



Responsible investment

Desjardins – Responsible Finance

\$4.6 billion in responsible investments held by our members and clients

First Canadian financial institution to sign the UN's **Principles for Responsible Banking**

Over **700 jobs** created or maintained through our **solidarity-based finance** programs

Our 2 insurance subsidiaries have signed the UN's Principles for Sustainable Insurance

4 Desjardins entities have signed the UN's Principles for Responsible Investment



DGAM: One of the largest asset managers in Quebec and Canada

Our expertise

Fixed income	Canadian equity
Strategic asset allocation	Tactical asset allocation
Quantitative research and management	Real estate
Responsible investment	

Over 45 investment professionals

Diversified expertise	Proximity to clients and partners
A dedicated responsible investment team	Solution development

\$76.3B¹
In assets under management

¹ Source: DGAM as at September 30, 2020.

What we believe in

Responsible investment:



**Is consistent with
our mandate as
portfolio managers.**



**Requires action and
innovation.**



**Involves inspiring
and influencing.**



**Means taking a
longer-term vision.**

Timeline

1990

Desjardins launches its Environment Fund

2014

DGAM adopts a Proxy Voting Policy

2016

DGAM strengthens its RI team

2018

- DGAM launches a series of RI Exchange Traded Funds focused on climate change
- DGAM implements real estate responsible investment guidelines

2020

DGAM grows its RI team

1990

2013

2014

2015

2016

2017

2018

2019

2020

2013

DGAM launches an Environmental global equity strategy

2015

DGAM starts managing the Desjardins SocieTerra Canadian Bond Fund and Desjardins SocieTerra Environment Fund

2017

- DGAM becomes a PRI signatory
- DGAM starts managing the Desjardins SocieTerra Canadian Equity Fund
- Desjardins announces its commitment to combat climate change

2019

DGAM adds a product to its RI exchange-traded funds (ETFs) that addresses climate change

Examples of ESG criteria



Environmental

- Fight climate change
- Safeguard access to drinking water
- Preserve biodiversity



Social

- Enforce labour standards
- Respect human rights (e.g., Child labour)
- Ensure social acceptability (e.g., First nations)



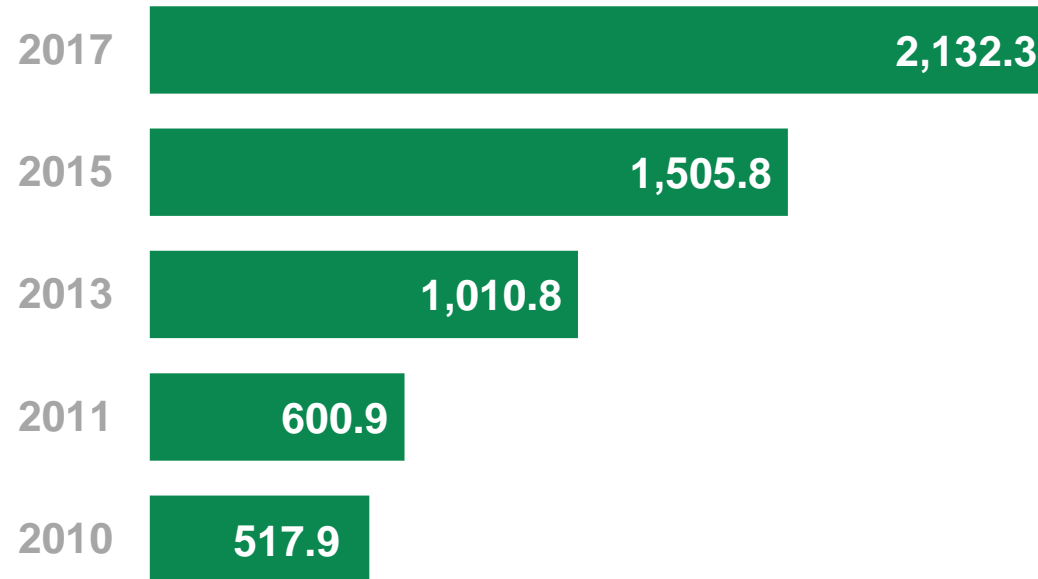
Governance

- Promote board diversity
- Track executive compensation (e.g., incentives and bonuses)
- Recognize shareholder rights

Understanding and assessing the impact of these criteria on business activities

RI worldwide: more than just a trend

Growth of Canadian RI industry (in billions of CAN\$)



RI accounts for
50%
of total assets
under
management
in Canada

Comparable returns

Academic studies prove it:

An analysis of more than **2,000** studies published since **1970** showed that the relationship between ESG criteria and financial returns was positive or neutral in **90%** of cases.

Source: gunnar friede, timo busch & alexander bassen (december 2015), ESG & corporate financial performance: mapping the global landscape, aggregated evidence from more than 2,000 empirical studies, deutsche asset & wealth management and hamburg university

Examples of how ESG factors influence returns



Emissions

Based on total greenhouse gas (GHG) and scope 1 emissions, low emitters added **3.1% to annual returns** in the relevant sectors



Employee turnover

Low employee turnover is good for companies and added **0.8% (3-year) and 3.0% (5-year) to annual returns**



Diversity

Businesses with a higher percentage of women employees performed well. Gender diversity added **3.3% to annual returns** in all sub-sectors

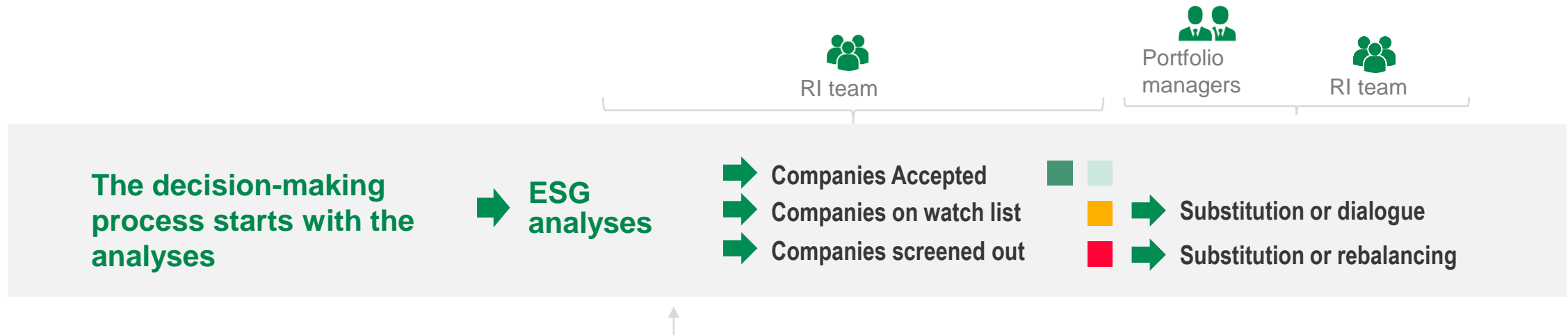
Based on retroactive tests. Source: The PM's Guide to ESG Revolution, Goldman Sachs, April 2017, based on components of the MSCI ACWI global equity index, 2010-2015.

ESG criteria in financial analysis

Responsible investment process



Evaluating companies' ESG practices



ESG assessment of issuers:

- Companies that stand out for their ESG practices
- Companies that are excluded based on their ESG practices, unless the manager sees significant potential
- Accepted companies that have adequate ESG practices but also some shortcomings
- Companies that violate international standards or principles or carry out controversial activities perform poorly in terms of ESG

Issuer engagement

Once the business has been selected, DGAM continues the relationship and takes action to maintain engagement, through:

Dialogue
to improve corporate
ESG practices



Tabling proposals
at shareholder meetings to
improve ESG practices



Voting at shareholder meetings
to influence ESG practices



Highlights from 2019

199
interactions

Meetings with
127
companies

Most frequently discussed topics:

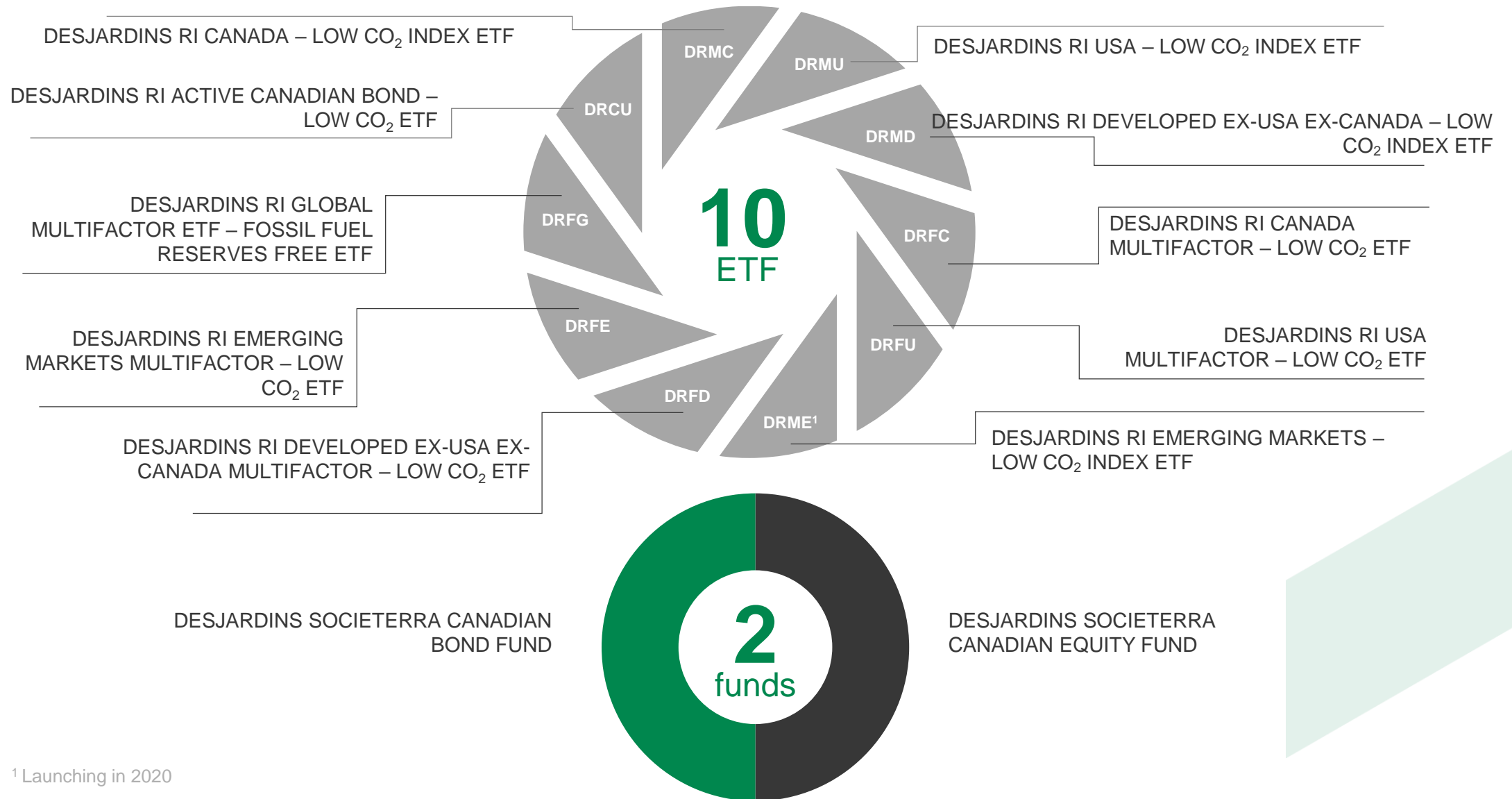
27%
Disclosure
of ESG factors

16%
Diversity

16%
Climate
change and
the energy
transition

All the data in this section are from DGAM, as at December 2019.

Desjardins – our RI products



GENERAL AND SPECIFIC INFORMATION

Desjardins Funds are not guaranteed, their value fluctuates frequently, and their past performance is not indicative of their future returns. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Desjardins Funds are offered by registered dealers.

Desjardins ETFs

Desjardins Exchange Traded Funds are not guaranteed, their value fluctuates frequently and their past performance is not indicative of their future returns. Commissions, management fees and expenses may all be associated with an investment in exchange traded funds. Please read the prospectus before investing. Desjardins Global Asset Management Inc. is the manager and portfolio manager of the Desjardins Exchange Traded Funds. Desjardins Exchange Traded Funds are offered by registered dealers.

Disclosure of Indexes Backtested Data

The performance information presented in certain enclosed charts or tables may represent back-tested performance based on simulated index data results using the strategy as explained by the index provider in their index methodology rule book for the underlying index.

Back-tested performance is hypothetical (it does not reflect actual past performance of the index) and is provided for information purposes only to indicate historical performance had the index portfolios been available over the relevant time period. The index value fluctuates frequently and its past performance is not indicative of its future returns.

EDHEC Risk Institute Asia Ltd.

The Scientific Beta Multifactor – Controlled Volatility Indices referenced herein are the property of EDHEC Risk Institute Asia Ltd. (“ERIA”) and have been licensed for use in connection with the Desjardins Multifactor – Controlled Volatility ETFs within the framework of ERI Scientific Beta activity. Each party acknowledges and agrees that each Desjardins Multifactor – Controlled Volatility ETF is not sponsored, endorsed or promoted by ERIA. ERIA makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Scientific Beta Multifactor – Controlled Volatility Indices or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Scientific Beta Multifactor – Controlled Volatility Indices or any data included therein, the results obtained from the use of the Scientific Beta Multifactor – Controlled Volatility Indices and/or the composition of the Scientific Beta Multifactor – Controlled Volatility Indices at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular data or otherwise. ERIA shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Scientific Beta Multifactor – Controlled Volatility Indices, and ERIA is under no obligation to advise the parties or any person of any error therein.

ERIA makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling the Desjardins Multifactor – Controlled Volatility ETFs, the ability of the Scientific Beta Multifactor – Controlled Volatility Indices to track relevant markets’ performances, or otherwise relating to the applicable Scientific Beta Multifactor – Controlled Volatility Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. ERIA has no obligation to take the needs of any party into consideration in determining, composing or calculating the Scientific Beta Multifactor – Controlled Volatility Indices. No party purchasing or selling the Desjardins Multifactor – Controlled Volatility ETFs, nor ERIA, shall have any liability to any party for any act or failure to act by ERIA in connection with the determination, adjustment, calculation or maintenance of the Scientific Beta Multifactor – Controlled Volatility Indices.

Solactive AG

The Desjardins Canadian Fixed Income ETFs and Desjardins Canadian Preferred Share ETF are not sponsored, promoted, sold or supported in any other manner by Solactive AG, nor does Solactive AG offer any express or implied guarantee or assurance either with regard to the results of using the applicable Index and/or Index trade mark or the Index Price at any time or in any other respect. The Solactive AG Canadian Fixed Income Indices and the Solactive Canadian Rate Reset Preferred Share Index (TR) are calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Solactive AG Canadian Fixed Income Indices and the Solactive Canadian Rate Reset Preferred Share Index (TR) are calculated correctly. Irrespective of its obligations towards the DGAM or the applicable Desjardins ETFs,

Solactive AG has no obligation to point out errors in the Solactive AG Canadian Fixed Income Indices or the Solactive Canadian Rate Reset Preferred Share Index (TR) to third parties, including but not limited to investors and/or financial intermediaries of the Desjardins ETFs. Neither the publication of the Solactive AG Canadian Fixed Income Indices or the Solactive Canadian Rate Reset Preferred Share Index (TR) by Solactive AG nor the licensing of such Indices or applicable Index trade mark for the purpose of use in connection with the Desjardins Canadian Fixed Income ETFs and Desjardins Canadian Preferred Share ETF constitutes a recommendation by Solactive AG to invest capital in said financial instruments, nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in these Desjardins ETFs.

The Desjardins brand is a trademark of the Fédération des caisses Desjardins du Québec, used under licence.