacrement district. In the very heart of these heavily populated urban districts, the Coteau is an iconic environment with many trails and stairways. Non-native invasive species are propagating aggressively, however, replacing naturally present plant species and threatening the integrity of these woodlands.

The Conseil régional de l'environnement – région de la Capitale-Nationale (CRE – Capitale-Nationale) is very much aware of the destructive effects of invasive plants and of just how serious an environmental problem they generate. It has therefore decided to work with residents who live along the Coteau Sainte-Genève to protect the forest and its plant biodiversity. With the help of the Foundation, the Conseil is working to educate nearby residents about measures that can be taken to prevent the spread of non-native invasive species from their properties. How are they doing this? For one thing, by organizing field training sessions and equipping citizen brigades with appropriate tools. In other words, the Conseil is working to mobilize locals to participate in community efforts to control non-native invasive species. Residents are learning to identify these harmful species so that when they are found in gardens, residents will get rid of them and replace them with native species. This community mobilization, to which the Foundation is contributing, is crucial to the success of the fight against non-native invasive species near the city of Québec.





Awareness of biodiversity in the Saint-Léonard food-producing green corridor

A key turning point in the history of the borough of Saint-Léonard was the intense urbanization that came with the population explosion of the 1960s. Today, the borough faces numerous problems, as do other parts of eastern Montréal, stemming from heat islands, habitat fragmentation and loss of biodiversity. Écoquartier de Saint-Léonard has commissioned Nature-Action Québec (NAQ), an organization with 30 years of experience, to link up the borough's different green spaces and educate residents about the importance of protecting urban biodiversity.

The creation of a food-producing green corridor, as proposed by NAQ and the borough of Saint-Léonard, will promote ecological connections and generate habitats for urban wildlife and plant species. Located for much of its length along a transmission line right-of-way, the corridor includes parks and private lands as well as the Chartier stormwater retention ponds, which form a wetland used by Dekay's brown snake, a rare species in Québec.

This project is part of a wide-ranging biodiversity development and enhancement project designed to create a major green space in the heart of Saint-Léonard. Funding from the Foundation will be used to create an island of vegetation for pollinator and to install two insect hotels in parks in the borough. In addition, educational panels on biodiversity will be installed, in the area of the Chartier ponds among other places. Lastly, community workshops on urban biodiversity as well as pollinator and the essential ecological services they provide are planned.



Review of Operations

Since its inception in 2001, the Foundation has granted \$15.52 million in funding to 284 projects with an estimated total value of \$51.04 million.

The framework for reviewing grant applications submitted to us has always reflected our desire to support initiatives that have substantial impacts on the conservation of Québec's natural heritage.

The tables below show the projects funded by the Foundation in each project class since 2001, with the area and type of environment.

Grant Distribution by Class

Project Class	Number of Projects in 2018	Number of Projects since 2001	Amounts Granted to Partners (\$) in 2018	Amounts Granted to Partners (\$) since 2001
Lands and Forests	4	86	348,900	6,060,258
Rivers and Lakes	2	64	153,400	3,185,857
Wetlands	3	69	166,610	4,093,973
Awareness and Education	3	65	95,930	2,184,240
TOTAL	12	284	764,840	15,524,328





Protection, Restoration and Enhancement of Lands and Forests

Area of Lands and Forests Targeted by the Projects

Period	Area (ha)
2018	437.5
Total since 2001	11,568.16*

*Some lands and forests areas have benefited from several projects funded by the Foundation. In these cases, the areas concerned have been included in the table only once.

Protection, Restoration and Enhancement

Area of Wetlands Targeted by the Projects

Period	Area (ha)
2018	84.8
Total since 2001	9,187.56*

*Some wetlands have benefited from several projects funded by the Foundation. In these cases, the areas concerned have been included in the table only once.

Protection, Restoration and Enhancement of Rivers and Lakes

Number of Rivers and Lakes Targeted by the Projects

Period	Number of Rivers	Number of Lakes	Total Number of Rivers and Lakes
2018	0	2	2
Total since 2001	79	69	148*

*Some rivers and lakes have benefited from several projects funded by the Foundation. These cases have been included in the table only once.

Awareness and Education

Natural Environments Targeted by the Foundation's Partners

Period	Number of Projects*	Projects Related to Lands and Forests	Projects Related to Rivers and Lakes	Projects Related to Wetlands
2018	3	2	1	0
Total since 2001	65	25	31	22

*A project may involve several types of environment.

Review of Operations

Protection of threatened and vulnerable species or species likely to be so designated

The biological diversity guidelines¹ adopted by the Québec government in 2013 are based on the *Strategic Plan for Biodiversity 2011–2020 and the Aichi Biodiversity Targets*.² These government guidelines aim to achieve concrete results with respect to the conservation and sustainable management of biological diversity for present and future generations.

In 2018, 19 threatened, vulnerable or vulnerable-to-harvest species and 21 species likely to be so designated, according to the classification in the *Act respecting threatened or vulnerable species*,³ benefited from projects supported by the Foundation.

Since 2001, the Foundation has contributed to the protection of 64 of the 116 plant and animal species designated threatened or vulnerable under this Act (as at November 29, 2018).

In addition, from 2003 to 2005, the Foundation supported a project to bring striped bass back to the Fleuve Saint-Laurent (St. Lawrence River). This fish, extirpated in Québec in the mid-1960s, was reintroduced using stocks from the Miramichi River.

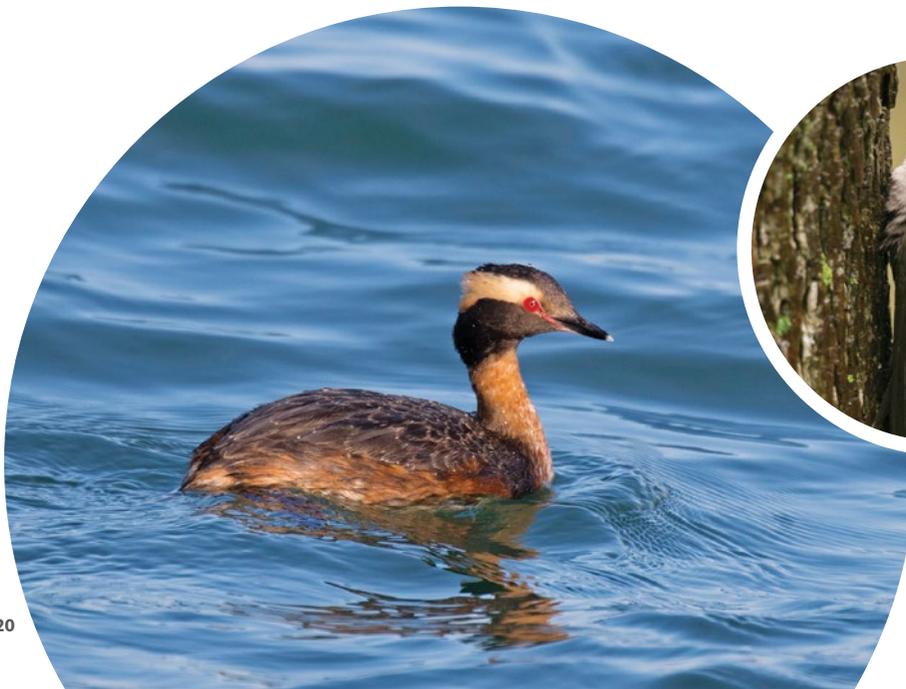


Number of Threatened or Vulnerable Species Targeted by Foundation-Funded Projects since 2001*

Extirpated community	1
Threatened, vulnerable or vulnerable-to-harvest species	64
Species likely to be designated threatened or vulnerable	170

*Each species is counted only once although some have benefited from several projects. Species status reflects the designation in effect when the project involving it was accepted by the Foundation.

1. www.mddelcc.gouv.qc.ca/biodiversite/orientations/orientations.pdf
 2. Adopted in October 2010 at the Convention on Biological Diversity in Nagoya, Japan.
 3. Legislation passed by the Québec government in 1989.



The Foundation's Contribution to the Protection of Plant and Animal Species in 2018

THREATENED, VULNERABLE OR VULNERABLE-TO-HARVEST SPECIES

Plants

SPECIES	SPECIES STATUS	PARTNERS
American ginseng	t	3
black maple	v	1
bloodroot	vh	1, 7
Canada wild ginger	vh	1, 3, 7
downy rattlesnake-plantain	v	1
large-flowered bellwort	vh	1, 3
large toothwort	vh	1
northern maidenhair fern	vh	1, 3
ostrich fern	vh	1, 3, 8
southern twayblade	t	2
two-leaved toothwort	vh	1, 3
Victorin's fringed gentian	t	7
white trillium	vh	1, 3
wild leek	v	1, 3

Birds

SPECIES	SPECIES STATUS	PARTNERS
bald eagle	v	4
Barrow's goldeneye	v	4
horned grebe	t	4
least bittern	v	7

Amphibians

SPECIES	SPECIES STATUS	PARTNERS
spring salamander	v	3

NUMBER OF SPECIES: 19

Partners – 2018 Projects

- 1 Héritage Saint-Bernard
- 2 Héritage Plein Air du Nord
- 3 Town of Bromont
- 4 Centre d'expérimentation et de développement en forêt boréale
- 5 Nature-Action Québec (Île des Sœurs)
- 6 Town of Chandler
- 7 Société Provancher
- 8 Town of Saint-Lin-Laurentides
- 9 Comité de surveillance Louis-Riel
- 10 Conseil de l'Eau Gaspésie Sud
- 11 Conseil régional de l'environnement – région de la Capitale-Nationale
- 12 Nature-Action Québec (Saint-Léonard)

SPECIES LIKELY TO BE DESIGNATED THREATENED OR VULNERABLE

Plants

SPECIES	PARTNERS
burreed sedge	1
butternut	1, 3, 7
cockspur hawthorn	1
cut-leaved toothwort	1
glade fern	3
Kansas hawthorn	1
oval-headed sedge	1
shagbark hickory	1
swamp white oak	1
Swan's sedge	1
Virginia chain fern	8

Birds

SPECIES	PARTNERS
Canada warbler	7
chimney swift	7
common nighthawk	7
rusty blackbird	7, 8

Mammals

SPECIES	PARTNERS
hoary bat	7
red bat	7
silver-haired bat	7

Reptiles

SPECIES	PARTNERS
Dekay's brown snake	5
smooth greensnake	2, 8

Amphibians

SPECIES	PARTNERS
northern dusky salamander	3

NUMBER OF SPECIES: 21

Definitions

- t = Threatened: species whose extirpation is feared.
 v = Vulnerable: species whose survival is precarious, but for which extirpation is not expected.
 vh = Vulnerable to harvest: species subject to harvest pressure owing to its commercial value.

Financial Statements

Management's Report

The financial statements of the Fondation Hydro-Québec pour l'environnement as well as all information contained in this report fall under the responsibility of Management and are approved by the Board of Directors. This responsibility involves choosing the appropriate accounting policies that comply with Canadian accounting standards for not-for-profit organizations.

To fulfill its responsibilities, Management maintains a control system designed to provide reasonable assurance as to the protection of assets, the accounting of transactions and the reliability of the financial statements.

/s/ Carlo Gagliardi
Executive Director

Montréal, Québec
March 27, 2019

The Fondation Hydro-Québec pour l'environnement acknowledges its responsibility in managing its affairs in accordance with the governing legislation.

The financial statements of the Fondation Hydro-Québec pour l'environnement have been audited by independent auditors KPMG LLP in accordance with generally accepted auditing standards in Canada. The auditors' report discusses the nature and extent of this audit and expresses their opinion.

Independent Auditors' Report

To the Directors of the Fondation Hydro-Québec pour l'environnement

Opinion

We have audited the financial statements of the Fondation Hydro-Québec pour l'environnement which comprise:

- the statements of financial position as at December 31, 2018
- the statements of operations for the year then ended
- the statements of changes in net assets for the year then ended
- the statements of cash flows for the year then ended
- notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises: the information, other than the financial statements and the auditors' report thereon, included in the annual report 2018.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Report 2018 as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report

to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ KPMG LLP*

Montréal, Canada
March 27, 2019

*CPA auditor, CA, public accountancy permit No. A133741

Statements of financial position

In Canadian dollars	As at December 31, 2018	As at December 31, 2017
Assets		
Cash	1,549,589	800,975
Contributions receivable from Hydro-Québec	161,828	34,187
Interest receivable	1,246	785
Total assets	1,712,663	835,947
Liabilities		
Accounts payable and accrued liabilities (note 3)	12,647	16,055
Net assets		
Subject to internal restrictions for environmental projects	1,364,283	1,267,017
Unrestricted	335,733	(447,125)
Total net assets	1,700,016	819,892
Total	1,712,663	835,947

The attached notes are an integral part of these financial statements.

On behalf of the Board,

/s/ Pierre Gagnon
President

/s/ Armand Couture
Director

Statements of operations

Years ended December 31

In Canadian dollars	2018	2017
Revenue		
Contributions from a special fund	1,552,641	882,327
Interest income	8,107	3,201
Total revenue	1,560,748	885,528
Expenditure		
Environmental projects		
Approved during the year	311,284	287,290
Approved during previous years	322,290	402,955
Total expenditure	633,574	690,245
General overhead and project management	47,050	46,851
Total	680,624	737,096
Excess of revenue over expenditure	880,124	148,432

The attached notes are an integral part of these financial statements.

Statements of changes in net assets

Years ended December 31

In Canadian dollars	Subject to internal restrictions for environmental projects	Unrestricted	2018 Total	2017 Total
Balance, beginning of year	1,267,017	(447,125)	819,892	671,460
Excess of revenue over expenditure	(633,574)	1,513,698	880,124	148,432
Internal restrictions for environmental projects approved in 2018	796,840	(796,840)	—	—
Transfer to unrestricted net assets	(66,000)	66,000	—	—
Balance, end of year	1,364,283	335,733	1,700,016	819,892

The attached notes are an integral part of these financial statements.

Statements of cash flows

Years ended December 31

In Canadian dollars	2018	2017
Operating activities		
Excess of revenue over expenditure	880,124	148,432
Change in non-cash working capital items		
Interest receivable	(461)	(433)
Contributions receivable from Hydro-Québec	(127,641)	(7,129)
Accounts payable and accrued liabilities	(3,408)	245
Net change in cash	748,614	141,115
Cash, beginning of year	800,975	659,860
Cash, end of year	1,549,589	800,975

The attached notes are an integral part of these financial statements.

Notes to financial statements

Years ended December 31, 2018 and 2017

The Fondation Hydro-Québec pour l'environnement (the "Foundation") was constituted on January 19, 2001, under Part III of the *Québec Companies Act*.

Its mission is to contribute to the long-term enhancement and protection of the environment; to promote the conservation, restoration and enhancement of fauna, flora and natural habitats; and to support local needs for stewardship of the environment. As at December 31, 2018, its Board of Directors was composed of five Hydro-Québec officers and five outside directors.

The Foundation is a non-profit organization that is exempt from taxes within the meaning of the *Income Tax Act*.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook*.

a) REVENUE RECOGNITION

The Foundation uses the deferral method of accounting for contributions. Unrestricted contributions and donations are recognized as revenue when they are received and as receivables if the amount can be reasonably estimated and payment is reasonably assured. Restricted contributions are recognized as revenue in the fiscal year in which the related expenditures are incurred.

Revenue from the Hydro-Québec special fund consists of contributions from the fund and interest paid on the fund. Interest income is recognized as it is earned.

b) EXPENDITURE RECOGNITION

Expenditures related to environmental projects are recorded when the expenditures are incurred by the organizations and approved by the Foundation.

Overhead expenses are recorded as services are received.

c) FINANCIAL INSTRUMENTS

The Foundation measures financial assets and financial liabilities at fair value on initial recognition. It subsequently measures all financial assets and financial liabilities at amortized cost.

Financial assets and financial liabilities measured at amortized cost include cash, interest receivable, contributions receivable from Hydro-Québec and accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment if there is any evidence of a potential impairment loss. The amount of the decline in value is recognized in the results as an impairment loss. A previously recognized loss can be reversed. Such reversal is recognized in income in the year in which the reversal occurs.

d) RESTRICTIONS FOR ENVIRONMENTAL PROJECTS

Environmental projects approved by the Board of Directors are restricted subject to the signing of a grant agreement between the Foundation and the organizations.

2. FINANCIAL INSTRUMENTS

Interest rate risk

Cash bears interest at a variable rate; consequently, fluctuations in market interest rates will have an impact on the Foundation's interest income.

Credit risk

The Foundation's cash is held by a financial institution with high-quality credit ratings. As a result, the Foundation considers that this counterparty's risk of non-performance is negligible.

Fair value

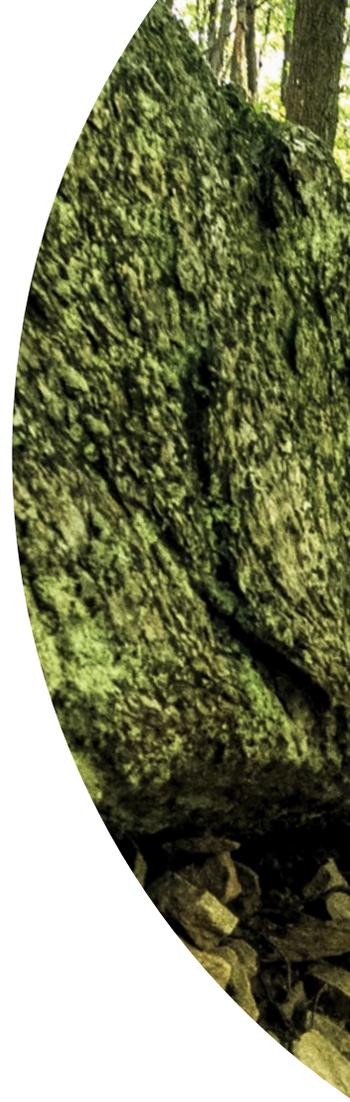
The carrying value of interest receivable, contributions receivable from Hydro-Québec and accounts payable and accrued liabilities approximates their fair value due to their short-term maturities.

3. RELATED PARTY TRANSACTIONS

During the year, the Foundation received a contribution of \$1,425,000 (\$800,000 in 2017) from the fund reserved by Hydro-Québec. The total net assets of this fund were \$4.8 million as at December 31, 2018 (\$6.2 million in 2017). The interest generated by this fund during the year is reserved for the Foundation. A total of \$127,641 (\$82,327 in 2017) in interest income was earned in 2018.

In addition, the Foundation incurred administrative overhead expenses from Hydro-Québec totaling \$27,854 (\$23,830 in 2017), none of which is included in accounts payable and accrued liabilities as at December 31, 2018 (nil in 2017). Services provided by the various administrative units of Hydro-Québec for the benefit of the Foundation are billed on the basis of actual costs under agreements between the Foundation and these units.

Board of Directors



Pierre Gagnon

President, Fondation Hydro-Québec
pour l'environnement
Executive Vice-President –
Corporate and Legal Affairs
and Chief Governance Officer
Hydro-Québec

Michel Bérubé

Team Leader – Environmental
and Social Impact Assessments
WSP Canada

André Besner

Director – Environment
Hydro-Québec

Ann Bourget

Director – Regional Affairs
and Communities
Hydro-Québec

Armand Couture

Independent Director

Chantal d'Auteuil

General Director – Association
des biologistes du Québec

Francine Émond

Independent Director

Claude Grondin

Director – Wildlife Initiatives
Fondation de la faune du Québec

Gilles Lemieux

Regional Director – Manicouagan
and Director – Production
Hydro-Québec

Louise Pelletier

Independent Director



For more information on the mission, priorities and operations of the Fondation Hydro-Québec pour l'environnement or on the projects it supports, visit www.hydroquebec.com/fondation-environnement

Any comments on this report or its content can be sent to the Foundation at the address below:

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[Page 2] *Parc des Sommets de Bromont*: Les Amis des sentiers de Bromont.

[Page 3] *Parc des Sommets de Bromont*: Les Amis des sentiers de Bromont.

[Page 5] *Centre écologique Fernand-Seguin*: Martine Hamel.
Lac Vachon, Chandler: William De Merchand. *Marais Léon-Provancher*: Yvan Bédard. *Rivière Bonaventure*: Martine Hamel.

[Page 6] *Low boardwalk, Centre écologique Fernand-Seguin*: Martine Hamel.

[Page 7] *Cedar fences, Centre écologique Fernand-Seguin*: Dominic Gendron. *Canopy, Centre écologique Fernand-Seguin*: Martine Hamel.

[Page 8] *Path, Sainte-Anne-des-Lacs*: Héritage Plein Air du Nord (HÉPAN). *Forêt Héritage, Sainte-Anne-des-Lacs*: T. J. Walker. *Ferns, Parc des Sommets de Bromont*: Les Amis des sentiers de Bromont. *Stone footpath, Parc des Sommets de Bromont*: Les Amis des sentiers de Bromont.

[Page 9] *Aerial view, Parc des Sommets de Bromont*: Les Amis des sentiers de Bromont. *Sentier des Embruns, Baie-Comeau*: Centre d'expérimentation et de développement en forêt boréale (CEDFOB).

[Page 10] *Lac des Battures, Île des Sœurs*: Samir Kassabli, Nature-Action Québec.

[Page 11] *Lac des Battures, Île des Sœurs*: Samir Kassabli, Nature-Action Québec. *Lac Vachon, Chandler*: William De Merchand.

[Page 12] *Marais Léon-Provancher*: Yvan Bédard.

[Page 13] *Parc nature de Saint-Lin Laurentides*: Nature-Action Québec. *Molson marsh, Boisé-Jean-Milot*: Pierre Bourrassa.

[Page 14] *Rivière Bonaventure*: Martine Hamel.

[Page 15] *Riverside property, Bonaventure*: Julie Leblanc, Conseil de l'Eau Gaspésie Sud. *Study of the buffer strip, Rivière Bonaventure*: Conseil de l'Eau Gaspésie Sud.

[Page 16] *Controlling Japanese knotweed, Coteau Sainte-Geneviève*: CRE – Capitale-Nationale. *Stairs, Coteau Sainte-Geneviève*: Martine Hamel.

[Page 17] *Chartier stormwater retention ponds, Saint-Léonard borough*: Nature-Action Québec. *Wildflowers, Saint-Léonard borough*: Nature-Action Québec.

[Page 18] *Boardwalk, Parc des Sommets de Bromont*: Les Amis des sentiers de Bromont. *Victorin's fringed gentian, Réserve naturelle du Marais-Léon-Provancher*: Pascale Forget.

[Page 19] *Volunteers lend a hand, Sainte-Anne-des-Lacs*: HÉPAN.

[Page 20] *Cockspur hawthorn, Centre écologique Fernand-Seguin*: Dominic Gendron. *Horned grebe, Centre écologique Fernand-Seguin*: Dominic Gendron. *Chimney swift, Centre écologique Fernand-Seguin*: Dominic Gendron.

[Page 21] *White trillium, Centre écologique Fernand-Seguin*: Dominic Gendron. *Wild leek, Centre écologique Fernand-Seguin*: Dominic Gendron.

[Page 28] *White trillium, Centre écologique Fernand-Seguin*: Dominic Gendron.

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