

OUR FINANCIAL COMMITMENTS: THE FACTS

To appreciate the full value of our philanthropic contribution

(updated April 26, 2021)

The Lucie and André Chagnon Foundation seeks to use its financial capacity to benefit Québec society, contributing to the sustainable improvement of conditions that will help the youth of Québec to realize their full potential. We want to be prepared to meet the needs of today and tomorrow. The Foundation is committed to:

1. **Complying with** the Canada Revenue Agency disbursement quota requirement;
2. **Optimizing its grantmaking** to organizations and networks whose objectives are in line with the Foundation's mission;
3. **Investing a portion of its capital in social initiatives** that reflect its mission;
4. Making investments that allow it to **maintain the value of its long-term assets** (in constant dollars) for the sole purpose of **preserving its granting and program capacity**, recognizing that it may take **generations** to achieve the **social change** that we aspire to; and
5. **Keeping its overhead costs to a minimum** by adopting operating, administrative and governance practices that are rigorous, effective and efficient.

Financial assets

The Lucie and André Chagnon Foundation is a private foundation that was created through a final donation from the Chagnon family. Its revenue may not be used for the personal benefit of any of its members or directors. Endowed with a capital of \$1.4 billion when it launched its activities in 2000, the Foundation today holds assets in excess of \$2 billion¹.

Disbursement quota requirements

Every year, as a registered charity, we are required to disburse a certain percentage of our capital, called the "disbursement quota"² (currently 3.5%). Charitable organizations are permitted to draw on disbursement excesses from the five previous fiscal periods to offset a shortfall. Between 2015 and 2019, the Foundation met its requirements by paying out a total of \$324.2 million, which corresponds to average annual payments of 3.5% of the value of our capital during that period.

- In the fall of 2020, we announced our intention to voluntarily increase our granting by \$150 million over the next five years (2021-2025). Depending on communities' needs and capacities, our total grants could increase from the previously earmarked \$350 million up to \$500 million during this five-year period, representing a yearly average payout of 5% of our capital.

¹ \$2,072,000,000 as at December 31, 2019.

² The disbursement quota is the minimum calculated amount that a registered charity is required to spend each year on its own charitable programs (including gifts to non-qualified donees/donees without a charity number) or on gifts to qualified donees, such as other registered charities.

Grants³

- From 2000 (when we launched our activities) to 2020, we granted \$947 million to hundreds of initiatives across Québec.
- Since implementing our new orientations in 2017, we have allocated over \$235 million in support of 126 active initiatives. Many of these are long-term commitments, often ranging between three and ten years.
- By the end of 2021, we expect to exceed the one-billion-dollar mark in total grants since 2000.

Mission-based investments,

In addition to our grants, we have also set a 2028 target for investing 10% of our capital (approximately \$200 million) in social initiatives, such as affordable housing, community-owned infrastructure, sustainable and equitable food systems and employment integration.

- To date, we have already committed \$56.7 million to nonprofit and cooperative housing and community-owned infrastructure initiatives, among other things. [Learn more](#)

Investments

Since the social change that we aspire to may take generations to achieve, our investment policy aims to maintain the value of our capital in order to preserve our capacity for granting and programs over the next several decades. Our policy stringently integrates ESG criteria and practices into our portfolio management. More than ever, we have become part of a movement that integrates environmental (E), social (S) and governance (G) factors into our portfolio management alongside traditional investment criteria. We are vigilant in ensuring that our external portfolio managers invest the Foundation's capital responsibly and sustainably.

Overhead costs

We hold ourselves to the highest standards of rigour, effectiveness and efficiency in our operating, administrative and governance practices. Our annual overhead costs are in the order of 12%⁴, a reasonable rate that compares well to that of similar institutions.

³ Based on our annual declarations to the Canada Revenue Agency.

⁴ "Overhead costs" include all operating expenses connected with carrying out our mission. This includes all operations related to investment management and grant management, including our ongoing relationship with grantees, as well as financial, communications and human resource management. Our annual overhead ratio is calculated using the following formula: overhead costs / (grants + overhead costs).