



**Fondation
Hydro-Québec
pour l'environnement**

**ANNUAL
REPORT 2009**



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Young participant, Montréal project to eradicate invasive alien plants
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Cover: Creek, Mont Saint-Hilaire foothills
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MESSAGE FROM MANAGEMENT

The Fondation Hydro-Québec pour l'environnement is a reflection of Hydro-Québec's wish to support communities that are implementing practical initiatives to protect, restore and enhance their natural surroundings.

In 2009 the Foundation contributed to 19 projects in 11 administrative regions, most of them aimed at protecting the habitat of a wide variety of plant and animal species. These initiatives do credit to the organizations that strive to protect Québec's natural heritage, and the Foundation is proud to partner with them.

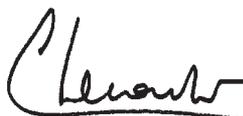
The past efforts of some organizations supported by the Foundation showed tangible results in 2009 as sea trout returned to the Rivière à Mars in the Saguenay region and striped bass began to reproduce naturally in the St. Lawrence once again, after being extirpated in the 1960s. As for land protection, the Réserve naturelle des Montagnes-Vertes has now been officially recognized as the largest private conservation area east of the Rockies.

These three major successes are but a few examples of the visible results achieved through the initiatives supported by the Foundation in past years. Since it started its operations in 2001, the Foundation's commitments have totaled nearly \$8.8 million for 145 projects with an estimated total value of about \$30 million.

We would like to thank the experts on the advisory committee for their assistance in reviewing the projects, as well as the members of the Board of Directors for their unfailing commitment to environmental protection.



Marie-José Nadeau
President



Catherine Leconte
Executive Director

MISSION

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

OBJECTIVES

The Foundation funds concrete initiatives that have positive environmental and social impacts and that serve the interests of communities throughout Québec. It partners with local organizations on projects designed to

- protect, restore and enhance natural areas, and
- educate target publics about local environmental issues.

These objectives go hand in hand: a protection or rehabilitation project will have no enduring effect if the people likely to have impacts on the site do not feel concerned. On the other hand, the message of an awareness-raising or educational activity will go unheeded if it does not give the people involved the means to make a difference in their environment.

Educating the public about general environmental issues is not part of the Foundation's mission: 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 way specific target groups behave with respect to the natural environment around them.

PRINCIPLES

- Support local initiatives that reflect the desire of 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:

- Any charitable or nonprofit organization duly registered in Canada and able to show that its project is not personal or for profit but serves community interests
- Any project that is in line with the Foundation's mission and principles and that contributes to the achievement of its objectives



BREAKDOWN OF THE FOUNDATION'S CONTRIBUTIONS (2001–2009)*

St. Lawrence Lowlands	\$3,449,755
Appalachians	\$1,923,013
Estuary and Gulf of St. Lawrence	\$1,701,471
Southern Laurentians	\$781,771
Central Laurentians	\$645,201
Mistassini Highlands	\$98,481
Abitibi and James Bay Lowlands	\$85,550
Lower North Shore Plateau	\$73,385
Ungava Basin	\$34,300

* Map of the Ecological Reference Framework adopted by the government of Québec.



REVIEW OF OPERATIONS

In 2009, the Foundation supported 19 projects of nonprofit organizations working to conserve and enhance Québec's natural heritage. These organizations help to protect the habitats of fragile species, and make communities aware of local environmental issues.

Since it began operation in 2001, the Foundation has contributed nearly \$8.8 million to 145 projects that have benefited all the administrative regions of Québec. The estimated total value of the projects is over \$30 million.

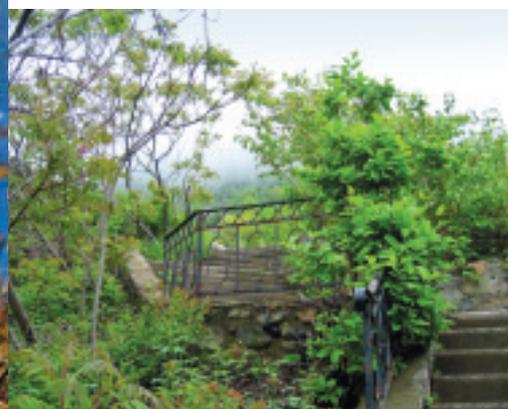
In accordance with the approach adopted in 2005, the Foundation gives preference to projects that focus on community stewardship of the natural environment. The table below divides the projects funded since 2001 into four classes: three classes reflect the types of biophysical environment targeted by the Foundation and the fourth is for environmental education and awareness initiatives.

GRANT DISTRIBUTION BY CLASS	Number of Projects		Amount Granted to Partners (\$)	
	2009	Since 2001	2009	Since 2001
LANDS AND FORESTS	4	35	298,300	3,109,043
RIVERS AND LAKES	3	37	208,300	2,082,787
WETLANDS	4	40	281,450	2,569,033
AWARENESS AND EDUCATION	8	33	232,600	1,032,064
TOTAL	19	145	1,020,650	8,792,927



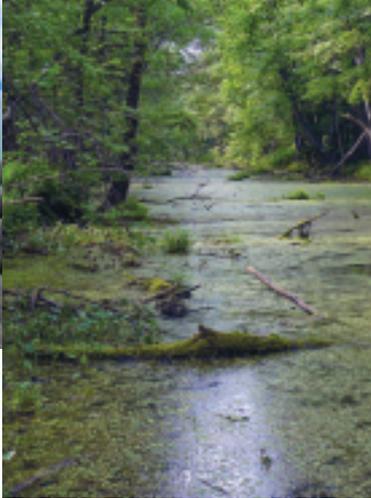
Anse à Gilles,
Cap-Saint-Ignace

Parc de conservation Savoy,
Mont Saint-Hilaire





Rocky trail, Gros-Cacouna birdwatching site



Swamp on Île Ronde, Odanak



West dune, Île du Havre Aubert, Îles-de-la-Madeleine

PROTECTION, RESTORATION AND ENHANCEMENT OF LANDS AND FORESTS

In 2009, the Foundation funded four projects in this class. One was a project to eradicate an invasive alien plant on the Island of Montréal and the other three involved controlling public access to ecosystems that are subjected to strong anthropogenic pressure.

LANDS AND FORESTS THAT HAVE BENEFITED FROM ACTION BY FOUNDATION PARTNERS		
Period		Area (ha)
2009		263
Total since 2001		6,590

PROTECTION, RESTORATION AND ENHANCEMENT OF RIVERS AND LAKES

In this class, the Foundation contributed to land acquisition to protect a fish nursery area frequented by a threatened species. It also supported two projects to restore degraded aquatic habitats. All three projects include a substantial public awareness aspect aiming to educate groups with a direct interest: pleasure boaters, local landowners and farmers.

RIVERS AND LAKES THAT HAVE BENEFITED FROM ACTION BY FOUNDATION PARTNERS			
Period	Number of Rivers	Number of Lakes	Total Number of Rivers and Lakes
2009	3	1	4
Total since 2001	63	61	124

PROTECTION, RESTORATION AND ENHANCEMENT OF WETLANDS

The four projects in this class are extensions of projects that have been supported by the Foundation in past years. Two were projects to control access to and restore degraded areas while the other two involved land acquisition to protect valuable wetlands.

WETLANDS THAT HAVE BENEFITED FROM ACTION BY FOUNDATION PARTNERS		
Period		Area (ha)
2009		77
Total since 2001		7,196

AWARENESS AND EDUCATION

The Foundation supported eight projects in this class: new tools to help schools undertake stream restoration projects, development of teaching materials on wetlands, education about the need to preserve ecosystems and marine species, creation of a permanent exhibit in an urban nature park, and enhancement and protection of the St. Lawrence coastline.

EDUCATIONAL PROJECTS				
Period	Number of Projects*	Projects Related to Lands and Forests	Projects Related to Rivers and Lakes	Projects Related to Wetlands
2009	8	4	4	3
Total since 2001	33	12	16	18

* A project may involve several types of environment.



Barrow's goldeneye



Victorin's water hemlock

PROTECTION OF THREATENED AND VULNERABLE SPECIES OR SPECIES LIKELY TO BE SO DESIGNATED

In 1996, the Québec government adopted a biodiversity strategy and action plan, thus confirming its adherence to the principles and objectives of the United Nations Convention on Biological Diversity.¹ The Foundation supports this action plan by compiling the data supplied by partners on the species and ecosystems targeted by their projects.

In 2009, 29 threatened or vulnerable species and 33 species likely to be so designated, according to the classification in the *Act respecting threatened or vulnerable species*,² benefited from projects supported by the Foundation.

Since 2001, the Foundation has contributed to the survival of 60 of the 97 plant and animal species designated threatened or vulnerable as at January 1, 2010. In addition, from 2003 to 2005, the Foundation supported a project to bring the striped bass back to the St. Lawrence. This fish, once extirpated in Québec, was reintroduced using stocks imported from New Brunswick.

FOUNDATION'S CONTRIBUTION TO THE PROTECTION OF PLANT AND ANIMAL SPECIES IN 2009

Threatened or Vulnerable Species

Species	Status	Partners*	Species	Status	Partners*
Plants			Fish		
Canadian maidenhair fern	v	4	American shad	v	10, 13
Canada wild ginger	v	4, 8	eastern sand darter	t	10
green dragon	t	10	copper redhorse	t	10
Gulf of St. Lawrence aster	t	7	river redhorse	v	10
Victorin's water hemlock	t	9	rainbow smelt, southern	v	13
American ginseng	t	3, 4	St. Lawrence estuary population		
Canada lily	v	8, 9	channel darter	v	10
ostrich fern	v	8, 9	bridal shiner	v	10
mayapple	t	12			
bloodroot	v	8	Birds		
white trillium	v	8	harlequin duck	v	1, 13
large-flowered bellwort	v	4	anatum peregrine falcon	v	3, 13
			Barrow's goldeneye	v	1, 6, 13
			horned grebe	t	13
			bald eagle	v	2, 6, 13
			yellow rail	t	13
			Mammals		
			beluga, St. Lawrence estuary population	t	13
			polar bear	v	1
			Turtles		
			wood turtle	v	2, 11
			leatherback turtle	t	1
			Number of species: 29		

t Threatened species (extirpation feared)

v Vulnerable species (at risk, extirpation not expected)



Belugas in the St. Lawrence estuary



Pickerel frog

1. Adopted in June 1992 at the Earth Summit in Rio de Janeiro, the Convention on Biological Diversity was ratified in December 1993 by some 30 countries and over 160 more have ratified it since then. This international agreement gives equal importance to the sustainable use of resources and to conservation. It covers the entire living world, not just wild plants and animals.

2. Adopted by the Québec government in 1989, the *Act respecting threatened or vulnerable species* provides for a designation process in which a threatened species is one whose extirpation is feared, and a vulnerable species is one whose survival is precarious, but for which extirpation is not expected.

NUMBER OF THREATENED OR VULNERABLE SPECIES TARGETED BY FOUNDATION-FUNDED PROJECTS

Total since 2001*

Extirpated community	1
Threatened or vulnerable species	60
Species likely to be designated threatened or vulnerable	127

* Each species is counted only once although some have benefited from several projects.

Species Likely to Be Designated Threatened or Vulnerable

Species	Partners*	Species	Partners*
Plants		Fish	
Allegheny vine	3	American eel	1, 10, 13
hairy agrimony	5	lake sturgeon	10, 13
beautiful serviceberry	4, 10	Atlantic sturgeon	13
frosted hawthorn	8		
Brainerd's hawthorn	8	Birds	
Connecticut beggar-tick	7	Nelson's sharp-tailed sparrow	13
Appalachian sedge	4		
northern long sedge	3	Mammals	
oval-headed sedge	4	right whale	1
shagbark hickory	3	rock vole	11
swamp white oak	10	southern bog lemming	11
white oak	8	silver-haired bat	11
golden whitlowgrass	13	hoary bat	11
white wild licorice	4	red bat	5
showy orchis	3		
common hackberry	5	Reptiles	
butternut	3, 8	eastern milksnake	3, 4
swamp smartweed	2	northern ringneck snake	12
water speedwell	8		
		Amphibians	
		pickerel frog	2, 3
		four-toed salamander	4, 8, 11
		Number of species: 33	

*** Partners**

- 1 Agence Mamu Innu Kaikusseht (AMIK)
- 2 Ducks Unlimited Canada
- 3 Centre de la Nature du mont Saint-Hilaire
- 4 Centre d'interprétation du milieu écologique du Haut-Richelieu (CIME Haut-Richelieu)
- 5 Comité Écologique du Grand Montréal
- 6 Comité ZIP de la rive nord de l'estuaire
- 7 Comité ZIP des Îles-de-la-Madeleine

- 8 Abenakis Band Council of Odanak
- 9 Nature Conservancy of Canada (Anse à Gilles)
- 10 Nature Conservancy of Canada (Île Jeannotte and Île aux Cerfs)
- 11 Johnville Woodland Conservation Corporation (JWCC)
- 12 Les Amis de la montagne
- 13 Réseau d'observation de mammifères marins

**GEOGRAPHICAL DISTRIBUTION
OF PROJECTS SUPPORTED
BY THE FOUNDATION IN 2009**

**LANDS AND
FORESTS**

- 1 Biodiversity restoration in natural areas on the Island of Montréal
- 2 Protection and enhancement of sensitive environments in Odanak
- 3 Restoration and enhancement of the Mont Saint-Hilaire foothills – Phase 2
- 4 Protection and enhancement of Anse à Norbert

**RIVERS
AND LAKES**

- 5 Protection and enhancement of the Île Jeannotte and Île aux Cerfs archipelago
- 6 Restoration of Lac Gauvin natural environments – Ruisseau Paquin and Baie Labelle
- 7 Restoration of aquatic habitats – 3rd farm concession creek

WETLANDS

- 8 Rationalization of access to inland water bodies on the Îles-de-la-Madeleine – Phase II
- 9 Protection, renaturalization and enhancement of Anse à Gilles
- 10 Protection of Rivière au Pin
- 11 Restoration and wildlife management of Marcel-Laurin woodland – Phase III

**AWARENESS
AND EDUCATION**

- 12 Youth working for rivers
- 13 Mount Royal nature exhibit – conservation issues
- 14 Environmental education about the Mont Saint-Grégoire natural area
- 15 Aboriginal initiative to protect marine species
- 16 Discover and protect Pointe-des-Pères park
- 17 Protection of the Longue-Rive salt marsh
- 18 Educational program at the Johnville Bog and Forest Park
- 19 Coastline enhancement and protection on the south shore of the St. Lawrence estuary





Coastal walking trail, Rimouski
Swamp, Odanak



Eradication of invasive alien plants, Montréal



Boat ramp, Pointe des Canots, Îles-de-la-Madeleine



Île Jeannotte and Île aux Cerfs, Rivière Richelieu



15 • Sept-Îles

• Baie-Comeau

4

17

• Rimouski

19

• Rivière-du-Loup

8

**LANDS
AND FORESTS**



Anse à Norbert,
Colombier



Turtle inventory in
the Odanak swamp



Project	Area (ha)	Proponent	Total Estimated Cost (\$)	Foundation Contribution (\$)
Biodiversity restoration in natural areas on the Island of Montréal	20	Ville de Montréal	274,800	121,300
Protection and enhancement of sensitive environments in Odanak*	68	Abenakis Band Council of Odanak	72,800	53,000
Restoration and enhancement of the Mont Saint-Hilaire foothills – Phase 2	37	Centre de la nature du mont Saint-Hilaire	251,200	75,000
Protection and enhancement of Anse à Norbert*	60	Comité ZIP de la rive nord de l'estuaire	73,100	49,000
Total	263**		671,900	298,300

* These projects also involve Odanak swamps and marshes (12 ha) and the Anse à Norbert marsh (3 ha), whose surface areas are included in the Wetlands class.

** Includes 78 ha of lands and forests in projects classified in the Rivers and Lakes or Wetlands classes: 17 ha for Île aux Cerfs, 18 ha for the Marcel-Laurin woodland, 41 ha for the Rivière au Pin and 2 ha for Anse à Gilles.

Invasive alien plants damage natural environments by crowding out native species. This is the case with European buckthorn, a decorative shrub brought to Québec in the 1950s. In partnership with various boroughs and government departments, the city of Montréal has initiated a project to eradicate European buckthorn and replace it with native plant species. This project kept 30 graduating high school students busy all summer and gave them ideas for possible environment-related careers. The young graduates, chosen for their good academic records, removed over 330,000 buckthorn plants from a 20-hectare area in Bois-de-Liesse nature park, Île-de-la-Visitation nature park, and the Mount Royal ecoterritory. The students then planted 2,250 native trees and shrubs to restore the treated areas.

The land owned by the Abenaki village of Odanak, south of Lac Saint-Pierre, encompasses forest and aquatic ecosystems that harbor a number of at-risk species. To preserve and enhance these rich but fragile environments, the Abenakis Band Council of Odanak has developed an overall strategy that will be implemented by Odanak Land and Environment Office. The project supported by the Foundation involved erecting a 500-metre fence to guide painted and common snapping turtles into newly developed egg-laying sites. The project also provides for the design of an educational trail around a marsh, several woodland enhancements to reinforce butternut stands, and development of educational materials on wetlands for the 1,500 local schoolchildren.

An area of high ecological potential, the Mont Saint-Hilaire foothills are subjected to growing pressure from real estate development. Thanks to the Foundation's support, the Centre de la Nature du mont Saint-Hilaire has completed the implementation of a conservation plan that began ten years ago and has restored a buffer zone between the Mont Saint-Hilaire Biosphere Reserve and the neighboring residential areas. Activities included rationalization of access, development of a conservation park and wetland enhancements.

Anse à Norbert, in the municipality of Colombier in the Côte-Nord region of northeastern Québec, is very popular with locals and tourists alike. Owing to unmarked access, this 60-hectare site is increasingly showing signs of deterioration. In conjunction with the community, the Comité ZIP de la rive nord de l'estuaire will revamp trails and plant trees to channel user traffic. In addition to an observation structure, the ZIP committee will put up signs to indicate fragile areas. Education and awareness activities will also be organized for local citizens and schools in the region.

Bois-de-Liesse nature park

Students inform the public about invasive plants in Île-de-la-Visitation nature park



RIVERS AND LAKES



Planting along 3rd farm
concession creek, Hébertville

Île Jeannotte and Île aux Cerfs,
Rivière Richelieu



Project	Number of Streams and Lakes	Proponent	Total Estimated Cost (\$)	Foundation Contribution (\$)
Protection and enhancement of the Île Jeannotte and Île aux Cerfs archipelago*	1 river	Nature Conservancy of Canada	363,800	134,000
Restoration of Lac Gauvin natural environments – Ruisseau Paquin and Baie Labelle	1 creek 1 lake	Association des Citoyens pour la Protection du Lac Gauvin	57,300	44,300
Restoration of aquatic habitats – 3rd farm concession creek	1 creek	Comité ZIP Alma-Jonquière	61,600	30,000
Total	1 lake 3 rivers and streams		482,700	208,300

* This project also affects the land environment on Île aux Cerfs, for which 17 ha are included in the Lands and Forests class.



Two islands in the Richelieu, Île Jeannotte and Île aux Cerfs, in the municipality of Saint-Charles-sur-Richelieu, are separated by a narrow channel containing a wealth of aquatic grassbeds. About 50 species of fish frequent these grassbeds, including eight at risk and one threatened species that exists only in Québec, the copper redhorse. Nature Conservancy of Canada has owned Île Jeannotte for several years and purchased Île aux Cerfs in 2009 to reinforce protection of this sensitive environment. Landing on the islands is now prohibited, and the organization plans to build floating platforms for pleasure boats on the periphery. Boat traffic around the islands will be controlled with buoys. Panels on the platforms and on the bank will explain the project's objectives and inform users about what they can do on a daily basis to conserve biodiversity in the Rivière Richelieu.

The banks of Ruisseau Paquin, a creek in the Laurentians municipality of Lac-des-Écorces, are being heavily eroded because of anthropogenic changes (drainage of neighboring wetlands and reshaping of the creek). This phenomenon causes heavy sedimentation in the Baie Labelle area of Lac Gauvin and contributes to the proliferation of Eurasian watermilfoil, a very invasive alien plant. The Association des Citoyens pour la Protection du Lac Gauvin will create barriers and meanders in the creek to reduce the flow. Rocks will also be laid to protect the banks, and sediment traps will be installed. The Association will distribute a brochure and put up signs on the municipal beach and near the public boat ramp to raise the awareness of residents and other users of the need to preserve natural streambanks.

With the support of the municipality of Métabetchouan–Lac-à-la-Croix and the RCM of Lac-Saint-Jean-Est, the Comité ZIP Alma-Jonquière has carried out work designed to improve aquatic habitats in a creek known as the "ruisseau du 3^e Rang" or 3rd farm concession creek, above Lac à la Croix. The committee built weirs and pools to reoxygenate the water and protect gravel beds suitable for fish spawning. It also planted native trees and shrubs beside these enhancements to improve habitat quality and encourage use by wildfowl, wading birds, semiaquatic mammals, amphibians and forage fish. To enhance public awareness, the ZIP committee invited the local public and elementary school children to participate in the planting.

Installing protective structures on 3rd farm concession creek, Hébertville

WETLANDS



Project	Area (ha)	Proponent	Total Estimated Cost (\$)	Foundation Contribution (\$)
Rationalization of access to inland water bodies on the Îles-de-la-Madeleine – Phase II	6	Comité ZIP des Îles-de-la-Madeleine	58,000	40,000
Protection, renaturalization and enhancement of Anse à Gilles*	24	Nature Conservancy of Canada	306,300	116,200
Protection of Rivière au Pin*	20	Ducks Unlimited Canada (DUC)	197,300	76,250
Restoration and wildlife management of Marcel-Laurin woodland – Phase III*	12	Comité Écologique du Grand Montréal	129,500	49,000
Total	77**		691,100	281,450

* These projects also target land or forest environments around the Rivière au Pin (41 ha), Marcel-Laurin woodland (18 ha) and Anse à Gilles (2 ha); these areas are taken into account in the Lands and Forests class.

** Includes 15 ha of wetlands targeted by projects in the Lands and Forests class: 3 ha for the Anse à Norbert marsh and 12 ha for the Odanak marshes and swamps.

Since 2007, the Foundation has supported the efforts of the Comité ZIP des Îles-de-la-Madeleine to protect the archipelago's dunes and inland water bodies from the impacts of uncontrolled use. In 2009, in phase II of its project to rationalize access to inland water bodies, the ZIP committee's restoration operations included planting marram (beach grass), installing sand traps (fascines) and building a boat launch (with a clearly marked parking area, dock and ramp) to channel user traffic – eel and smelt fishermen, wildfowl hunters, birdwatchers, windsurfers, etc. To explain its actions to the public, the ZIP committee produced various awareness materials including a radio spot, organized presentations in schools and set up interpretation panels on its replanting objectives.

Located on the south shore of the St. Lawrence in the municipality of Cap-Saint-Ignace, Anse à Gilles is a cove whose ecosystem is rich in biodiversity. With the Foundation's help, Nature Conservancy of Canada purchased 2.1 hectares of land at the mouth of the nearby Rivière Vincelotte. This key acquisition will reinforce protection of the Anse à Gilles coastline, already recognized as a waterfowl gathering area, a refuge for migrating birds and an Important Bird Area (IBA). The Nature Conservancy of Canada project will develop birdwatching trails, signs and other facilities for the public. Note that the site is adjacent to a plant habitat protected under a government conservation plan for Victorin's water hemlock. The project is part of an overall strategy to protect the habitat of rare plant species endemic to the coast of the St. Lawrence freshwater estuary, as are some other conservation and enhancement projects funded by the Foundation (Anse Ross and Pointe de Saint-Vallier in 2006, Pointe aux Pins on Île aux Grues in 2007).

∞

Restoration of natural protective barrier for water bodies at Havre-Aubert, Îles-de-la-Madeleine

Land acquired near Anse à Gilles, Cap-Saint-Ignace







Removing invasive plants in Marcel-Laurin woods

With the Foundation's support, Ducks Unlimited Canada acquired 62 hectares of land (including 20 hectares of marshland, bog and swamp as well as over 6 hectares of maple forest) crossed by the Rivière au Pin in the municipality of Irlande (Chaudière-Appalaches region). This acquisition will permanently protect a wetland that is essential for wood turtles. Nearly 60% of the land is part of an area identified as a habitat for this species, which has been designated vulnerable in Québec. Furthermore, the site has the status of a waterfowl gathering area.

Parc Marcel-Laurin covers 30 hectares in the borough of Saint-Laurent, in Montréal, and encompasses a 12-hectare swamp. Since 2005, this swamp forest has been the subject of a conservation and enhancement project of the Comité Écologique du Grand Montréal, whose work has been supported by the Foundation since 2007. In 2009, Foundation funds were used to build a section of the main trail, create a fallow meadow covering 5 hectares next to the forest, and continue restoring areas degraded by European buckthorn, an invasive alien shrub. The Foundation's assistance also improved habitat for monarch butterflies, which is a species of concern in Canada, and red bats, a species likely to be designated threatened or vulnerable in Québec.

**AWARENESS
AND EDUCATION**



Bog, Johnville Bog and Forest Park

Great egret

The "youth working for rivers" project



Project	Proponent	Total Estimated Cost (\$)	Foundation Contribution (\$)
Youth working for rivers	Groupe d'éducation et d'écosurveillance de l'eau (G3E)	123,600	50,000
Mount Royal nature exhibit – conservation issues	Les Amis de la montagne	170,800	30,000
Environmental education about the Mont Saint-Grégoire natural area	CIME Haut-Richelieu	22,000	20,000
Aboriginal initiative to protect marine species	Agence Mamu Innu Kaikusseht (AMIK)	107,000	13,100
Discover and protect Pointe-des-Pères park	Société de gestion environnementale	30,000	10,000
Protection of the Longue-Rive salt marsh	Municipality of Longue Rive	83,000	12,000
Educational program at the Johnville Bog and Forest Park	Johnville Woodland Conservation Corporation (JWCC)	35,400	25,000
Coastline enhancement and protection on the south shore of the St. Lawrence estuary	Réseau d'observation de mammifères marins	235,100	72,500
Total		806,900	232,600

G3E (Groupe d'éducation et d'écosurveillance de l'eau) began the *Des jeunes au service des rivières* ("youth working for rivers") program with the aim of building a youth action network and giving young people an opportunity to participate in the restoration of local rivers. This initiative is a follow-up to the Adopt a River educational program introduced ten years ago in partnership with the Environment Canada Biosphere. With the support of the Foundation, G3E developed materials and resources to facilitate school involvement in the program. In 2009, 1,100 students worked to restore 16 riverbanks through planting and other activities.

With the Foundation's support, a group called Les Amis de la montagne is preparing a permanent exhibit on Mount Royal, a huge park in the heart of Montréal. The objective is to preserve this outstanding natural area by encouraging users to behave in an environmentally responsible manner. The interactive exhibit will be located in Smith House, the park interpretation centre, and will present fun ways of getting to know the plant and animal life on the mountain.

The Foundation has supported the CIME Haut-Richelieu (Centre d'interprétation du milieu écologique) projects for the conservation of Mont Saint-Grégoire since 2006. In line with its strategy of reconciling public use and nature conservation, CIME has created numerous trails and conducted education and monitoring activities that have considerably reduced visitor impact. Traffic off the marked trails has decreased, there are fewer dogs, and rock climbers have stopped using the mountainsides frequented by peregrine falcons. With funding from the Foundation, CIME Haut-Richelieu created an interactive workshop and communication materials (poster, comic strip, etc.) explaining the richness and fragility of the mountain's natural areas. In this way, it has reached 1,700 young people aged 16 to 20 at the Saint-Jean-sur-Richelieu college, high schools and local youth centres.

The Agence Mamu Innu Kaikusseht (AMIK), with support from the Aboriginal Funds for Species at Risk, is conducting a project that involves characterizing essential habitats of endangered marine species with active participation from Aboriginal communities in the Côte-Nord region. AMIK has organized workshops to educate elementary school pupils and stimulate community involvement. With the help of the Foundation, it has also developed various materials, such as flyers, posters, slide shows and interpretation panels, to support its field activities. In all, 12 Innu from four different communities have been trained in aquatic and marine resource management and in species sampling and identification techniques.

The Parc de la Pointe-des-Pères in central Dolbeau-Mistassini is accessible year round to hikers and, in fine weather, to the 225,000 cyclists who use the Véloroute des Bleuets ("blueberry bicycle path"). The park offers nature-based activities with 4.5 km of walking trails, rest areas, a birdwatching trail and a fishing site. An education and awareness project undertaken by the Société de gestion environnementale will educate the park's visitors about respecting the limits of ecosystem capacity and ways to get involved in protecting biodiversity. The organization also offers educational activities for school groups and visitors all year long.

AWARENESS
AND EDUCATION



Ancien-Quai park,
Saint-André de Kamouraska



Johnville Bog and Forest Park



In the municipality of Longue-Rive in the Côte-Nord region, a program at the Salt Marsh Interpretation Centre educates visitors and locals, especially young people, regarding the ecological importance of salt marshes. Access to the salt marshes has been rationalized and all-terrain vehicle traffic restricted. Funding by the Foundation will be used to update communication and educational materials at the interpretation centre.

The Johnville Bog and Forest Park (224 hectares) in the Estrie region contains ecosystems that are rare in the region, including a peat-bog and ombrotrophic ponds. These biologically rich areas provide a strong contrast with the surrounding farms and forests. In 2000, the Johnville Woodland Conservation Corporation (JWCC) adopted a management plan to enhance and preserve the woodland. It then created walking trails, scenic lookouts and other facilities with the Foundation's assistance. The Johnville Bog and Forest Park attracts nearly 8,000 visitors per year, but few school groups. At the request of local teachers, the JWCC has compiled an educational kit for elementary and secondary school students in the four regional school boards. The JWCC hopes to educate 500 youngsters per year about the importance of the wetlands and wildlife habitats in the Johnville Bog and Forest Park.

Together with several municipalities and organizations in the Bas-Saint-Laurent region, the Réseau d'observation de mammifères marins, a marine mammal observation network, is setting up a network of about ten rest and interpretation stopovers for boaters, the Réseau des Haltes Marines, along the Navigators' Route. The objective is to enhance and protect the south shore of the St. Lawrence estuary between La Pocatière and Sainte-Luce. Each stopover will describe a local issue and ways to harmonize human activities with coastline protection. In addition, three education centres will offer activities and guided tours to visitors.

FINANCIAL STATEMENTS

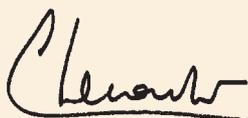
MANAGEMENT'S REPORT

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 conventions that comply with Canadian generally accepted accounting principles.

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

The Foundation acknowledges its responsibility in managing its affairs in accordance with the governing legislation.

The auditors of KPMG LLP audited the financial statements of the Foundation in accordance with Canadian generally accepted auditing standards. Their *Auditors' Report* discusses the nature and scope of this audit as well as their related opinion.



Catherine Leconte
Executive Director
Montréal, March 31, 2010

AUDITOR'S REPORT

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

We have audited the balance sheet of the Fondation Hydro-Québec pour l'environnement (the "Foundation") as at December 31, 2009, and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The logo for KPMG LLP, featuring the letters 'KPMG' in a bold, sans-serif font, followed by 'LLP' in a smaller font. A horizontal line is drawn below the text.

Chartered Accountants
Montréal, Canada
February 16, 2010

* CA Auditor permit no. 6992

BALANCE SHEET

As at December 31, 2009, with comparative figures for 2008

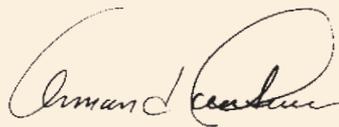
In Canadian dollars	2009	2008
Assets		
Cash	2,947,214	3,311,126
Contributions receivable from Hydro-Québec	33,927	191,158
	2,981,141	3,502,284
Liabilities		
Accounts payable	218,074	69,317
Net assets		
Restricted to environmental projects	1,817,843	1,933,124
Unrestricted	945,224	1,499,843
	2,763,067	3,432,967
	2,981,141	3,502,284

See the notes to the financial statements.

On behalf of the Board,



Marie-José Nadeau
President



Armand Couture
Director

STATEMENT OF OPERATIONS

Year ended December 31, 2009, with comparative figures for 2008

In Canadian dollars	2009	2008
Revenue		
Hydro-Québec – Contributions from (Note 3)		
Divisions	350,000	1,350,000
Special fund	168,591	386,057
Interest income	13,871	85,977
	532,462	1,822,034
Expenditure		
Environmental projects (Note 2)		
Approved during the year	238,625	332,269
Approved during previous years	844,634	809,239
	1,083,259	1,141,508
General overhead and project management	119,103	121,925
	1,202,362	1,263,433
Excess of (expenditure over revenue) revenue over expenditure	(669,900)	558,601

See the notes to the financial statements.

CHANGES IN NET ASSETS

Year ended December 31, 2009, with comparative figures for 2008

In Canadian dollars	2009		2008
	Restricted to environmental projects ¹	Unrestricted	Total
Net assets at beginning of year	1,933,124	1,499,843	3,432,967
Excess of (expenditure over revenue) revenue over expenditure	(844,634)	174,734	(669,900)
Internally restricted with respect to projects approved in 2009 (Note 2)	782,025	(782,025)	–
Other inter-fund transfers (Note 2)	(52,672)	52,672	–
Net assets at end of year	1,817,843	945,224	2,763,067
			3,432,967

(1) As at December 31, net assets restricted to environmental projects were as follows:

In Canadian dollars	2009	2008
Surplus restricted to projects		
Approved during the year	782,025	969,281
Approved during previous years	1,035,818	963,843
	1,817,843	1,933,124

See the notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2009

The Fondation Hydro-Québec pour l'environnement (the "Foundation") was constituted on January 19, 2001, under Division III of the *Québec Companies Act* and started its activities on that date. 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. Its Board of Directors is composed of six Hydro-Québec officers and four outside directors. The Foundation is a nonprofit organization that is exempt from taxes within the meaning of the *Income Tax Act*.

1. Significant Accounting Policies

These financial statements for the Foundation were prepared by Management in accordance with Canadian generally accepted accounting principles.

a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the use of estimates that affect the assets and liabilities reported in the financial statements and the itemized revenues and expenditures for the periods presented. Actual amounts could differ from those estimates.

b) Revenue recognition

The Foundation uses the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when they are received, or 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. Special fund revenue comes from the interest on the balance of a fund set up by Hydro-Québec in the amount of \$10,000,000.

c) Expenditure recognition

Expenditures related to environmental projects are recorded as the work is done by the organizations in question.

2. Restrictions Affecting Net Assets

During the year, the Board of Directors of the Foundation approved financial support for 19 environmental projects (20 in 2008, 15 in 2007, 22 in 2006, 20 in 2005, 15 in 2004, 10 in 2003, 10 in 2002 and 14 in 2001) for a total commitment of \$1,020,650, of which \$238,625 was paid out during the year. The balance of \$782,025 is internally restricted in order to reserve unrestricted surplus in an amount corresponding to future reimbursement requests for approved environmental projects. The Foundation may not use this amount for other purposes without the prior consent of the Board of Directors.

During the year, a total amount of \$52,672 (\$415 in 2008 for a project in 2005) for projects in 2001, 2005, 2006 and 2007 was transferred from net assets restricted to environmental projects to unrestricted net assets because some expenditures were less than the amount initially authorized and some budgets were suspended.

In Canadian dollars	Total commitment	Paid out during the year	Paid out during previous years	Internally restricted
Lands and forests	298,300	26,500	–	271,800
Rivers and lakes	208,300	82,000	–	126,300
Wetlands	281,450	88,625	–	192,825
Awareness and education	232,600	41,500	–	191,100
Total - 2009	1,020,650	238,625	–	782,025
Total - 2008	1,301,550	358,329	332,269	610,952
Total - 2007	1,448,235	323,978	845,574	278,683
Total - 2006	1,006,573	134,678	738,416	133,479
Total - 2005	854,096	7,650	833,742	12,704
Total - 2004	669,625	–	669,625	–
Total - 2003	1,318,838	19,999	1,298,839	–
Total - 2002	804,850	–	804,850	–
Total - 2001	368,510	–	368,510	–
Total 2001 to 2009	8,792,927	1,083,259	5,891,825	1,817,843

3. Related Party Transactions

During the year, the Foundation received contributions from Hydro-Québec totaling \$518,591 (\$1,736,057 in 2008), including \$168,591 (\$386,057 in 2008) in annual interest generated by funds specially reserved by Hydro-Québec for the Foundation, and \$350,000 in contributions from Hydro-Québec TransÉnergie, Hydro-Québec Distribution and the company's Direction principale – Environnement et affaires corporatives (\$1,350,000 in 2008 from Hydro-Québec Production, Hydro-Québec TransÉnergie, Hydro-Québec Distribution and the Direction principale – Environnement et affaires corporatives). The Foundation incurred expenses of \$95,945 (\$99,717 in 2008) in relation to Hydro-Québec. These services provided by the various administrative units for the benefit of the Foundation are billed on the basis of real costs under agreements between the Foundation and these units.

4. Statement of Cash Flows

No Statement of Cash Flows was prepared because it would not contain any relevant additional information.

BOARD OF DIRECTORS – 2009

Marie-José Nadeau

President, Fondation Hydro-Québec
pour l'environnement
Executive Vice-President –
Corporate Affairs
and Secretary General
Hydro-Québec

Raymond Champoux

Regional Director – Montmorency
and Director – Distribution System
Hydro-Québec Distribution

Armand Couture

President – La Société Bédelmar Itée
Chairman of the Board
Institut national de la recherche
scientifique (INRS)

Francine Émond

Director

Stella Leney

General Manager – Environment
and Corporate Affairs
Hydro-Québec

Louise Pelletier

General Manager – Development Projects
and Nuclear Generation (acting)
Hydro-Québec Production

Patrick Plante

President – Initium

Maurice Richard

Mayor
Ville de Bécancour

Agathe Simard

Regional Director – Richelieu
and Director – Distribution System
Hydro-Québec Distribution

Maria Vaccaro

Director – Environment and
Sustainable Development
Hydro-Québec

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

The photographs in this report are the sole property of the organizations and professional photographers listed below, or of the Fondation Hydro-Québec pour l'environnement. None of these photographs may be reproduced without the owner's permission.

[page 4] *Anse à Gilles, Cap-Saint-Ignace*: Hubert Pelletier-Gilbert, Nature Conservancy of Canada. *Parc de conservation Savoy, Mont Saint-Hilaire*: Fondation Hydro-Québec pour l'environnement.

[page 5] *Rocky trail, Gros-Cacouna birdwatching site*: Viateur Beaulieu. *Swamp on Île Ronde, Odanak*: Land and Environment Office, Abenakis Band Council of Odanak. *West dune, Îles-de-la-Madeleine*: Fondation Hydro-Québec pour l'environnement.

[page 6] *Barrow's goldeneye*: Alain Hogue. *Water hemlock*: Frédéric Coursol, Nature Conservancy of Canada.

[page 7] *Belugas*: Sonia Giroux, Réseau d'observation de mammifères marins. *Pickrel frog*: Gilles Delisle.

[page 9] *Coastal walking trail, Rimouski*: Françoise Bruaux, Comité ZIP Sud-de-l'Estuaire. *Swamp*: Land and Environment Office, Abenakis Band Council of Odanak. *Eradication of invasive alien plants, Montréal*: Fondation Hydro-Québec pour l'environnement. *Boat ramp, Pointe des Canots*: Fondation Hydro-Québec pour l'environnement. *Île Jeannotte and Île aux Cerfs*: Claude Duchaine, for Nature Conservancy of Canada.

[page 10] *Bois-de-Liesse nature park*: Fondation Hydro-Québec pour l'environnement. *Anse à Norbert*: Comité ZIP de la rive nord de l'estuaire. *Turtle inventory*: Land and Environment Office, Abenakis Band Council of Odanak.

[page 11] *Information booth in Île-de-la-Visitation nature park*: Fondation Hydro-Québec pour l'environnement.

[page 12] *Planting along 3rd farm concession creek*: Jean-Rémi Privé, Comité ZIP Alma-Jonquière. *Île Jeannotte and Île aux Cerfs*: Claude Duchaine, for Nature Conservancy of Canada.

[page 13] *Weir construction*: Jean-Rémi Privé, Comité ZIP Alma-Jonquière.

[page 14] *Havre-Aubert, Îles-de-la-Madeleine*: Fondation Hydro-Québec pour l'environnement.

[page 15] *Land acquired near Anse à Gilles*: Hubert Pelletier-Gilbert, Nature Conservancy of Canada.

[page 16] *Rivière au Pin*: Fondation Hydro-Québec pour l'environnement.

[page 17] *European buckthorn*: Fondation Hydro-Québec pour l'environnement. *Marcel-Laurin woods*: Comité Écologique du Grand Montréal.

[page 18] *Great egret*: Nature Conservancy of Canada. *Bog, Johnville Bog and Forest Park*: Antoine Godefroy. "Youth working for rivers" project: Groupe d'éducation et d'écovigilance de l'eau (G3E).

[page 20] *Johnville Bog and Forest Park*: Fondation Hydro-Québec pour l'environnement.

[page 21] *Ancien-Quai park, Saint-André de Kamouraska*: Danielle Michaud.

[page 29] *Rivière au Pin*: Fondation Hydro-Québec pour l'environnement.

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