



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

**Annual Report
2007**

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Sutton Mountains massif in the Green Mountains.
Photo credit: Raphaël Thibault-Gobeil

Cover: Aerial view of Pointe aux Pins, Île aux Grues.
Photo credit: Claude Duchaine

Other photo credits are listed at the end of the document.

Message from Management

The Fondation Hydro-Québec pour l'environnement is the result of Hydro-Québec's wish to support Québec communities that are taking practical steps to protect, restore and enhance their natural surroundings with a view to sustainable development.

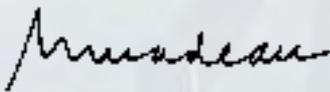
This annual report provides an overview of the remarkable achievements made by organizations whose efforts on behalf of the environment are a true source of inspiration.

In 2007, the Foundation granted nearly \$1.5 million to 15 projects undertaken by nonprofit organizations in eight regions of Québec. This brings the number of projects that have received funding from the Foundation since its creation to 107. These initiatives show that local communities are prepared to meet the environmental challenges that affect them directly—in other words, to protect fragile species, rehabilitate disturbed ecosystems and educate the public about the impacts of human behavior on the biophysical environment.

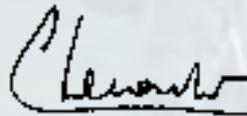
Lands and forests received a large share of the grants allocated in 2007. The Foundation is especially proud to have made a decisive contribution to the preservation of such treasures of Québec's natural heritage as the forest of the Sutton Mountains massif and Pointe aux Pins on Île aux Grues; these extraordinary sites will be opened to the public following an enhancement strategy that is compatible with their conservation.

In closing, we would like to thank the experts on the advisory committee for their invaluable help in reviewing the projects, as well as the members of the Board of Directors for their support of and commitment to the Foundation. The diversity of expertise that they bring to the table has greatly enriched our discussions. We would especially like to thank Myriam Truchon, whose term as director has come to an end, and welcome Agathe Simard, Francine Émond, Maria Vaccaro and Raymond Champoux, who joined the Board this year.

The Foundation is especially proud to have made a decisive contribution to the preservation of treasures of Québec's natural heritage



Marie-José Nadeau
President
Fondation Hydro-Québec pour l'environnement



Catherine Leconte
Executive Director
Fondation Hydro-Québec pour l'environnement

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 their environment, enjoy it responsibly and pass on their natural heritage to future generations.

Objectives

The Foundation funds concrete initiatives that have positive environmental and social impacts and that serve the interests of local 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 involved in the project's environmental issues. On the other hand, the message of an awareness-raising or educational activity will go unheeded if it does not give the people concerned the means to make a difference in their environment.

Educating the public about general environmental issues is not part of the Foundation's mission; we support projects that are likely to have direct impacts on specific natural areas. Educational projects satisfy this criterion if their goal is to change the behavior of clearly defined target publics in their use of the natural environment in their region.

Principles

- Support local initiatives that reflect the desire of local communities to take charge of 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

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

- 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 our Foundation contributions (2001–2007)*

St. Lawrence Lowlands	\$2,242,127
Appalachians	\$1,732,262
Estuary and Gulf of St. Lawrence	\$1,416,571
Southern Laurentians	\$473,921
Central Laurentians	\$414,501
Lower North Shore Plateau	\$73,800
Abitibi and James Bay Lowlands	\$70,550
Mistassini Highlands	\$65,482
Ungava Basin	\$34,300

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

Review of Operations

In 2007, the Foundation supported 15 projects of nonprofit organizations working to conserve and enhance Québec's natural heritage. These organizations help to protect fragile species, preserve their habitats, and make local communities aware of environmental issues related to their surroundings.

Since it began operation in 2001, the Foundation has contributed some \$6.5 million to more than a hundred projects that have benefited all the administrative regions of Québec. The total value of the projects is estimated at \$23 million.

In accordance with the approach adopted in 2005, the projects funded in 2007 focused on community stewardship of the natural environment. The projects, described on the following pages, are divided into 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 (\$)	
	2007	Since 2001	2007	Since 2001
Lands and forests	5	27	1,094,100	2,320,908
Rivers and lakes	2	30	34,850	1,716,244
Wetlands	4	31	259,500	1,924,498
Education and awareness	4	19	104,700	561,864
Total	15	107	1,493,150	6,523,514



1_



2_



3_



4_

Protection, restoration and enhancement of lands and forests

In 2007, the Foundation funded five projects in this class. Three involved developments to control recreational activities such as hiking and climbing, and the other two were related to the acquisition of land of great ecological value with a view to its long-term conservation. The Green Mountains Nature Reserve project alone will quadruple the total land area supported by the Foundation in this environment class.

1_

Lands and Forests That Have Benefited from Action by Foundation Partners

Period	Area (ha)
2007	5,398
Total since 2001	6,213

Protection, restoration and enhancement of wetlands

A swamp forest, a bog, a freshwater marsh and coastal areas: the sites targeted by the four projects in this class supported by the Foundation in 2007 cover a variety of wetland types and reflect the difficulty of reconciling conservation of these fragile ecosystems with human activity.

3_

Wetlands That Have Benefited from Action by Foundation Partners

Period	Area (ha)
2007	149
Total since 2001	5,637

Protection, restoration and enhancement of rivers and lakes

The Foundation funded two projects in this class in 2007. The first focused on mobilizing the public to combat riverbank erosion and pollution in rivers. The second provided for facilities to improve spawning conditions for several species of fish, and various educational activities to teach the importance of the aquatic environment.

2_

Rivers and Lakes That Have Benefited from Action by Foundation Partners

Period	Number of Rivers	Number of Lakes	Total Number of Rivers and Lakes
2007	2	–	2
Total since 2001	55	60	115

Education and awareness

The Foundation supported four projects in this class in the past year. Although it does not fund initiatives that focus exclusively on the protection of animal species, it occasionally supports projects that feature one animal to make specific publics aware of the importance of the natural environment and the need to behave responsibly to protect it. Three such projects were selected in 2007. The fourth project involves training and awareness for horticulturists on the thorny problem of exotic invasive plant species.

4_

Educational Projects

Period	Number of Projects	Projects Related to Lands and Forests	Projects Related to Wetlands	Projects Related to Rivers and Lakes
2007	4	1	1	2
Total since 2001*	19	6	10	10

* A project may involve several types of environment.

Foundation's Contribution to the Protection of Plant and Animal Species in 2007

2007 – Projects Supported – Extirpated Communities	Species	Status	Number of projects
Fish	striped bass	e	1 ^[a]
Number of species	1		
	e Extirpated community (being reintroduced)		

2007 – Projects Supported – Threatened or Vulnerable Species	Species	Status	Number of projects
Plants	Canadian maidenhair fern	v	2 ^[c,d]
	wild garlic	v	2 ^[a,d]
	Canada wild ginger	v	2 ^[c,d]
	two-leaved toothwort	v	2 ^[a,d]
	large toothwort	v	1 ^[a]
	Victorin's water hemlock	t	1 ^[a]
	Parker's pipewort	t	1 ^[a]
	false mermaid-weed	v	1 ^[a]
	Victorin's gentian	t	1 ^[a]
	American ginseng	t	2 ^[c,d]
	ostrich fern	v	1 ^[d]
	bloodroot	v	1 ^[a]
	large-flowered bellwort	v	2 ^[c,d]
Fish	American shad	v	1 ^[a]
	copper redhorse	t	1 ^[b]
Birds	anatum peregrine falcon	v	1 ^[a]
	piping plover	t	1 ^[e]
Number of species	17		
	t Threatened species (extirpation feared)		
	v Vulnerable species (at risk, extirpation not expected)		

2007 – Projects Supported – Species Likely to Be Designated Threatened or Vulnerable	Species	Status	Number of projects
Plants	hairy agrimony		1 ^[h]
	round-leaved serviceberry		1 ^[c]
	Eaton's beggar-tick		1 ^[a]
	blunt-lobed grape fern		1 ^[d]
	Appalachian sedge		1 ^[c]
	spreading sedge		1 ^[d]
	Back's sedge		1 ^[c]
	Hitchcock's sedge		1 ^[c]
	oval-headed sedge		1 ^[c]
	walking fern		1 ^[d]
	Clinton's wood fern		1 ^[d]
	northern willow-herb		1 ^[a]
	white wild licorice		1 ^[c]
	clammy hedge-hyssop, estuarine variety		1 ^[a]
	Tuckerman's gillwort		1 ^[a]
	Laurentian water horehound		1 ^[a]
	common hackberry		1 ^[h]
	Virginia chain fern		1 ^[f]
	eastern wild rice, estuarine variety		1 ^[a]
	Birds	yellow rail	
Mammals	southern flying squirrel		1 ^[d]
Turtles	leatherback turtle		1 ^[g]
Other reptiles	eastern milksnake		1 ^[c]
Amphibians	pickerel frog		1 ^[d]
	spring salamander		1 ^[d]
	northern dusky salamander		1 ^[d]
Number of species	26		

Partners in 2007

[a] Nature Conservancy of Canada – Québec Region (Pointe aux Pins, Île aux Grues)

[b] Nature Conservancy of Canada – Québec Region (Richelieu River)

[c] Centre d'interprétation du milieu écologique du Haut-Richelieu (CIME Haut-Richelieu)

[d] Appalachian Corridor (ACA)

[e] Comité ZIP des Îles-de-la-Madeleine

[f] Town of Saint-Lazare

[g] Island Aquarium

[h] Comité Écologique du Grand Montréal

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 participates in the follow-up to this action plan by compiling the data supplied by its partners on the species and ecosystems targeted in their projects.

In 2007, 17 species designated threatened or vulnerable according to the classification in the *Act respecting threatened or vulnerable species*² benefited from projects set up by organizations supported by the Foundation. Examples are two-leaved toothwort, large toothwort and false mermaid-weed.

Since 2001, the Foundation has contributed to the survival of 43 of the 77 plant and animal species designated threatened or vulnerable under the Act. A species once considered extirpated in Québec, the striped bass, should be added to this list. From 2003 to 2005, the Foundation supported a project to reintroduce this fish into the St. Lawrence River, using stocks imported from New Brunswick.

The projects selected in 2007 also helped to protect 26 species likely to be designated threatened or vulnerable because of their precarious situation. Among them are the yellow rail, spring salamander and Virginia chain fern.

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 150 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	43
Species likely to be designated threatened or vulnerable	98

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



Peregrine falcon



Bloodroot



Three toothworts, including two vulnerable species: large toothwort (left) and two-leaved toothwort (centre)

Geographical Distribution of Projects Supported by the Foundation in 2007

Lands and Forests

1. Conservation and enhancement of the Green Mountains Nature Reserve
2. Conservation and enhancement of Mont Saint-Grégoire, phase 2
3. Control and awareness for users of Mount Wright Old-Growth Forest Park
4. Protection and enhancement of Pointe aux Pins on Île aux Grues
5. Protection of rare forest in Cleveland

Rivers and Lakes

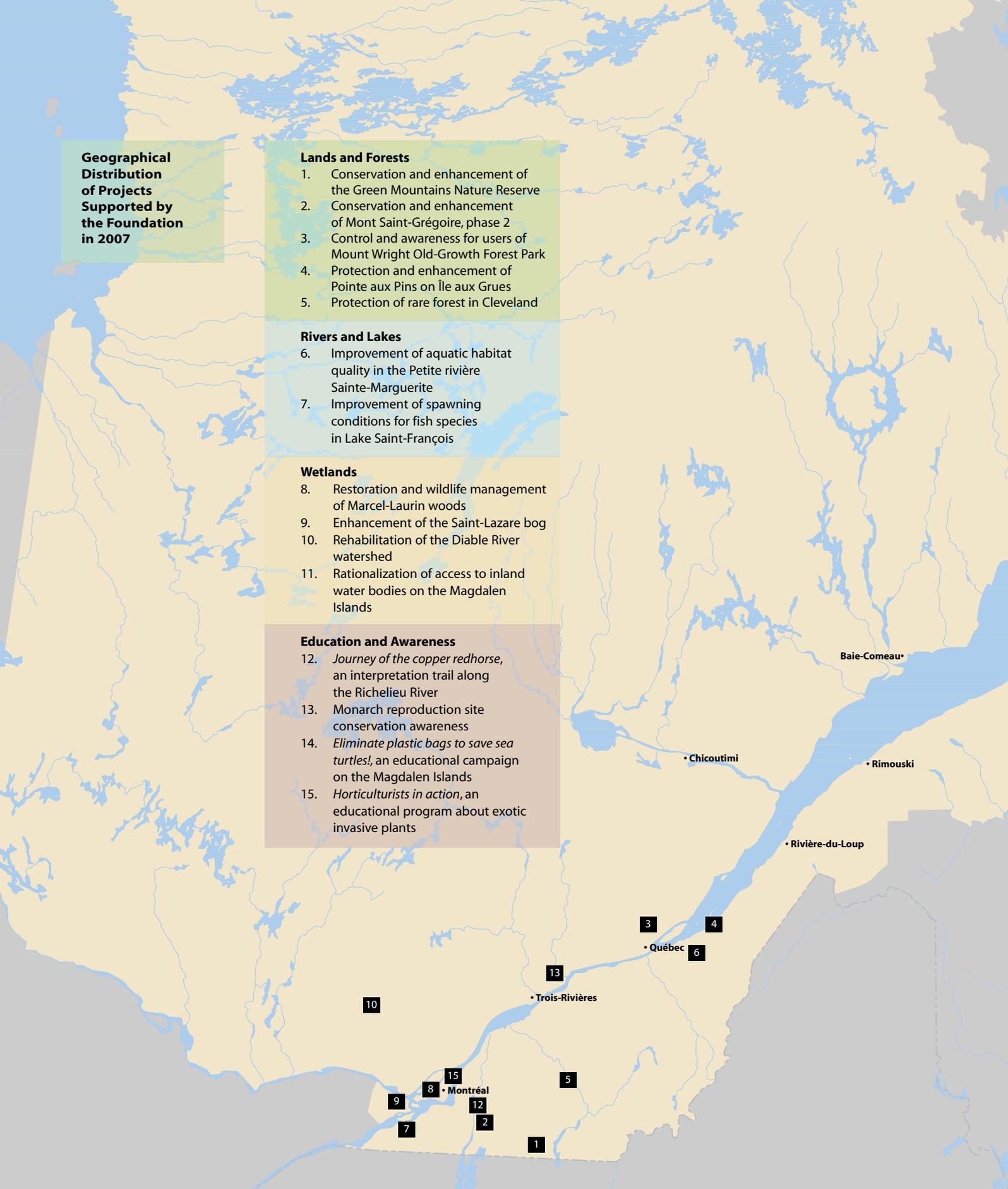
6. Improvement of aquatic habitat quality in the Petite rivière Sainte-Marguerite
7. Improvement of spawning conditions for fish species in Lake Saint-François

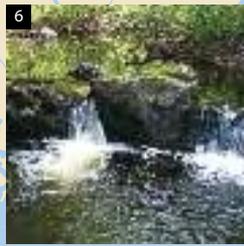
Wetlands

8. Restoration and wildlife management of Marcel-Laurin woods
9. Enhancement of the Saint-Lazare bog
10. Rehabilitation of the Diable River watershed
11. Rationalization of access to inland water bodies on the Magdalen Islands

Education and Awareness

12. *Journey of the copper redhorse*, an interpretation trail along the Richelieu River
13. Monarch reproduction site conservation awareness
14. *Eliminate plastic bags to save sea turtles*, an educational campaign on the Magdalen Islands
15. *Horticulturists in action*, an educational program about exotic invasive plants





1

Lands and Forests

Lands and forests are subject to pressure from the growing popularity of such recreational activities as hiking and climbing. In 2007, three of the five projects supported by the Foundation focused on controlling usage of these ecosystems and promoting user awareness of the impacts of recreational activities.

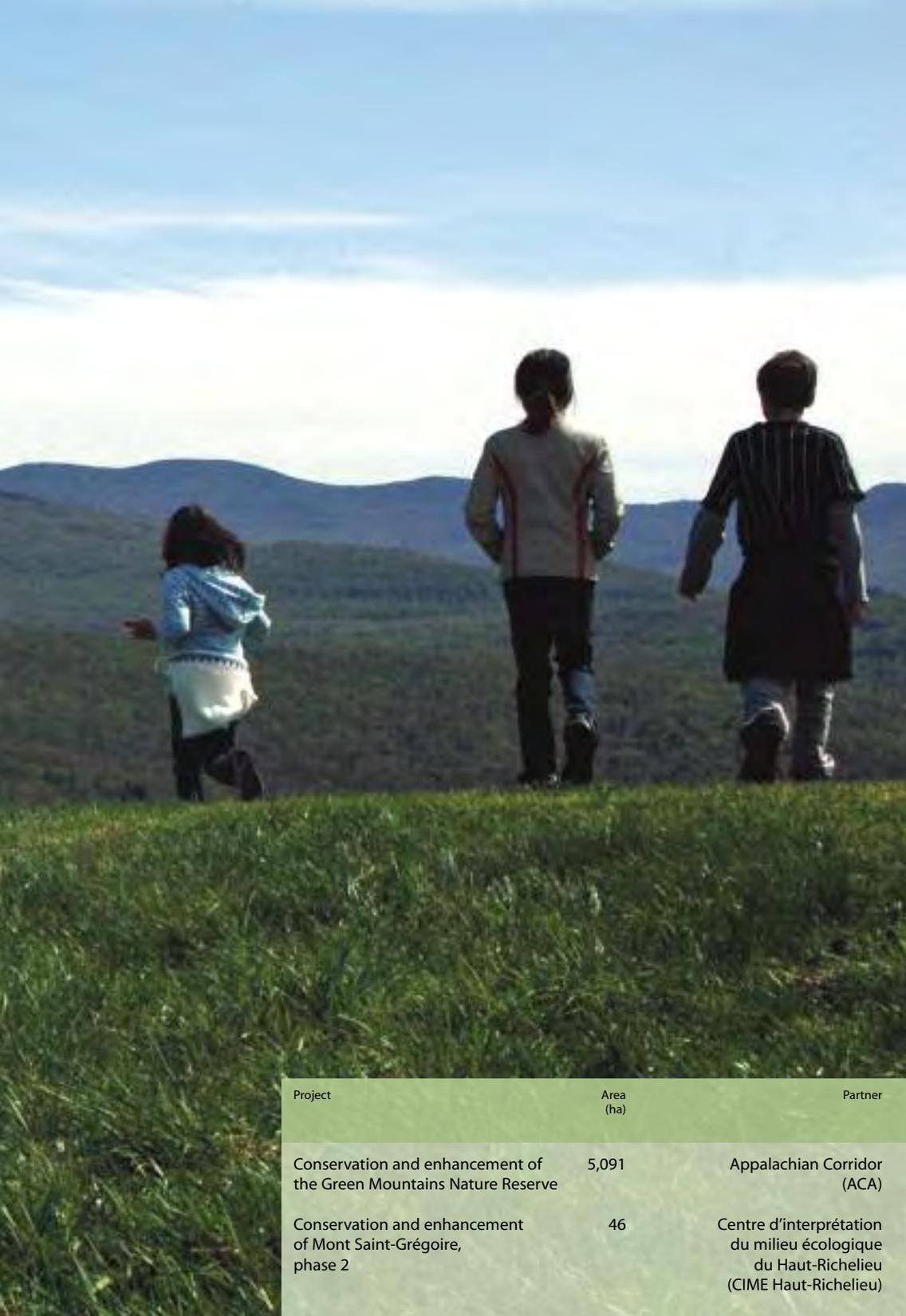
The Green Mountains Nature Reserve will cover nearly two thirds of the forest on the Sutton Mountains massif and will be the largest private conservation area in Québec. For several years, the Foundation has supported efforts by the Nature Conservancy of Canada (NCC) to protect this exceptional area. In 2007, it funded a new project that will facilitate public use of the reserve without compromising its conservation function. This two-year project by the Appalachian Corridor (ACA) organization will develop new entry points and several kilometres of trails that will take visitors around much of the protected area while maintaining its ecological integrity. With the collaboration of the municipalities of Sutton, Potton and Lac-Brome and local partners that will help to promote the ecological value of the nature reserve and its rich biodiversity, ACA will encourage active local participation in the conservation of this natural environment, which is home to many threatened or vulnerable species.

In 2006, the Centre d'interprétation du milieu écologique du Haut-Richelieu (CIME Haut-Richelieu), with support from the Foundation, launched a project to enhance Mont Saint-Grégoire. It will develop the area and conduct educational activities to protect the 46 ha of woodland. In 2007, as part of a management strategy that aims to reconcile public use and conservation, CIME Haut-Richelieu improved signage, built a fence and planted shrubs to contain visitor traffic, prepared new interpretation aids, and organized green patrols.

Green Mountains Nature Reserve



Wooden staircase, Mont Saint-Grégoire



**Green Mountains
Nature Reserve**

Project	Area (ha)	Partner	Estimated Total Budget (\$)	Foundation Contribution (\$)
Conservation and enhancement of the Green Mountains Nature Reserve	5,091	Appalachian Corridor (ACA)	867,600	524,200
Conservation and enhancement of Mont Saint-Grégoire, phase 2	46	Centre d'interprétation du milieu écologique du Haut-Richelieu (CIME Haut-Richelieu)	57,200	47,400
Control and awareness for users of Mount Wright Old-Growth Forest Park	190	Association forestière Québec métropolitain (AFQM)	81,900	49,000
Protection and enhancement of Pointe aux Pins on Île aux Grues	48*	Nature Conservancy of Canada (NCC)	990,100	447,500
Protection of rare forest in Cleveland	23	Société de conservation du corridor naturel de la rivière au Saumon (SCCNRS)	123,300	26,000
Total	5,398		2,120,100	1,094,100

* This project also involves the Pointe aux Pins strand, but this area (45 ha) is included in the Wetlands class.

The Mount Wright Old-Growth Forest Park is located in the municipality of Stoneham-et-Tewkesbury, at the entrance to the Réserve des Laurentides, 30 km from Québec City. It harbors an unusual old-growth-forest ecosystem with two forests that are over 300 years old. There are also a rock face and some erratic boulders that climbers enjoy. In 2007, to prevent the growing popularity of this natural area from interfering with its conservation, the Association forestière Québec métropolitain stepped up its park management initiatives and improved the network of trails and signage, prepared a code of ethics for hikers and climbers, published a brochure on the ecological treasures of Mount Wright, and organized some twenty educational activities that reached about 800 users of the park.

With the Foundation's help, the Nature Conservancy of Canada (NCC) purchased Pointe aux Pins at the western end of Île aux Grues. This 48-ha area contains an outstanding forest ecosystem that is home to about 15 at-risk species. There are also 3.5 km of beaches (a total area of 45 ha). The enhancement project designed by the NCC and its partners reflects the local wish to open this ecologically valuable site to the public and protect it from any form of commercial development. The Pointe aux Pins management committee will include citizens of Saint-Antoine-de-l'Isle-aux-Grues and municipal representatives, as well as representatives of the NCC and the Fondation Riopelle-Vachon. The area will be monitored by local partners.

In the Eastern Townships municipality of Cleveland, the Société de conservation du corridor naturel de la rivière au Saumon (SCCNRS) purchased 23 ha of land to preserve an 11-ha stand of red oak that is considered an outstanding forest ecosystem. Some trees are 90 years old and 28 m tall. The SCCNRS will use various methods to regenerate the red oak stand and will harvest acorns to be planted elsewhere. It also plans to conduct scientific activities to raise the environmental awareness of college and university students.

**Pointe aux Pins strand,
Île aux Grues**



Rare forest of Cleveland



Old-growth forest, Mount Wright



Rock-climbing route, Mount Wright



Visitez le mont Wright SANS TRACE

Le randonneur responsable prévient et planifie...

- vérifier l'état de la météo et les conditions de la route
- prévoir le temps de marche et le matériel nécessaire
- prévoir le matériel nécessaire (eau, nourriture, vêtements, etc.)
- prévoir le matériel nécessaire (eau, nourriture, vêtements, etc.)

Les déchets correspondent à ses déchets...

- ramasser les déchets que l'on a ramassés
- ramasser les déchets que l'on a ramassés
- ramasser les déchets que l'on a ramassés

Ne dégrada pas les surfaces durables...

- ne pas marcher sur les surfaces durables
- ne pas marcher sur les surfaces durables
- ne pas marcher sur les surfaces durables

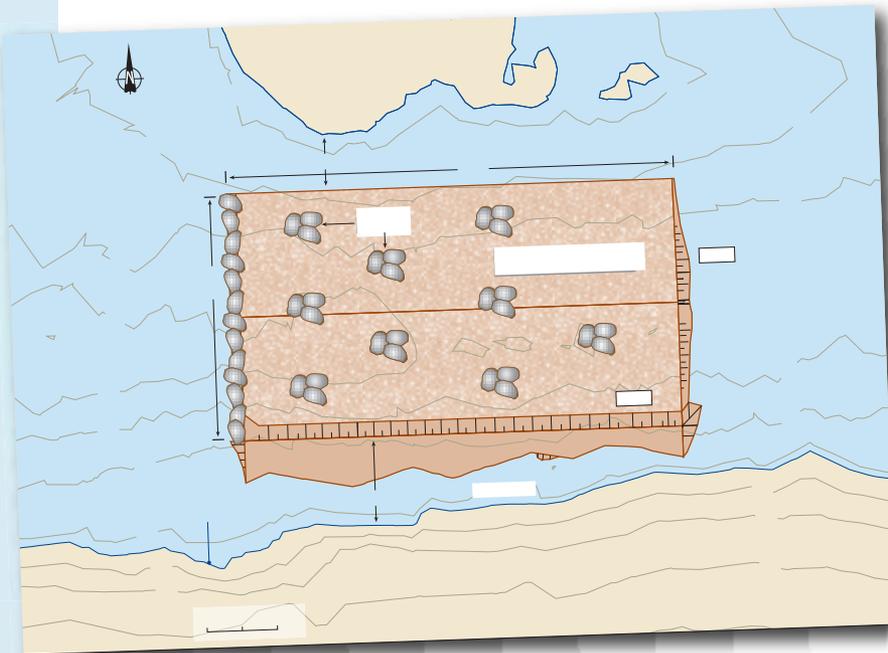
Hiker's code of ethics

2

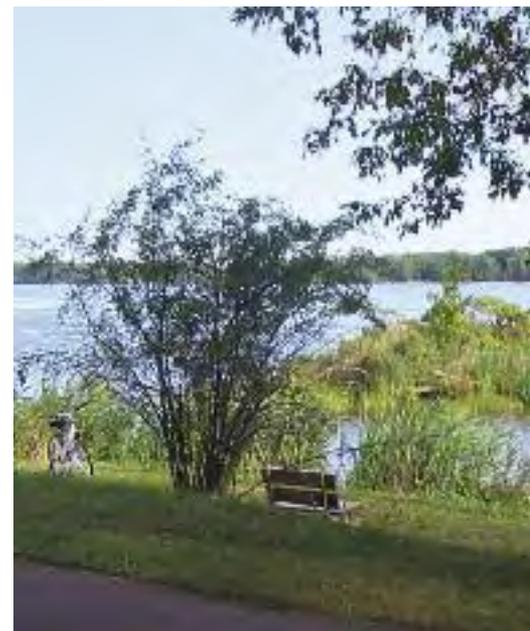
Rivers and Lakes

Among the tributaries of the Rivière du Sud in the Chaudière-Appalaches region is the Petite rivière Sainte-Marguerite, which drains an agricultural and forested watershed. The aquatic habitats in this river have deteriorated owing to erosion and pollution. The Conseil de bassin versant de la rivière du Sud undertook a restoration project based on public awareness and mobilization. Riverside property owners, citizens and elected officials of neighboring municipalities will be invited to information sessions on the condition of the Petite rivière Sainte-Marguerite and how to prevent deterioration of its habitats. The project also includes an educational program: 140 students in the area will receive in-class training on the river's ecosystems. They will then test what they have learned in the field and help to plant 800 shrubs on the river's banks.

Some years ago, people who fished in Lake Saint-François sounded an alarm when they observed a scarcity of certain species of fish. Subsequent studies showed that spawning conditions in the fast-flowing water of the Beauharnois canal were unsuitable because its smooth, flat bottom provided little shelter for fish. To help fast-flowing water species reproduce in the canal, the Upper St. Lawrence ZIP Committee planned improvements in the spawning area located near Saint-Louis-de-Gonzague. A mix of gravel and cobbles was spread over 300 m² to create shelters for spawners and their eggs. To publicize this initiative and heighten public awareness of the importance of the aquatic environment, the ZIP committee will install an interpretation sign beside the Beauharnois canal bicycle path near the spawning area and will organize a travelling exhibit for the municipalities of Salaberry-de-Valleyfield, Pincourt and Châteauguay.



Enhancement plan for spawning ground at Saint-Louis-de-Gonzague



Beauharnois Canal



**Fish inventory,
Rivière du Sud watershed**

Project	Number of Rivers and Lakes	Partner	Estimated Total Budget (\$)	Foundation Contribution (\$)
Improvement of aquatic habitat quality in the Petite rivière Sainte-Marguerite	1 watercourse	Conseil de bassin versant de la rivière du Sud (COBAVERS)	29,500	10,000
Improvement of spawning conditions for fish in Lake Saint-François	1 watercourse	Comité ZIP du Haut-Saint-Laurent	147,000	24,850
TOTAL	2 watercourses		176,500	34,850

3

Wetlands

The four wetlands projects supported by the Foundation are near urban areas or villages. Their common objective is to reconcile conservation of these fragile environments with public use and recreation.

Marcel-Laurin Park, which covers nearly 30 ha, encompasses one of the last woodlots in the borough of Saint-Laurent and one of the rare swamp forests remaining on the Island of Montréal. The ecology and biodiversity of this 12-ha natural environment are threatened by urban development and uncontrolled public use. To protect and enhance the value of the wooded area, which includes such at-risk species as hairy agrimony and common hackberry, the Comité Écologique du Grand Montréal implemented a multifaceted action plan to develop a bird-watching trail, close unauthorized trails, eradicate invasive plant species and improve user awareness.

The town of Saint-Lazare has also experienced accelerated urbanization in recent years. Alarmed by the interest of real-estate developers in the Saint-Lazare bog, the citizens banded together to conserve this natural environment and the municipality finally acquired the property.

Enhancement of the bog is a joint initiative of the municipality and the Comité pour la protection de l'environnement, which includes citizens, elected officials, municipal employees, and various specialists. The plan is to build boardwalks to enable the public to visit the bog without harming this very fragile environment. Interpretation signs set up by the boardwalks will inform visitors about this rich ecosystem and such species as Virginia chain fern, which is likely to be designated threatened or vulnerable.

Saint-Lazare bog



South Side marsh



Marcel-Laurin woods

Project	Area (ha)	Partner	Estimated Total Budget (\$)	Foundation Contribution (\$)
Restoration and wildlife management of the Marcel-Laurin woods	12	Comité Écologique du Grand Montréal	213,800	49,000
Enhancement of the Saint-Lazare bog	11	Town of Saint-Lazare and Comité pour la protection de l'environnement	340,400	150,000
Rehabilitation of the Diable River watershed	10	AGIR pour la Diable (alliance for the Diable River and its watershed)	21,100	11,500
Rationalization of access to interior water bodies on the Magdalen Islands	71	Comité ZIP des Îles-de-la-Madeleine	64,800	49,000
TOTAL	149*		640,100	259,500

* Includes the area (45 ha) of the Pointe aux Pins strand, which is part of the Nature Conservancy of Canada project in the Lands and Forests class.



The South Side marsh covers nearly 10 ha at the foot of Mont-Tremblant Ski Resort near a multipurpose trail used by cross-country skiers, inline skaters and cyclists. Every year, millions of visitors to the resort cross this wetland, often without noticing it. The enhancement project undertaken by an organization called AGIR pour la Diable (alliance for the Diable River and its watershed) will educate the public about the importance of this ecosystem and reduce the impacts of its proximity to a very popular recreational area. Interpretation signs have been set up at the edge of the marsh and bank revegetation activities have been organized so participants can try out various erosion prevention or control techniques. In addition, AGIR pour la Diable has designed an extensive erosion awareness program for builders, motorized sports practitioners and neighbors. A file on this project, provided for the local community, can be viewed on the AGIR Web site.

The interior water bodies on the Magdalen Islands, with their rich biodiversity and close ties to the local economy, attract fishermen, hunters, collectors and sports enthusiasts who, over the years, have created their own trails to get to their destinations. These informal access routes have contributed to the deterioration of the dunes and vegetation, as well as bank erosion

and silting, which affects water quality and fish and waterfowl habitats. The Magdalen Islands ZIP Committee, in cooperation with its local partners, has introduced a plan to rationalize access to the interior water bodies. To change user behavior, this plan focuses on subtle incentives, such as marking trails to encourage use of the paths that have the fewest negative impacts on the environment, putting up parking lots and installing signs to heighten awareness of environmental issues. In areas where dune stability is seriously compromised, the most damaging access ways will be blocked with sand and beach grasses will be planted.

Roundleaf sundew



Spring peeper



**Marked trail,
Magdalen Islands**



**Havre aux Maisons lagoon,
Magdalen Islands**

4

Education and Awareness

Three of the four projects in this class focus on a specific animal in order to reach certain publics, such as children, more effectively. These projects endeavor to make people aware of the importance of the natural environment and promote environmentally responsible behavior. The fourth project targets professionals who are on the front lines in combating a specific environmental problem.

The *Journey of the copper redhorse* project promotes awareness of the sensitive environments and species in the Richelieu River where the main copper redhorse spawning ground is located. This fish is only found in Québec and is a threatened species. The project is an extension of the grant given by Hydro-Québec in 2002 to the Nature Conservancy of Canada (NCC) to protect a 15-km stretch of the Richelieu River bed. NCC has erected five signs along the river to invite the public to follow the journey of the copper redhorse and protect its natural habitat. Passers-by are also educated about what they can do to help preserve biological diversity in the river.

The Parc de la rivière Batiscan project, in Mauricie, will inform visitors of the need to conserve monarch butterfly reproduction sites and, more specifically, colonies of milkweed, a plant that plays an essential role in the life cycle of this colorful lepidopteran. Monarchs lay their eggs on milkweed leaves, which are subsequently devoured by the caterpillars. The park will conduct activities at a monarch reproduction site developed during the project. Interpretation signs, animated displays and an educational kit (maps, three-dimensional models and an activity guide) will enhance the awareness of the young and the not-so-young of the inevitable connection between nature conservation and biodiversity.

On the Magdalen Islands, the leatherback turtle is the emblem for a project to educate the local public and visitors about the devastating impact of plastic bags on the ocean environment. The strong winds typical of the archipelago blow the bags onto beaches and into the ocean, where they can cause the death of several species, including the leatherback turtle. Often, this endangered reptile chokes to death after swallowing plastic bags, which it mistakes for the jellyfish it eats. The Island Aquarium and its partners have designed an education campaign that includes radio broadcasts, newspaper vignettes, distribution of postcards and reusable cotton bags bearing a picture of a leatherback turtle. The Aquarium will subsequently organize workshops about sea turtles and their habitat and an exhibit on the problem of plastic bags in an island environment.

In the wake of its educational program on invasive exotic plants in the St. Lawrence wetlands and tributaries (funded by the Foundation in 2006), Great Lakes United (GLU) has developed a new project targeting horticulturists. Training will be provided in conjunction with schools that offer horticulture programs and an awareness campaign will be conducted for horticulturists. The GLU hopes to get horticulturists involved in combating the proliferation of exotic invasive species, which are a global threat to biodiversity.



Chambly Rapids, Richelieu River



Beach, Magdalen Islands

Monarch butterfly and milkweed

Project	Partner	Estimated Total Budget (\$)	Foundation Contribution (\$)
<i>Journey of the copper redhorse</i> , an interpretation trail along the Richelieu River	Nature Conservancy of Canada (NCC)	32,900	15,200
Monarch reproduction site conservation awareness	Parc de la rivière Batiscan	18,200	15,000
<i>Eliminate plastic bags to save sea turtles!</i> , educational campaign on the Magdalen Islands	Island Aquarium	71,400	49,500
<i>Horticulturists in action</i> , an educational program on exotic invasive plant species	Great Lakes United (GLU)	67,700	25,000
Total		190,200	104,700

Financial Statements

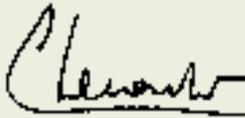
Management's Report

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, 2008

Auditors' 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, 2007, as well as 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, 2007, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Montréal, Canada
February 12, 2008

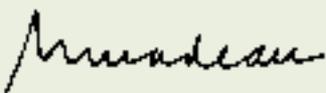
Balance Sheet

As at December 31, 2007, with comparative figures for 2006

\$	2007	2006
Assets		
Cash	2,785,035	1,893,738
Contributions receivable from Hydro-Québec	284,551	41,993
	3,069,586	1,935,731
Liabilities		
Accounts payable	195,220	70,968
Net assets		
Restricted to environmental projects	1,773,497	1,064,074
Unrestricted	1,100,869	800,689
	2,874,366	1,864,763
	3,069,586	1,935,731

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, 2007, with comparative figures for 2006

\$	2007	2006
Revenue		
Hydro-Québec – Contributions from (Note 3)		
Divisions	1,350,000	850,000
Special fund	455,803	410,775
Interest income	102,066	59,498
	1,907,869	1,320,273
Expenditure		
Environmental projects (Note 2)		
Approved during the year	478,337	317,453
Approved during previous years	287,151	591,615
General overhead and project management	132,778	146,768
	898,266	1,055,836
Excess of revenue over expenditure	1,009,603	264,437

See the notes to the financial statements.

Changes in Net Assets

Year ended December 31, 2007, with comparative figures for 2006

\$	Restricted to environmental projects ¹	Unrestricted	2007 Total	2006 Total
Net assets at beginning of year	1,064,074	800,689	1,864,763	1,600,326
Excess of revenue over expenditure (expenditure over revenue)	(287,151)	1,296,754	1,009,603	264,437
Internally restricted with respect to projects approved in 2007 (Note 2)	1,014,813	(1,014,813)	–	–
Other inter-fund transfers (Note 2)	(18,239)	18,239	–	–
Net assets at end of year	1,773,497	1,100,869	2,874,366	1,864,763

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

\$	2007	2006
Surplus restricted to projects		
Approved during the year	1,014,813	691,877
Approved during previous years	758,684	372,197
	1,773,497	1,064,074

Notes to Financial Statements

For the year ended December 31, 2007

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 related to environmental stewardship. 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, as well as the revenue and expenditure items 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 15 environmental projects (22 in 2006, 20 in 2005, 15 in 2004, 10 in 2003, 10 in 2002 and 14 in 2001) for a total commitment of \$1,493,150, of which \$478,337 was paid out during the year. The balance of \$1,014,813 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 \$18,239 for projects in 2004 and 2005 (\$12,706 in 2006 for projects in 2003 and 2004) was transferred from net assets restricted to environmental projects to unrestricted net assets because the actual expenditures were less than the amounts initially authorized.

\$	Total commitment	Paid out during the year	Paid out during previous years	Internally restricted
Lands and forests	1,094,100	402,900	–	691,200
Rivers and lakes	34,850	12,425	–	22,425
Wetlands	259,500	29,500	–	230,000
Education and awareness	104,700	33,512	–	71,188
Total - 2007	1,493,150	478,337	–	1,014,813
Total - 2006	1,009,330	267,484	317,453	424,393
Total - 2005	859,511	19,667	732,469	107,375
Total - 2004	669,625	–	659,625	10,000
Total - 2003	1,318,838	–	1,101,922	216,916
Total - 2002	804,850	–	804,850	–
Total - 2001	368,210	–	368,210	–
Total 2001 to 2007	6,523,514	765,488	3,984,529	1,773,497

3. Related Party Transactions

During the year, the Foundation received contributions from Hydro-Québec totaling \$1,805,803 (\$1,260,775 in 2006), including \$455,803 (\$410,775 in 2006) in annual interest generated by funds specially reserved by Hydro-Québec for the Foundation, and \$1,350,000 (\$850,000 in 2006) in contributions from Hydro-Québec Production, Hydro-Québec TransÉnergie, Hydro-Québec Distribution, and the company's Environment and Corporate Affairs unit. The Foundation incurred expenses of \$111,799 (\$125,231 in 2006) in relation to Hydro-Québec. 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 – 2007

Marie-José Nadeau

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

Armand Couture

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

Raymond Champoux

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

Francine Émond

Director

Georges-Henri Gagné

Warden, Regional County
Municipality of Manicouagan*
Mayor of Ragueneau

Stella Leney

General Manager – Environment
and Corporate Affairs
Hydro-Québec

Louise Pelletier

Regional Director – Mauricie and
Director – Generation Des Cascades
Hydro-Québec Production

Patrick Plante

President
Initium

Agathe Simard

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

Maria Vaccaro

Director – Environment and
Sustainable Development
Hydro-Québec

* Until 2008

For more detailed information on the mission, priorities and operations of the Fondation Hydro-Québec pour l'environnement and the projects it has supported, 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 Hydro-Québec. None of these photographs may be reproduced without the owner's permission.

[page 4] 1. *Trail, Mount Wright Old-Growth Forest Park*: Association forestière Québec métropolitain. 2. *Petite rivière Sainte-Marguerite, Rivière du Sud watershed*: Conseil de Bassin versant de la rivière du Sud. 3. *At work in the Marcel-Laurin woods*: Comité Écologique du Grand Montréal. 4. *Monarch butterfly*: Martin Savard.

[page 7] *Peregrine falcon*: Hydro-Québec. *Bloodroot*: Hydro-Québec. *Three toothworts, including two vulnerable species: large toothwort (left) and two-leaved toothwort (centre)*: Hubert Pelletier-G., NCC-Q.

[page 9] 1. *Sutton Mountains massif in the Green Mountains*: Raphaël Thibault-Gobeil. 2. *Mount Saint-Grégoire*: CIME Haut-Richelieu. 3. *Mount Wright, Stoneham-et-Tewkesbury*: Anne-Marie Prud'homme. 4. *Pointe aux Pins strand, Île aux Grues*: CNCQ-Hubert Pelletier-G. 5. *Rare forest of Cleveland*: La Société de conservation du corridor naturel de la rivière au Saumon (SCCNRS). 6. *Petite rivière Sainte-Marguerite, Rivière du Sud watershed*: Conseil de Bassin versant de la rivière du Sud. 7. *Beauharnois Canal, Saint-Louis-de-Gonzague*: Comité ZIP du Haut-Saint-Laurent. 8. *Marcel-Laurin woods, Saint-Laurent*: Comité Écologique du Grand Montréal. 9. *Saint-Lazare bog*: Town of Saint-Lazare. 10. *South Side marsh, Mont-Tremblant*: AGIR pour la Diable. 11. *Ice fishing in bay, Havre aux Basques, Magdalen Islands*: Yves Martinet. 12. *Wildlife refuge, Richelieu River*: Nature Conservancy of Canada. 13. *Monarch butterfly*: Martin Savard. 14. *Education campaign, giving away reusable cotton shopping bags*: Martin Ouellet, Amphibia-Nature. 15. *Joe Pye weed*: Isabelle Dupras.

[page 10] Background photo: *Oak in the rare forest of Cleveland*: La Société de conservation du corridor naturel de la rivière au Saumon (SCCNRS). *Green Mountains Nature Reserve*: Appalachian Corridor (ACA). *Wooden staircase, Mont Saint-Grégoire*: CIME Haut-Richelieu.

[page 11] *Green Mountains Nature Reserve*: Raphaël Thibault-Gobeil.

[page 12] Background photo: *Oak in the rare forest of Cleveland*: La Société de conservation du corridor naturel de la rivière au Saumon (SCCNRS). *Pointe aux Pins strand, Île aux Grues*: Hubert Pelletier-G. NCC-Q. *Rare forest of Cleveland*: La Société de conservation du corridor naturel de la rivière au Saumon (SCCNRS).

[page 13] *Old-growth forest, Mount Wright*: Association forestière Québec métropolitain. *Rock-climbing route*: Association forestière Québec métropolitain. *Hiker's code of ethics*: Association forestière Québec métropolitain.

[page 14] Background photo: *Petite rivière Sainte-Marguerite, Rivière du Sud watershed*: Conseil de Bassin versant de la rivière du Sud. *Beauharnois Canal*: Comité ZIP du Haut-St-Laurent. *Enhancement plan for spawning ground at Saint-Louis-de-Gonzague*: Environnement Illimité Inc. for Comité ZIP du Haut-Saint-Laurent project.

[page 15] *Fish inventory, Rivière du Sud watershed*: Conseil de Bassin versant de la rivière du Sud.

[page 16] Background photo: *Marcel-Laurin woods, Saint-Laurent*: Comité écologique du Grand Montréal. *Saint-Lazare bog*: Town of Saint-Lazare. *South Side marsh, Mont-Tremblant*: AGIR pour la Diable.

[page 17] *Marcel-Laurin woods, Saint-Laurent*: Comité écologique du Grand Montréal.

[page 18] Background photo: *South Side marsh*: AGIR pour la Diable. *Roundleaf sundew*: AGIR pour la Diable. *Spring peeper*: AGIR pour la Diable.

[page 19] *Marked trail, Magdalen Islands*: Comité ZIP des Îles-de-la-Madeleine. *Havre aux Maisons lagoon, Magdalen Islands*: Yves Martinet.

[page 20] Background photo: *Waterlily*: Caroline Savage – Environment Canada. *Chambly Rapids, Richelieu River*: Nature Conservancy of Canada.

[page 21] *Monarch butterfly and milkweed*: Anne-Marie Prud'homme. *Beach, Magdalen Islands*: Martin Ouellet, Amphibia-Nature.



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