

**Drawing on
the Past to Shape
the Future**



Sustainable Development Plan 2020–2024



Cover:
A Cree worker plants trees
near the Rupert spillway.

Drawing on the past to shape the future

Our mission, which we achieve mainly by developing hydraulic resources, consists of delivering reliable electric power and high-quality services. Doing so has let us make a strong contribution to the collective wealth and maintain a low-carbon economy. That's why we're *drawing on the past to shape the future!*

To guide us forward, we've drawn up the *Sustainable Development Plan 2020–2024*. Structured around the three pillars of Governance, Community and Environment, this ambitious plan lays out 12 strategies linked to specific improvement targets and performance indicators.

As a government corporation, we have taken care to align our Plan with Québec government initiatives, as stipulated in the *Sustainable Development Act*. Some of our strategies therefore implement the Government Sustainable Development Strategy (GSDS), while others contribute to *Québec's Agenda 21 for culture*.

The United Nations Development Program and its 17 sustainable development goals (SDGs) also features strongly in our plan. Here, we will pursue the goals that most closely reflect our own realities. We have accordingly selected 7 goals and 11 targets that we will make a particular focus.

Our contributions to the GSDS, Agenda 21 and the United Nations SDGs are set out in a table in the appendix.

Each year, we will report on our performance and progress with respect to the strategies in this Plan in our Sustainability Report.

Message from Sophie Brochu



Building on yesterday's achievements to secure a sustainable tomorrow

Thanks to our abundant water resources and the hard work of those who came before us, we heat and light up Québec homes today with energy that's clean, renewable — and happens to be the most affordable in North America. It's an altogether enviable situation, providing collective prosperity and assurance of a low-carbon economy.

Sustainable development has been part of our history since we built our very first major hydropower facilities. Since then, we've been concerned with protecting the environment and with the regional economic benefits of our investments. Not only have we built imposing structures, we have also forged solid relations with our partners and employees in a spirit of corporate social responsibility.

From the beginning, we have closely followed developments in the global power sector, adapting to them by continually fine-tuning our strategies.

Today's world is increasingly connected. The Sustainable Development Plan 2020–2024 takes this into account by staying equally mindful of local and global issues. It's a richly promising, unifying plan that provides a blueprint for the next five years.

We have every reason to believe that we will fulfill our ambitions, since we have the best possible asset: highly competent and motivated employees and partners.

President and CEO

Message from Pierre Gagnon



Accomplishments of which we can rightfully be proud!

At Hydro-Québec, sustainable development goes far beyond protecting the environment. It also implies our contribution to Québec's economic vitality and the inclusion of our stakeholders in our business decisions.

Sustainable development has shaped our growth from the start, guiding our ideas, actions and projects. We have worked hard to build a socially responsible company, and each day, we marshal our forces to face the challenges of the new millennium. There's every reason to be proud of what we've achieved—and we are.

In 2018, we once again signed the United Nations Global Compact, reaffirming our leadership in sustainable development and placing ourselves among the world's most responsible corporations.

The strategies of our *Sustainable Development Plan 2020–2024* are modeled on the ISO 26000 standard on social responsibility. We gave its key questions careful consideration and performed a gap analysis of our working methods. From there, we were able to identify the practices to maintain, those to improve and those to prioritize. In parallel, we launched a broad-based internal consultation to gauge the risks and reveal opportunities for improvement. This let us pinpoint what to work on and where best to focus our efforts.

The *Sustainable Development Plan 2020–2024* is the fruit of a detailed examination of our strengths, our areas for improvement and the gains we stand to make. We have here the very keys to our success—and we are in no doubt as to our ability to achieve it.

**Executive Vice President –
Corporate and Legal Affairs and
Chief Governance Officer**



Governance

Be a sustainable development leader by keeping to the highest sustainability standards, both internally and with our partners.

Advisor - Communications Kadiatou Traoré
at a meeting in Montréal



Governance

Drawing on the past

Over the years, our corporate governance has evolved to increasingly include sustainability principles. In 2019, Hydro-Québec received an EcoVadis Gold Sustainability rating in addition to placing second in the Corporate Knights ranking of Canada's best corporate citizens.

Shaping the future

As we strive to stay abreast of the evolving energy market, the principles of sustainable development are reflected in our actions at all times. We aim to continue our sustainability leadership through a twofold approach: launching new social and environmental initiatives; and remaining responsible and transparent in our governance.

Strategy

1 Make sustainability principles integral to our governance, operations and projects

Targets and indicators

1.1 Integrate sustainability principles into our corporate guidelines

Indicator  Percentage and number of policies and directives incorporating sustainability principles

1.2 Earn public recognition for our leadership in responsible governance

Indicator  Number of new recognitions for our leadership in responsible governance



UN Sustainable Development Goal associated with this strategy

16 – Peace, justice and strong institutions



Governance

Drawing on the past

Doing business with some 7,700 suppliers in 2019, Hydro-Québec is a major goods and services purchaser in Québec. Some years ago, we published our Supplier Code of Conduct, which encourages suppliers and their subcontractors to act responsibly. In addition, our decade-long participation in the responsible procurement activities of ECPAR (Espace québécois de concertation sur les pratiques d’approvisionnement responsable) has helped us strengthen and make known our environmental, social and economic procurement practices.

Shaping the future

We will continue to promote responsible procurement and encourage suppliers to meet sustainability challenges like workplace health and safety and protecting the environment.

Strategy

2 Do business with responsible suppliers

Target and indicators

2.1 Identify and apply occupational health and safety requirements to risk-sensitive work categories

- Indicators**
- Categorize suppliers based on the health and safety risk level of their activities and establish a qualification strategy (2020)
 - Begin integrating the requirements for risk-sensitive work categories (2021–2024)



UN Sustainable Development Goal associated with this strategy

8 – Decent work and economic growth



Governance

Drawing on the past

Hydro-Québec has rigorous occupational health and safety standards to protect those with whom it works. The various initiatives we've launched in recent years are designed to improve quality of life for our employees and create a workplace environment conducive to mental and physical health.

Shaping the future

We will pursue this profound shift in our approach as we build a health-and-safety culture that hinges on employee engagement to prevent workplace accidents. We will also continue to promote health and disease prevention by encouraging our employees to adopt healthy lifestyle habits and modify certain behaviors.

Strategy

3 Significantly improve our occupational health and safety performance while fostering employee wellness

Targets and indicators

3.1 Obtain ISO 45001:2018 health and safety certification by 2023

Indicator  Progress in the ISO 45001:2018 certification process (%)

3.2 Implement or showcase health and wellness initiatives

Indicator  Number of initiatives implemented or showcased



UN Sustainable Development Goal associated with this strategy

8 – Decent work and economic growth



Governance

Drawing on the past

The face of Québec is changing as society becomes increasingly diverse. In response, we've taken steps to facilitate equal access to employment for groups currently underrepresented in our workforce. Our employees are known for their generosity in terms of sharing their know-how and experience, both within the company and in the community, as they carry out actions that support sustainable development.

Shaping the future

We want our workforce to reflect Québec's diversity in a workplace marked by a culture of inclusion, which we see as a source of collective energy. And we want to continue to be known as a top employer. On that front, we will deploy tools and measures for inciting more employees to get involved in the community and preparing them to be good sustainability ambassadors.

Strategy

4 Offer an inclusive work environment that reflects Québec's diversity and rally our employees around sustainable development

Targets and indicators

4.1 Continue to improve equal access to employment by raising target group¹ representation

Indicator  Percentage of target groups in our workforce (%)

4.2 Increase target group representation in management positions

Indicator  Percentage of target groups in management positions (%)

4.3 Implement a sustainability awareness program that promotes employee engagement

Indicator  Progress in implementing the sustainable development awareness program (%)

4.4 Launch an action plan for disabled groups

Indicator  Progress in implementing the action plan for disabled groups (%)



UN Sustainable Development Goal associated with this strategy

10 - Reduced inequalities

1. The five target groups are women, Indigenous peoples, ethnic minorities, visible minorities, and people with disabilities.



Community

Contribute to Québec's social and economic development while improving the social acceptability of our projects and operations.



The TransTerrebonne bike path, created under Hydro-Québec's Integrated Enhancement Program (IEP)



Community

Drawing on the past

Through our mission, we contribute substantially to Québec's collective wealth. This contribution supports government services, keeps thousands of people in jobs and stimulates the economy in many regions of the province.

Shaping the future

We will continue to improve our procedures with a view to increasing our productivity and income, thus remaining a key driver of Québec's economy.

Strategy

5 Foster Québec's development as a society through our financial contribution

Target and indicator

5.1 Contribute \$23.4 billion to Québec's gross domestic product (GDP) by 2024

Indicator  Amount contributed to Québec's GDP



UN Sustainable Development Goal associated with this strategy

8 - Decent work and economic growth



Community

Drawing on the past

With generating stations, substations and transmission lines in every region of Québec, we've stepped up our efforts to keep our facilities reliable, environmentally responsible and harmoniously integrated into their host communities. Climate change also has an impact on our infrastructure. For this reason, in 2018 we recognized the risk associated with climate change as an enterprise risk.

Shaping the future

As part of our commitment to continuous improvement, we will apply recognized sustainability standards to the design, management and development of our facilities. Our new climate adaptation committee is mandated to assess the vulnerability of our assets and operations, develop an adaptation plan and implement early adaptation actions. We will also continue to highlight our built and technological heritage in many parts of Québec through measures that include public tours of our sites and facilities.

Strategy

6 Build and operate sustainable, resilient infrastructure while adapting our activities to climate change

Targets and indicators

6.1 Implement a climate change adaptation plan by 2021

- Indicators  Progress on producing the climate change adaptation plan (%)
-  Progress on key actions identified in the plan (%)

6.2 Expand the integration of sustainability principles in infrastructure projects

- Indicator  Number of projects requiring government approval for which planning and construction stages include a comprehensive sustainability assessment

6.3 Obtain or maintain BOMA BEST certification for targeted administrative buildings and rented office premises of over 1,000 m² in Montréal and Québec

- Indicator  Number of BOMA BEST-certified buildings and level of certification



UN Sustainable Development Goal associated with this strategy

13 - Climate action



Community

Drawing on the past

As a socially responsible corporation, Hydro-Québec has a number of programs for optimizing the social and economic benefits of its operations and projects in various regions. For example, our Integrated Enhancement Program, revised in 2018, aims to improve quality of life for the host communities of new transmission facilities. Another way we maximize our social contribution is through our new Social Responsibility Directive, which oversees donations and sponsorships, as it targets intentional, specific and measurable change that meets a real need.

Shaping the future

To continue to create sustainable value in our communities, we will assess and maximize the direct and indirect benefits of our main programs for host communities.

Strategy

7 Generate more sustainable value in the community

Target and indicator

7.1 Develop indicators and optimize certain programs to maximize their social and economic benefits for the community

Indicator  Number of key programs optimized



UN Sustainable Development Goal associated with this strategy

8 - Decent work and economic growth



Community

Drawing on the past

Since signing the *James Bay and Northern Québec Agreement* in 1975, Hydro-Québec has reached over 30 agreements with Indigenous nations and communities regarding power generation and transmission projects. These agreements have notably helped fund Indigenous-led economic, community and cultural projects, as well as traditional activities and training.

Shaping the future

Fall 2019 saw us adopt a new policy regarding our relations with Indigenous communities, which provides specific guidance on working with Indigenous employees, partners and customers. The policy will better equip us to forge new, sustainable and mutually beneficial associations with Indigenous nations and communities that respect the culture and values of all parties.

Strategy

8 Take steps to include Indigenous peoples and encourage their input into our development

Target and indicator

8.1 Obtain Silver-level certification from the Canadian Council for Aboriginal Business's Progressive Aboriginal Relations (PAR) program

Indicator  Annual progress in the PAR Silver certification process (%)



UN Sustainable Development Goal associated with this strategy

10 – Reduced inequalities



Environment

Become an environmental leader through our choices, innovative practices and expertise.

Eddy tower, where monitoring of greenhouse gas emissions at La Romaine is done



Environment

Drawing on the past

In providing energy that's more than 99% clean and renewable, Hydro-Québec helps preserve air quality in addition to warding off some of the negative impacts of climate change. In parallel, recent years have seen us enact measures to lower our greenhouse gas (GHG) emissions, particularly by reducing the impact of employee travel and electrifying our vehicle fleet.

Shaping the future

We intend to remain an energy transition leader by offering our customers transportation electrification solutions along with viable ways of converting fossil fuel-burning systems to electricity. We will also continue to pursue our major efforts to reduce our GHG emissions, including by converting the electricity supply of our many off-grid systems to clean power.

Strategy

9 Work toward decarbonizing all of our business activities and markets

Targets and indicators

9.1 Avoid 4.6 Mt CO₂ eq. of emissions through our long-term export contracts

Indicator  GHG emissions avoided (Mt CO₂ eq.)

9.2 Cut direct emissions of our operations by 35% by 2027

Indicator  Direct GHG emissions reduced compared to 2018 (%)

9.3 Aim for carbon neutrality by 2030

Indicator  Development and progress of a carbon-neutral strategy (%)



UN Sustainable Development Goal associated with this strategy

7 - Affordable and clean energy



Environment

Drawing on the past

Our energy efficiency measures to date include different tools, funding programs, awareness initiatives and advisory services for our various customers. Together, these measures have generated significant energy savings. All the same, managing peak demand remains a challenge, with definite room for improvement.

Shaping the future

With digital technologies increasingly part of our lives, we will offer products and services that turn our customers into “prosumers” who play an active role in managing their own energy use. Smart energy will open the way to solutions aimed at lowering consumption or promoting energy use outside peak periods (smart homes, electric mobility, smart storage and solar self-generation).

Strategy

10 Equip Quebecers to lower their consumption through better electricity use

Target and indicators

10.1 Propose electricity management solutions to our business and residential customers that aim to cut energy use by 2.49 TWh and potentially reduce power demand by 1,523 MW compared to 2019

- Indicators
- Reduction in energy use by business and residential customers (TWh)
 - Potential reduction in power demand (MW)



UN Sustainable Development Goal associated with this strategy

7 - Affordable and clean energy



Environment

Drawing on the past

As part of its operations, Hydro-Québec works to preserve biodiversity and protect species at risk and various ecosystems. One example of this is ensuring that the areas we develop stay comparable to the surrounding natural environment in terms of species diversity and biological productivity.

Shaping the future

To curb the loss of natural capital, we will implement actions to preserve and enhance biodiversity, in parallel with our ongoing mitigation and compensation measures aimed at limiting the environmental impact of our projects.

Strategy

11 Enhance and protect biodiversity

Target and indicators

11.1 Develop a corporate strategy for enhancing and protecting biodiversity

- Indicators
- Development of a biodiversity enhancement and protection strategy in 2020
 - Progress on actions identified in the strategy (2021–2024) (%)



UN Sustainable Development Goal associated with this strategy

15 – Life on land



Environment

Drawing on the past

A great deal of effort has gone into implementing major recovery and reclamation programs for materials we generate in the course of our operations. We also apply responsible procurement criteria aimed at lowering the environmental impact of the goods and services we acquire.

Shaping the future

We will integrate the best practices of the circular economy into the supply, transportation, storage and reclamation of the goods we need to carry out our activities and projects. Our goals in this sense are to reduce the environmental impacts, increase the social benefits and strengthen the economic sustainability of our operations.

Strategy

12 Reduce resource use by applying the principles of the circular economy

Targets and indicators

12.1 Draft and deploy a logistics strategy that applies the best practices of the circular economy

- Indicators Development of a logistics strategy in 2020
- Progress on the actions identified in the strategy (2021-2024) (%)

12.2 Use tools to integrate a total cost analysis (TCA) of goods and services at time of procurement into our governance

- Indicator Number and value of goods and services for which a TCA has been integrated



UN Sustainable Development Goal associated with this strategy

12 – Responsible consumption and production

Appendix 1

How Hydro-Québec's Sustainable Development Plan 2020–2024 (SDP) contributes to the Government Sustainable Development Strategy 2015–2020 (GSDS), the United Nations Sustainable Development Goals (SDGs) and Québec's Agenda 21 for culture (Agenda 21)

For quantification purposes, each strategy in our Sustainable Development Plan has been linked to a single GSDS objective, even if it actually targets more than one. The same applies to the SDG targets and *Agenda 21* objectives. The numbers in parentheses refer to other goals and targets to which our strategies contribute.

SDP 2020–2024 strategy	Key GSDS objective	Key SDG target	Key Agenda 21 objective
1. Make sustainability principles integral to our governance, operations and projects	1.2 Strengthen use of the principles of sustainable development by government ministries and public bodies	16.6 Develop effective, accountable and transparent institutions at all levels (16.5, 16.10)	N/A
2. Do business with responsible suppliers	1.1 Strengthen the use of ecoresponsible management practices in the public administration	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	N/A

SDP 2020–2024 strategy	Key GSDS objective	Key SDG target	Key Agenda 21 objective
<p>3. Significantly improve our occupational health and safety performance while fostering employee wellness</p>	<p>5.2 Act to ensure that living environments are healthy and safe (5.1)</p>	<p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<p>N/A</p>
<p>4. Offer an inclusive work environment that reflects Québec's diversity and rally our employees around sustainable development</p>	<p>1.4 Continue to develop sustainable development knowledge and skills throughout the public administration (6.3)</p>	<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status (10.3)</p>	<p>N/A</p>
<p>5. Foster Québec's development as a society through our financial contribution</p>	<p>N/A</p>	<p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries</p>	<p>N/A</p>
<p>6. Build and operate sustainable, resilient infrastructure while adapting our activities to climate change</p>	<p>6.4 Strengthen community resilience to climate change and natural disasters through prevention and adaptation (1.1, 6.1)</p>	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries (13.2, 13.3)</p>	<p>20. Incorporate cultural issues into land-use planning and development processes in order to enhance quality of life for citizens, foster a sense of belonging, and create a more attractive environment (19, 20)</p>

SDP 2020–2024 strategy	Key GSDS objective	Key SDG target	Key Agenda 21 objective
7. Generate more sustainable value in the community	1.5 Strengthen access to and participation in cultural life as a lever for social, economic and land development (4.2, 4.3)	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	N/A
8. Take steps to include Indigenous peoples and encourage their input into our development	4. Foster social inclusion and reduce social and economic inequality	10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	4. Recognize the cultural specificity of the First Nations and Inuit, as well as the contribution of their cultures, knowledge, and traditions to Québec's cultural identity. Promote awareness, protection, transmission, and development of these cultures within their communities and throughout Québec. (17)
9. Work toward decarbonizing all of our business activities and markets	7.2 Support the electrification of transportation and improve the sector's energy efficiency in order to develop the economy and reduce GHG emissions (1.1, 2.1, 2.2, 2.3, 8.2, 8.3)	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix (7.a, 13.2)	N/A
10. Equip Quebecers to lower their consumption through better electricity use	2.5 Help consumers make responsible choices (8.1)	7.3 By 2030, double the global rate of improvement in energy efficiency	N/A

SDP 2020–2024 strategy	Key GSDS objective	Key SDG target	Key Agenda 21 objective
<p>11. Enhance and protect biodiversity</p>	<p>3.2 Preserve and showcase biodiversity, ecosystems and ecological services by improving societal intervention and practices</p>	<p>15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements (14.2, 15.9)</p>	<p>N/A</p>
<p>12. Reduce resource use by applying the principles of the circular economy</p>	<p>1.1 Strengthen the use of ecoresponsible management practices in the public administration (3.1)</p>	<p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse (12.2)</p>	<p>N/A</p>

Appendix 2

Reasons why certain GSDS objectives have not been integrated into the Sustainable Development Plan

Our *Sustainable Development Plan 2020–2024* is built around 12 strategies and the *Government Sustainable Development Strategy 2015–2020*, around 27 objectives. As per the GSDS, each of our strategies must, for quantification purposes, be linked to a single government objective. However, our Plan does not contribute to all 27 government objectives, for the reasons below:

- A. The government objective is less related to the field of activities or responsibilities associated with Hydro-Québec's mission. Because of this, we have not planned a specific action for that objective in our Plan.
- B. Strategies in our Plan contribute indirectly to achieving this government objective.

Government objective	Reason	Indirect link with a strategy of the <i>Sustainable Development Plan 2020–2024</i>
1.3 Foster the adoption of a public participation approach when setting and implementing government policies and measures	A	N/A
1.6 Cooperate on sustainable development at the national and international levels, in particular with the Francophonie	A	N/A
2.4 Develop and showcase skills that support the transition to a green and responsible economy	B	4. Offer an inclusive work environment that reflects Québec's diversity and rally our employees around sustainable development

Government objective	Reason	Indirect link with a strategy of the <i>Sustainable Development Plan 2020-2024</i>
4.1 Support skills recognition, development and conservation, particularly among society's most vulnerable	A	N/A
6.2 Strengthen community capabilities to support dynamic economic and social land development	B	7. Create more sustainable value in the community
7.1 Use integrated land management and sustainable transportation practices to broaden access to services and jobs throughout Québec	B	9. Work toward decarbonization in all of our business activities and markets

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