

Report on Climate-Related Risks and Opportunities

2024 Report
Desjardins Group Pension Plan

Aligned with the recommendations of the Task Force on
Climate-related Financial Disclosures (TCFD)



Table of contents

Introduction

3

Message from the Vice-President of the Desjardins Group Pension Plan

3

Our climate action at a glance

4

Our first report aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

5

Governance

6

Strategy

8

Background

9

Identification of climate-related risks and opportunities

10

Risk mitigation

13

Development of opportunities

15

Influence strategy

16

Risk management

17

Identification of climate-related risks

19

Risk management and mitigation

21

Integration in Desjardins Group's risk management processes

22

Metrics and targets

23

Management of operational emissions

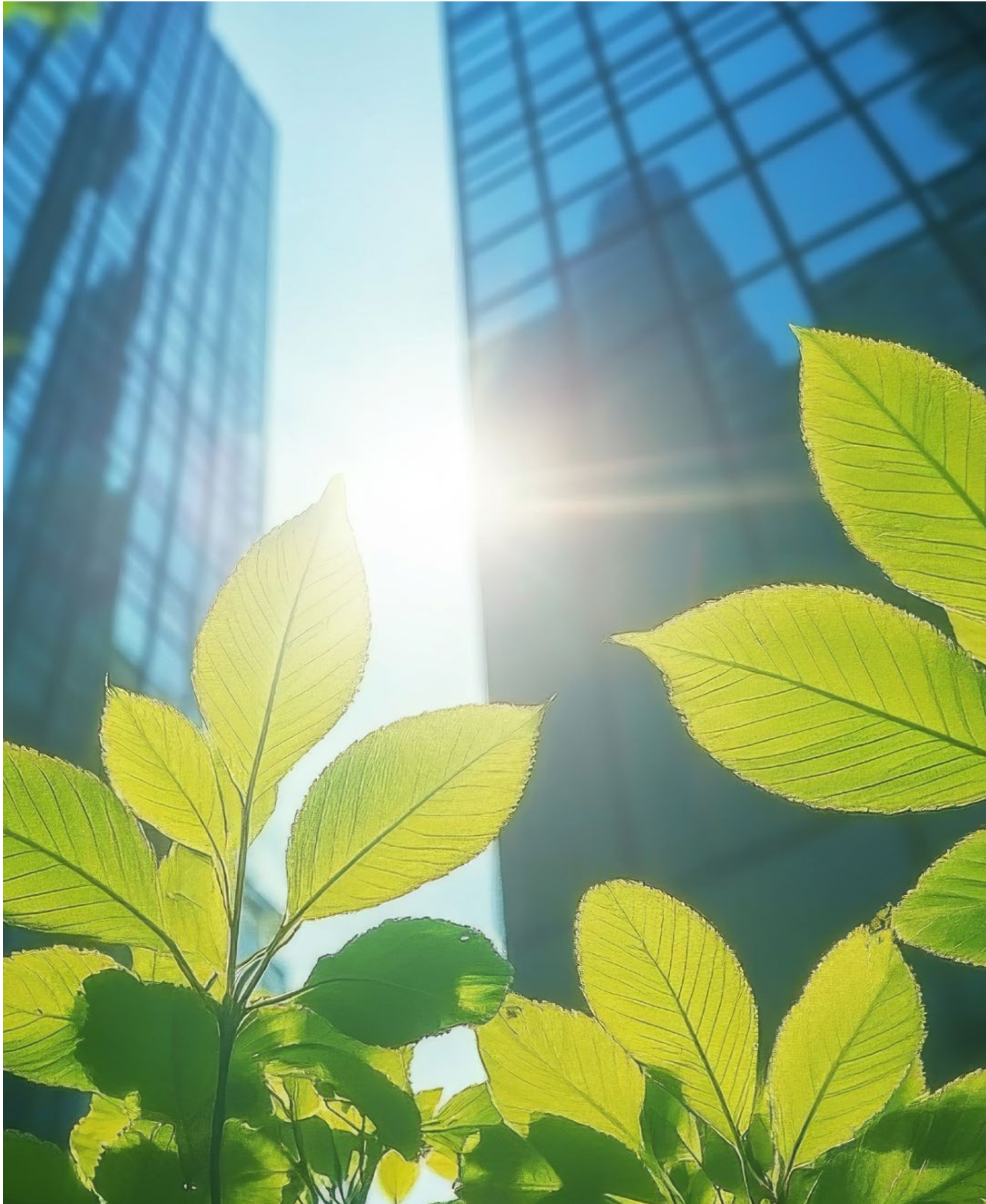
24

Emissions from investments

25

Methodology

26



Introduction

- Message from the Vice-President of the Desjardins Group Pension Plan
- Our climate action at a glance
- Our first report aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Governance

Strategy

Risk management

Metrics and targets

Message from the Vice-President of the Desjardins Group Pension Plan



Frédéric Godbout, CFA

In a world with an ever-changing economy and growing climate challenges, a structured approach to responsible investment (RI) is key to providing added value. When environmental, social and governance factors are integrated into our decisions, we’re better equipped to understand changing risks and to identify new investment opportunities while protecting the financial health of the Desjardins Group Pension Plan (DGPP), which is our absolute priority.

We ensure that every initiative included in our investment program is carefully considered and structured. In addition, we adjust our strategy as needed to reflect new data and industry best practices. Our rigorous approach is paired with our desire to be proactive in a changing environment—an environment where climate action requires the joint efforts of economic, political and social players to ensure the well-being of our plan members and of society in general.

We’re fully aware that all our stakeholders have high expectations of us with respect to sustainable development. That’s why we’re actively working with our portfolio managers and partners to incorporate climate-related data into our investment decisions. By participating in recognized international initiatives, such as the Principles for Responsible Investment (PRI) and the Global Real Estate Sustainability Benchmark (GRESB), we move ever forward and maintain our position as a leader in sustainability. In addition, in an effort to track our commitments, we benchmarked our practices against best practices used by other Canadian pension plans. This exercise showed that our actions are aligned with the highest industry standards.

This first report shows that the DGPP is firmly committed to continuing its efforts to improve the transparency and quality of its climate reporting. Our dynamic approach to responsible investment supports our goal of generating tangible benefits for all our plan members, collaborators and partners, while also contributing to a more sustainable future.

Introduction

Message from the Vice-President of the Desjardins Group Pension Plan

- Our climate action at a glance

Our first report aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Governance

Strategy

Risk management

Metrics and targets

Our climate action at a glance



The Desjardins Group Pension Plan (DGPP or the Plan) has a climate-related **governance** structure, which includes clearly defined responsibilities for Plan administrators, management and other DGPP teams.

Based on our assessment of climate-related risks and opportunities, we’ve adopted several **strategic positions**, including:

- Excluding companies involved in the thermal coal industry from our investment activities
- Reassessing our decarbonization strategy for our public equity and corporate bond portfolios: By 2030, we plan to reduce their carbon intensity by 50% compared to 2020 levels
- Allocating a significant portion of our infrastructure portfolio to renewable energy: These investments now total almost \$1.3B

The Plan works with teams at Desjardins Group to **manage climate-related risks**. We:

- Consider responsible investment at every stage of the investment process
- Have conducted a first quantification of climate-related risks for Canadian real estate and infrastructure assets
- Use Desjardins Group’s Integrated Risk Management Framework, which is based on the three lines of defence

Our **metrics and targets**:

- Cover our operations as the division responsible for coordinating Desjardins’s Cooperating for the Climate Challenge for the Finance Executive Division
- Reflect our investment portfolio and are aligned with the Partnership for Carbon Accounting Financials (PCAF) standards

Introduction

Message from the Vice-President of the Desjardins Group Pension Plan

Our climate action at a glance

- Our first report aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Governance

Strategy

Risk management

Metrics and targets

Our first report aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

As a long-term investor, the Desjardins Group Pension Plan believes that efficiently managing risks and opportunities related to environmental, social and governance factors can have both a positive impact on the financial returns of its investments and also a real positive socioeconomic impact on communities.

The systemic impact of climate-related risks is clear, and the DGPP recognizes the importance of better understanding all aspects of these risks and assessing their current and future impacts. This includes risks related to the energy transition as well as physical, legal, regulatory and reputation risks.

In 2021, Desjardins updated its climate ambition. Each year, the organization publishes the [Climate Action at Desjardins report](#). As stated in its [Responsible Investment Policy](#), the DGPP, “within the compatible limits of its field of activity and fiduciary responsibility, supports Desjardins Group’s commitments to RI and sustainable finance.”

A disclosure that is aligned with the TCFD recommendations provides financial information about the organization’s climate-related risks and opportunities. The TCFD is a voluntary framework structured around four thematic areas: governance, strategy, risk management, and metrics and targets.

These recommendations are now incorporated into the International Sustainability Standards Board (ISSB) standards, and the ISSB will play a key role in climate reporting moving forward. However, since the transition between the standards is still underway, we have chosen to use the TCFD for now.

The goal of this report is to transparently demonstrate the Plan’s progress in integrating climate-related risks and opportunities into its activities.



Introduction

Governance

Strategy

Risk management

Metrics and targets

GOVERNANCE



Introduction

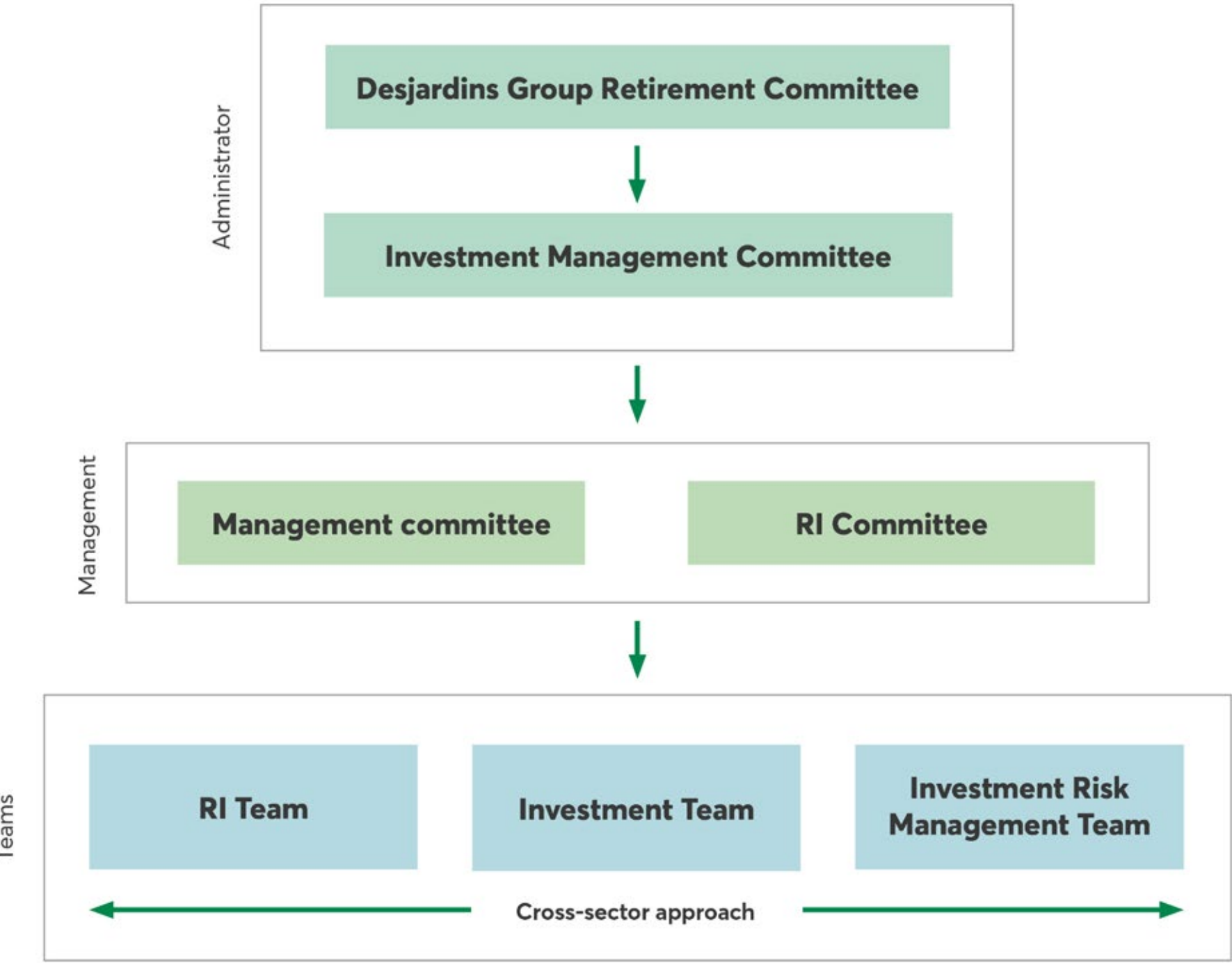
Governance

Strategy

Risk management

Metrics and targets

In keeping with our mandate and our long-term investment objectives, we take a cross-sector approach to environmental, social and governance (ESG) issues. This approach applies to all asset classes and requires the participation of various teams across the organization. The Plan’s [Responsible Investment Policy](#) clarifies the mandates and responsibilities of DGPP decision-making bodies and teams, and the Responsible Investment Directive specifies the scope and implementation of strategic positions, including targets for decarbonization, concentration in renewable energy and exclusions.



ROLES AND RESPONSIBILITIES

Desjardins Group Retirement Committee: As the Plan administrator and pension fund trustee, its role is to provide financial management and administration for the Plan by taking appropriate measures to protect the rights of plan members, and to safeguard and grow assets. In terms of responsible investment (RI) and ESG integration, it adopts strategic positions, including climate-related positions and the Responsible Investment Policy. It also provides oversight for this approach.

Investment Management Committee: The main asset management responsibilities are delegated to this committee, which selects investments and monitors investment performance and compliance. In terms of ESG integration, it recommends strategic positions, adopts the Responsible Investment Directive and ensures implementation. It also adopts the Policy on the Exercise of Proxy Voting Rights and sets ESG-related investment guidelines.

DESJARDINS GROUP PENSION PLAN DIVISION

The Desjardins Group Retirement Committee has mandated the DGPP Division to support it in its various responsibilities.

Management committee: Supervises the implementation of frameworks, action plans and performance indicators. Allocates the resources needed to reach objectives.

RI Committee: Promotes the adoption of ESG best practices. Proposes policies and strategic positions to governing bodies. Monitors ESG performance indicators and validates the influence strategy.

RI team: Develops the action plan, plans RI governance document reviews, oversees RI performance assessments for managers and investments, provides frameworks and develops RI performance indicators.

Investment team: Integrates ESG risk factors into every stage of the investment process. Performs due diligence on investment opportunities (including ESG aspects). Participates in the execution of the influence strategy.

Investment Risk Team: Develops risk scenarios that incorporate climate considerations and helps monitor best practices for quantifying transition and physical risks.

Introduction

Governance

Strategy

- Background
- Identification of climate-related risks and opportunities
- Risk mitigation
- Development of opportunities
- Influence strategy

Risk management

Metrics and targets

STRATEGY



Introduction

Governance

Strategy

► Background

Identification of
climate-related risks
and opportunities

Risk mitigation

Development of
opportunities

Influence strategy

Risk management

Metrics and targets

Background

Although this is our first climate report, the Plan has been taking action on climate issues for a number of years. In 2017, the Plan committed to concentrating direct energy infrastructure investments in renewables. And in 2018, it committed to keeping the carbon intensity¹ of its investments 20% lower than that of its benchmark indexes.

Our renewable energy infrastructure investments now total \$1.3B, and we’ve maintained our commitment to decarbonize our investments as compared to our benchmark indexes. However, global markets (and their related indexes) haven’t reduced their greenhouse gas emissions in line with the Paris Agreement targets. That’s why we felt it was essential to reassess our second commitment to be in line with global best practices and the initiatives put forward by Canada’s major pension plans. Based on this reflection and the growing maturity of our RI program, we adopted a more ambitious climate approach to decarbonize our investments. This was a key part of our business plan in 2024.

The Plan recognizes, however, that without greater decarbonization of the markets over the coming decades, investors will not be able to keep reducing the carbon intensity of their portfolios. In this case, the increase in systemic risks caused by climate change could contribute to instability and adversely affect the standard of living in our communities. That’s why implementing an effective influence strategy remains a key part of our approach and a reminder of the urgent need for climate action, despite the headwinds.



¹ Weighted average carbon intensity, expressed in tonnes of CO₂ equivalent (tCO₂e) per million dollars invested.

Identification of climate-related risks and opportunities

The Plan’s strategic directions and commitments related to climate change are based on the qualitative identification of climate-related risks and opportunities and the assessment of potential exposures and impacts.

Physical risks: These risks are related to the direct impacts of climate and weather events on a company’s assets, operations and supply chains. They can be acute (such as storms, flooding and forest fires) or chronic (such as rising sea levels and long-term temperature changes). The physical risks determined to be highest (flooding, storms, drought, and variability of precipitation regimes) will most strongly impact the agriculture, forestry, real estate and infrastructure sectors, as well as some industrial sectors.



	Short term	Medium term (2030)	Long term (after 2030)
Physical risks	Weather events stemming from climate disturbances are more prevalent in certain geographic areas. These events can take the form of significant precipitation, flooding and wider temperature changes, and can have adverse physical impacts, particularly on some of our real estate and infrastructure assets. The same is true for the value chain of many companies in our public and private equity portfolios.	As extreme weather events become more common, the insurability level of assets in the most vulnerable geographic areas could generate financial losses and reduce the resilience of our portfolio.	Over a long-term horizon, there’s a risk that successive weather events could have significant, repeated negative impacts on the physical integrity of assets in our portfolio and affect market resilience.

The impacts of climate-related risks include a loss in value for certain assets, or a loss of income or profitability that could cause the value of an investment to drop or a company’s risk rating to deteriorate.

Introduction

Governance

Strategy

Background

► Identification of climate-related risks and opportunities

Risk mitigation

Development of opportunities

Influence strategy

Risk management

Metrics and targets

Identification of climate-related risks and opportunities (cont.)

Transition risks: Transition risks are defined as the financial risks that come with moving toward a low-carbon economy. They can be linked to market movements, technological developments, changes in regulations and legislation or the changing perceptions of clients and the general public. If these risks materialize, they could lead to lower demand for certain products and services, higher production costs and the abandonment of certain assets.



	Short term	Medium term (2030)	Long term (after 2030)
Transition risks	Pricing mechanisms implemented by governments could change the risk-return profile of portfolio positions. For example, the financial resilience of high-emitting entities could decrease, while the financial performance of other entities that strive to improve their consumption profile and/or renewable energy production could improve. Some companies that are very high GHG emitters could also see an increase in their capital costs.	An increase in energy prices driven by carbon prices could result in higher operating costs for some entities and contribute to a higher neutral inflation rate. Significant investments could be required to improve the energy efficiency of buildings, infrastructure and businesses in general.	Risks related to paradigm shifts and technological disruptions could increase, leading to the economic decline of the highest emitting sectors.

Identification of climate-related risks and opportunities

(cont.)

The International Sustainability Standards Board (ISSB) describes climate-related opportunities as potential benefits for companies arising from climate change. These opportunities could include the following:

- 1. **Innovating and developing new products:** The ability to develop products and services that meet the needs of a low-carbon economy, such as cleantech and renewable energy.
- 2. **Accessing new markets:** The ability to access new markets or market segments that emerge in response to climate change and environmental regulations.
- 3. **Improving resource efficiency:** The ability to reduce operating costs and improve energy efficiency by adopting sustainable practices.
- 4. **Building resilience:** The ability to anticipate and adapt to change and build long-term resilience by incorporating climate considerations into strategies.



	Short term	Medium term (2030)	Long term (after 2030)
Opportunities	There's expected to be sustained demand for renewable energy, despite reduced incentives in the United States. This should result in significant investments in infrastructure assets for the production and transportation of renewable energy. Similarly, energy storage and energy efficiency solutions could offer attractive opportunities.	Identifying investments that will remain resilient to the transition to a lower-carbon economy, particularly in the real estate portfolio, could contribute to portfolio resilience. Other economic sectors should see significant growth driven by green energy, energy efficiency and climate adaptation.	The Plan could see greater returns on investments in low-carbon or innovation-focused sectors to support the transition to a low-carbon economy.

- Background
- Identification of climate-related risks and opportunities
- Risk mitigation
- Development of opportunities
- Influence strategy

Risk mitigation

DECARBONIZATION

The gradual decarbonization of public equity and corporate bond portfolios plays a role in managing climate-related financial risks. For example, it helps mitigate the financial risks associated with the energy transition. This strategy, which is backed by a number of well-known coalitions of investors, is widely used by large Canadian pension plans that have a climate risk management strategy.

OUR PLAN TO DECARBONIZE

Before adopting our new RI strategic position, we reviewed the potential impact of these commitments on the performance, risk and diversification of our public equity and fixed-income portfolios.

For public equity, since the global market is so deep, we have the flexibility to replace securities of companies with high emissions with ones from companies with lower emissions—all while maintaining our strategies’ key characteristics. However, our fixed-income portfolio presents additional challenges due to its high exposure to long-term Canadian bonds, as required by our matching strategy. The depth of the Canadian long-term bond market is more limited.

Despite these constraints, our close work with data providers and asset managers specializing in responsible investment has confirmed that our target for 2030 (a 50% reduction in carbon intensity compared to 2020 levels) is attainable for these portfolios, while maintaining an equivalent return.

We’re proud of our progress, but we’re aware of the work that still needs to be done to best achieve our targets, in keeping with our responsibilities as a trustee.

Once our new position is adopted, we’ll continue our work to plot a decarbonization curve that’s reasonable and in line with our commitment. More information is available in the Metrics and Targets section at the end of this document.



NEW CLIMATE TARGET



2030 target: Reduce carbon intensity by 50% by 2030 (compared to 2020)



Indicator: Carbon intensity (tonnes of CO₂e per million Canadian dollars invested)



Scope: Public equity and corporate bond portfolio



Framework: PCAF (Partnership for Carbon Accounting Financials)¹

¹PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

Introduction

Governance

Strategy

- Background
- Identification of climate-related risks and opportunities
- Risk mitigation
- Development of opportunities
- Influence strategy

Risk management

Metrics and targets

Risk mitigation (cont.)

EXCLUSION OF THERMAL COAL

Coal is the world’s top producer of CO₂ in the energy sector, beating out oil. To keep the global temperature rise well below 2°C—and if possible, 1.5°C—above pre-industrial levels, the scientific consensus is that we need to rapidly divest from this fossil fuel.

Like Desjardins Group with its [Position on Coal](#), the Plan excludes from its investments companies that: operate, develop or expand thermal coal mines; and companies that develop or operate coal-fired power plants (with an installed capacity greater than 10% or 5 GW of total electricity generation capacity), unless the targeted companies have a robust, credible energy transition plan in line with the Paris Agreement.



- Background
- Identification of climate-related risks and opportunities
- Risk mitigation
- Development of opportunities
- Influence strategy

Development of opportunities

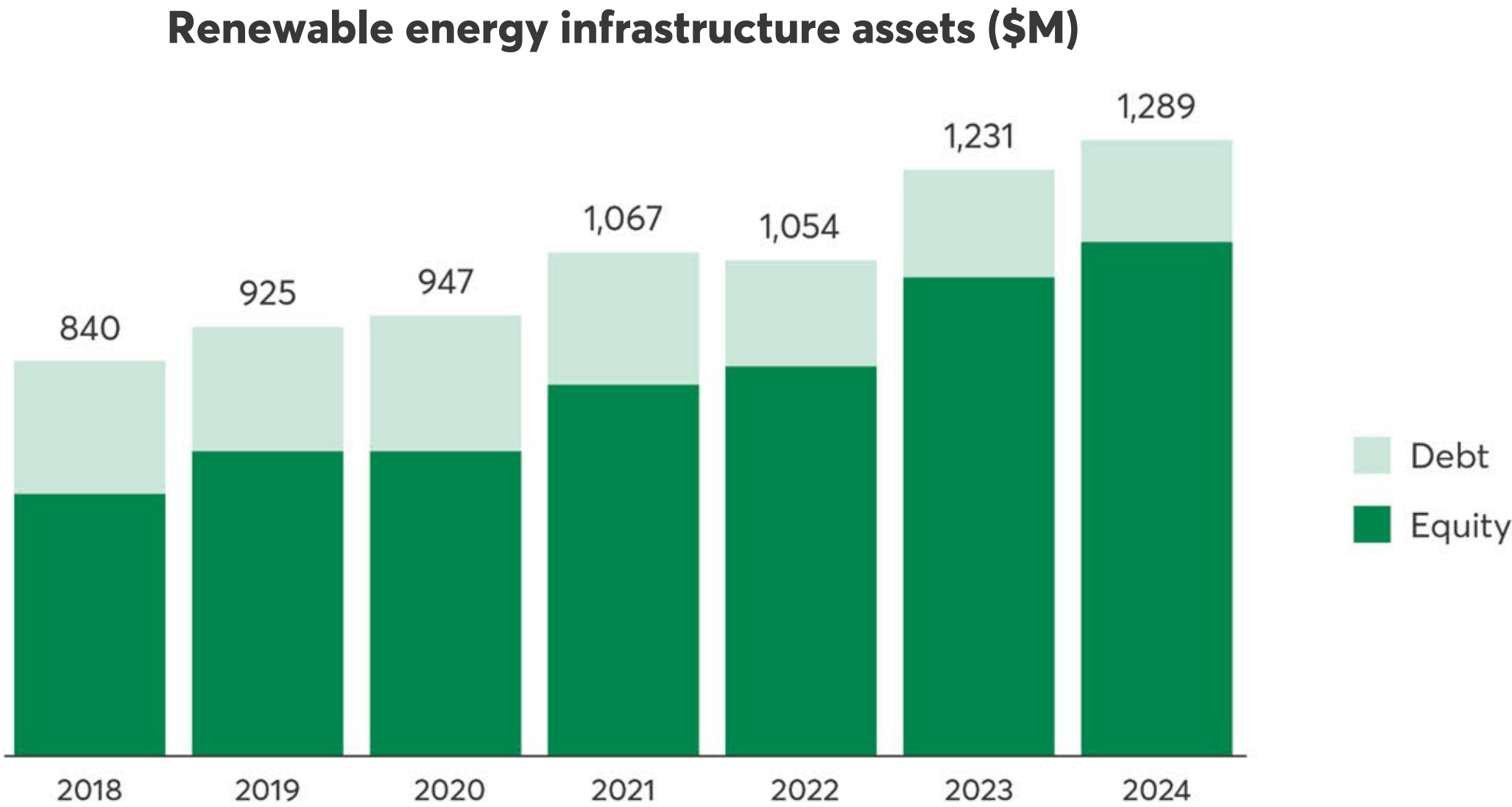
PROMOTING RENEWABLE ENERGY

Since 2017, the Plan has been actively supporting the energy transition through a commitment to concentrate its direct energy infrastructure investments in renewables. This commitment also contributes to Desjardins’s goal of investing more than \$2B directly in renewable energy by 2025.

Thanks to this initiative, combined with our other renewable energy holdings in public markets, our renewable energy investments are twice as high as our fossil fuel investments¹.

However, given that renewable energy already accounts for more than 50% of our total infrastructure exposure, progress will likely be more modest in the coming years to ensure suitable diversification.

To continue contributing to a broader and more diversified range of climate solutions related to sustainable transportation, energy storage and climate change adaptation, we’ll be developing a taxonomy that will allow us to identify these solutions transparently and in line with industry best practices.



¹ Estimate based on the market values of renewable energy infrastructure assets and the market values of publicly traded companies in the portfolio (adjusted based on their share of energy production or revenue from renewable or fossil fuels).

Introduction

Governance

Strategy

- Background
- Identification of climate-related risks and opportunities
- Risk mitigation
- Development of opportunities
- Influence strategy

Risk management

Metrics and targets

Influence strategy

ENGAGEMENT WITH MANAGERS

As part of its rigorous investment processes, the Plan assesses portfolio managers’ key RI skills in six key categories: leadership, expertise, integration, engagement, tools and data, and transparency. Managers’ ability to integrate climate data into their investment strategies is also assessed. Many of these partners have internationally renowned RI teams that help us implement our climate commitments.

Through our ongoing engagement with our portfolio managers and our open and constructive dialogue, we’re putting the beliefs expressed in our [Responsible Investment Policy](#) into practice.

PROXY VOTING

In collaboration with other Desjardins entities, the Plan also applies its influence strategy by systematically exercising its proxy voting rights. In keeping with its [Policy on the Exercise of Proxy Voting Rights](#), the DGPP supports greater transparency in climate data and imposes strict conditions before endorsing any climate action plans that are submitted for shareholder approval.

STRATEGIC COALITIONS

We’ve signed on to several internationally recognized coalitions, such as PRI, GRESB and EDCI. These coalitions are helping to improve the quality and availability of climate data.



The **Principles for Responsible Investment** is a UN-backed global initiative that aims to promote sustainable and responsible investment practices (signed in 2018).



The **Global Real Estate Sustainability Benchmark (GRESB)** provides ESG performance data and peer benchmarks in the real estate and infrastructure asset sectors (member since 2022).



The **ESG Data Convergence Initiative (EDCI)** is a partnership committed to streamlining the private investment industry’s approach to collecting and reporting ESG data (member since 2023).

Introduction

Governance

Strategy

Risk management

Identification of climate-related risks

Risk management and mitigation

Integration in Desjardins Group's risk management processes

Metrics and targets

RISK MANAGEMENT



Introduction

Governance

Strategy

Risk management

Identification of climate-related risks

Risk management and mitigation

Integration in Desjardins Group's risk management processes

Metrics and targets

Risk management

In recent years, the Plan has moved to a more in-depth assessment of **climate-related risks**. This section details how we identify, manage and integrate these risks to protect the long-term interests of our plan members.

Identifying climate-related risks

- Monitoring (peer benchmarking, review of portfolio managers, regulatory changes, etc.)
- Qualitative analysis
- Quantitative analysis



Managing and mitigating climate-related risks

- Incorporating RI into the investment process
- Decreasing our exposure to sectors with high exposure to these risks (excluding thermal coal from our investments)
- Reducing carbon intensity (target)
- Using our strategic influence

Integration in Desjardins Group's risk management processes

Desjardins Group's three lines of defence model



- Identification of climate-related risks
- Risk management and mitigation
- Integration in Desjardins Group's risk management processes

Identification of climate-related risks

In collaboration with Desjardins Group teams, the DGPP monitors industry best practices and the main standards and regulations governing climate data.

INDUSTRY MONITORING AND BUSINESS INTELLIGENCE

- Benchmarking Canadian pension plans' best practices for managing climate-related risks
- Assessing, monitoring and collaborating with our portfolio managers
- Acquiring information from our strategic coalitions
- Monitoring regulatory changes applicable to climate-related risks

BUSINESS INTELLIGENCE AND COLLABORATION

Since the DGPP's investment strategy is essentially based on close collaboration with over 80 internationally recognized portfolio managers, we're able to tap into their expertise to enhance our business intelligence on climate-related risks, including topics like decarbonization.

We also work closely with Desjardins Group's risk management function and Sustainable Development Office. These teams strive to meet the growing expectations of all stakeholders and regulators, including the Office of the Superintendent of Financial Institutions at the federal level and the Autorité des marchés financiers in Quebec.

QUALITATIVE ANALYSIS OF CLIMATE-RELATED RISKS

As discussed elsewhere in this report,¹ Desjardins Group's approach to managing climate-related risks continues to evolve. This includes analyzing climate scenarios to better integrate them into the risk appetite framework. Through close work with partners, the Plan's risk team has also become familiar with new tools offered by our ESG data providers and has participated in pilot projects aimed at quantifying our exposure to previously identified risks.



¹ See the section on the [identification of climate-related risks and opportunities](#).

Introduction

Governance

Strategy

Risk management

- Identification of climate-related risks

Risk management and mitigation

Integration in Desjardins Group's risk management processes

Metrics and targets

Identification of climate-related risks (cont.)

QUANTITATIVE ANALYSIS

In 2024, we developed and completed the initial quantifications of climate risks that could affect Canadian real estate and infrastructure assets.

To help us develop our knowledge and business intelligence, we participated in an internal climate scenario exercise at Desjardins. A physical risk scenario (flooding) was selected to identify our vulnerabilities. The scope of analysis was the Canadian portion of our real asset portfolio (real estate and infrastructure).

This simulation helped us better identify the location of assets in our portfolio that are the most vulnerable to flooding. In 2025, we'll continue to quantify a more comprehensive risk register. This will allow us to conduct more extensive tests of the Plan's resilience to climate change.



Introduction

Governance

Strategy

Risk management

- Identification of climate-related risks
- Risk management and mitigation
- Integration in Desjardins Group's risk management processes

Metrics and targets

Risk management and mitigation

INTEGRATING RI INTO THE INVESTMENT PROCESS

We have a dedicated responsible investment team that supports the investment, risk management and legal teams to help identify climate-related risks and opportunities. This support includes qualitative analysis within strategic investment plans and investment plans specific to each asset class. These plans serve as a guide for the annual deployment of capital.

The responsible investment team is also actively involved in all stages of the investment acquisition and monitoring process to assess the key ESG skills of portfolio managers.



OTHER ITEMS COVERED IN THE STRATEGY SECTION

- Decreasing our exposure to sectors with high exposure to these risks (excluding thermal coal from our investments)
- Reducing carbon intensity (decarbonization target)
- Using our strategic influence

Investment acquisition process



Responsible investment is considered in each stage.

Identification of climate-related risks

Risk management and mitigation

- Integration in Desjardins Group's risk management processes

Integration in Desjardins Group's risk management processes

DESJARDINS GROUP'S THREE LINES OF DEFENCE MODEL

The Integrated Risk Management Framework, described in the Desjardins Group Annual Report, is based on the three lines of defence.

1

Desjardins Group's business segments, including the Plan, own the risks related to their activities and are responsible for managing them. That means that they're responsible for identifying and assessing climate-related risks in their specific activities, mitigating those that surpass their risk appetite, and taking advantage of the many opportunities they present. The business segments need to implement appropriate processes for managing these risks and making sure that any related controls are effective. A specialized team from the Sustainable Development Office supports them in managing these risks, and also compiles and coordinates cross-sector initiatives for all of Desjardins.

2

The risk management function, as the second line of defence, oversees and monitors climate-related risks through its specific monitoring program. The risk management function also contributes to quarterly reporting on Desjardins Group's climate risk profile.

The ESG Risk Committee helps senior management and the Risk Management Commission carry out their mandates by providing a cross-sector view of Desjardins's exposure to ESG risks and monitoring those risks. It also oversees the implementation of action plans and ensures that we meet all regulatory requirements for disclosure and risk management.

3

The Desjardins Group Monitoring Office acts as the third line of defence. Using a risk-based approach, it provides independent and objective assurance on the effectiveness of governance and risk management, including climate-related risks at Desjardins Group.

Introduction

Governance

Strategy

Risk management

Metrics and targets

Management of
operational emissions

Emissions from
investments

Methodology

METRICS AND TARGETS



Introduction

Governance

Strategy

Risk management

Metrics and targets

- Management of operational emissions

Emissions from investments

Methodology

Management of operational emissions

COOPERATING FOR THE CLIMATE CHALLENGE

In April 2022, Desjardins Group launched the Cooperating for the Climate Challenge. It’s an internal initiative that targets all business segments and support functions. The challenge aims to get everyone involved in achieving our operational targets for reducing GHGs.

In line with Desjardins’s goals, the DGPP Division is responsible for coordinating the implementation of the Cooperating for the Climate Challenge for all teams in the Finance Executive Division, which has more than 900 employees. Here are the main achievements from 2024:

- We developed an action plan for the executive division, including activity tracking.
- We conducted awareness-raising and training exercises for executive division employees on the importance of climate action.
- We helped obtain the data needed to improve carbon intensity monitoring with a view to reducing business travel.
- We shared best practices with the management committee and reminded managers about the definition of essential travel and which modes of transportation to prioritize when travelling and authorizing business travel.

For more information about the Cooperating for the Climate Challenge, refer to the Environment and Climate section of the [Social and Cooperative Responsibility Report](#).



In 2024, the management committee took part in the Climate Fresk, discussing complex dynamics related to climate change and considering concrete actions that could be taken. This workshop is aligned with our commitment to prioritizing responsible investment.

Emissions from investments

As described in this report, the DGPP maintains its leadership by closely monitoring the initiatives included in its strategic plan and performance management.

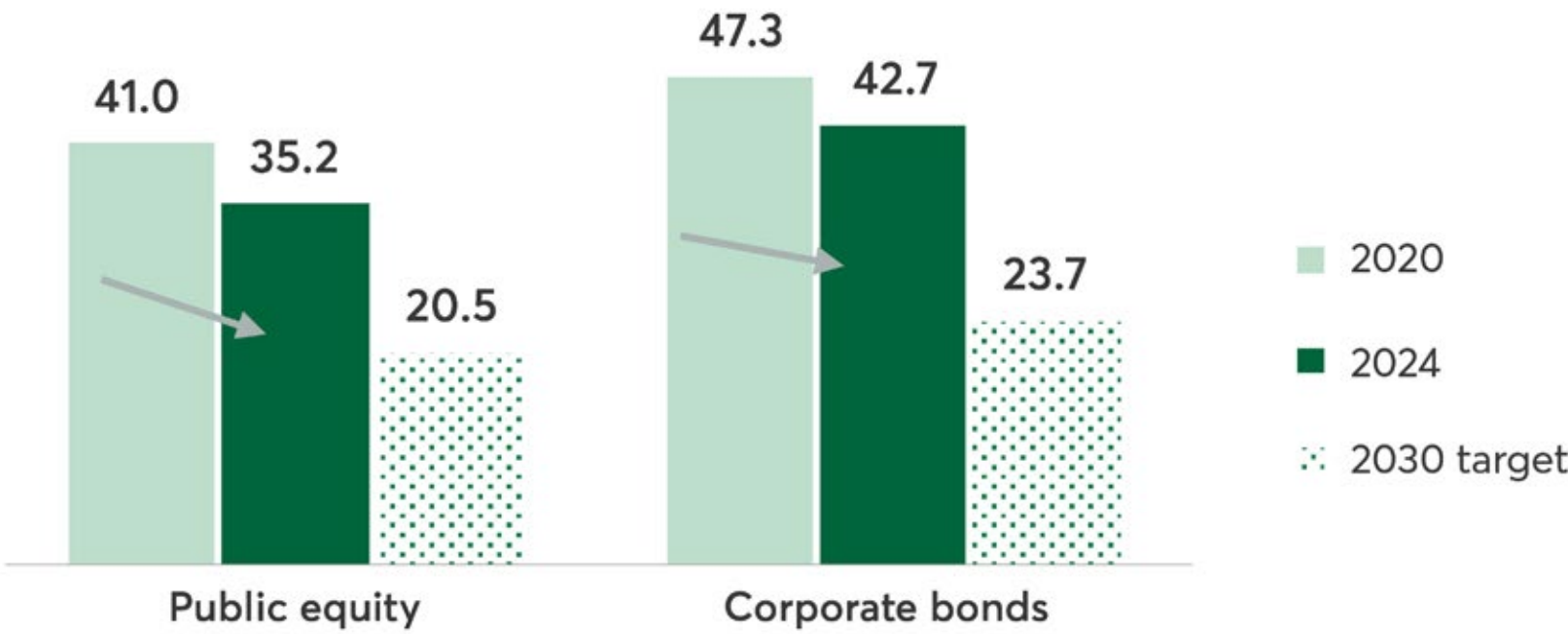
CARBON INTENSITY

The Plan measures the carbon intensity of its investments in public equity and corporate bonds on a quarterly basis to track the decarbonization commitments outlined in the Strategy section of this report.

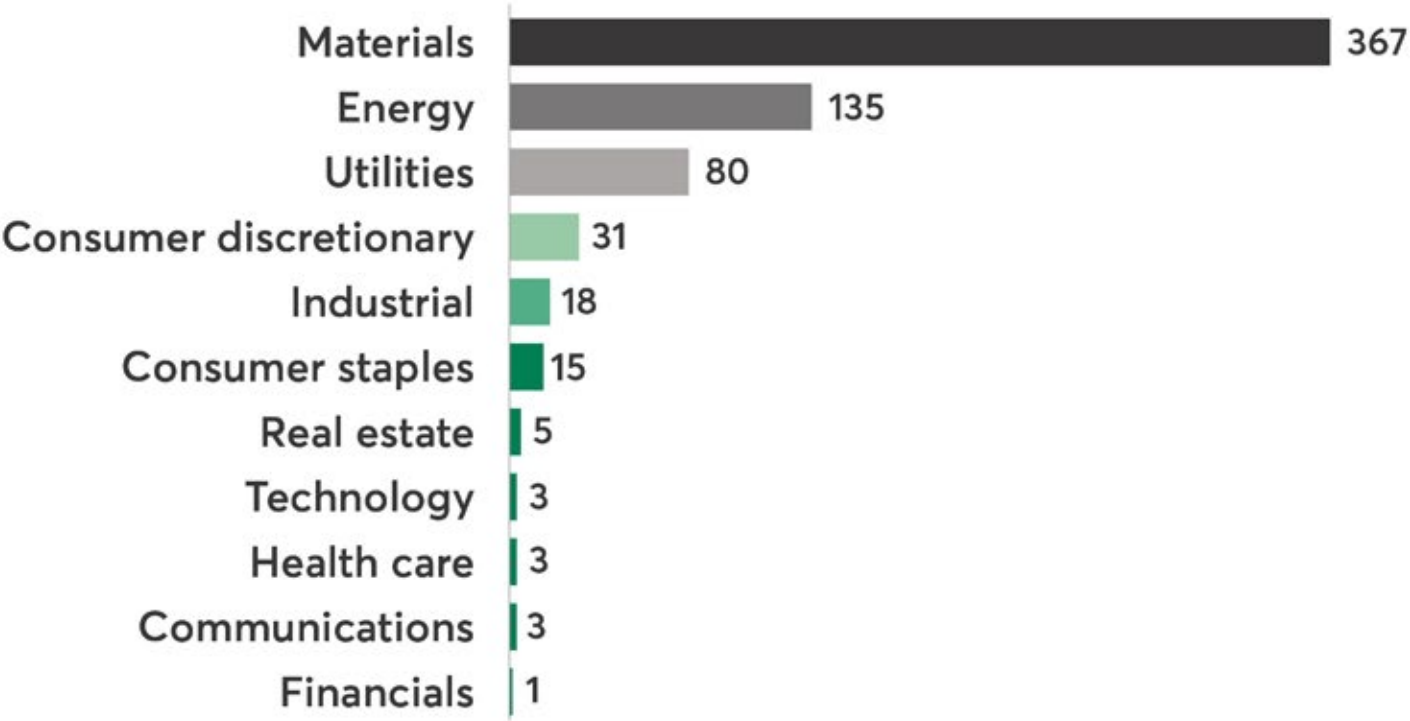
DECARBONIZATION TARGETS ADOPTED BY THE PLAN

According to the data available as at December 31, 2024, the carbon intensity of both our public equity and corporate bond portfolios has decreased significantly since 2020. The DGPP has just renewed its commitments and methodology for calculating carbon intensity, so it's important to consider these results as a new starting point. The second graph shows that Scope 1 and 2 emissions are highly concentrated in a small number of industries.

Carbon intensity of equity and corporate bond portfolios (tCO₂e/\$M)

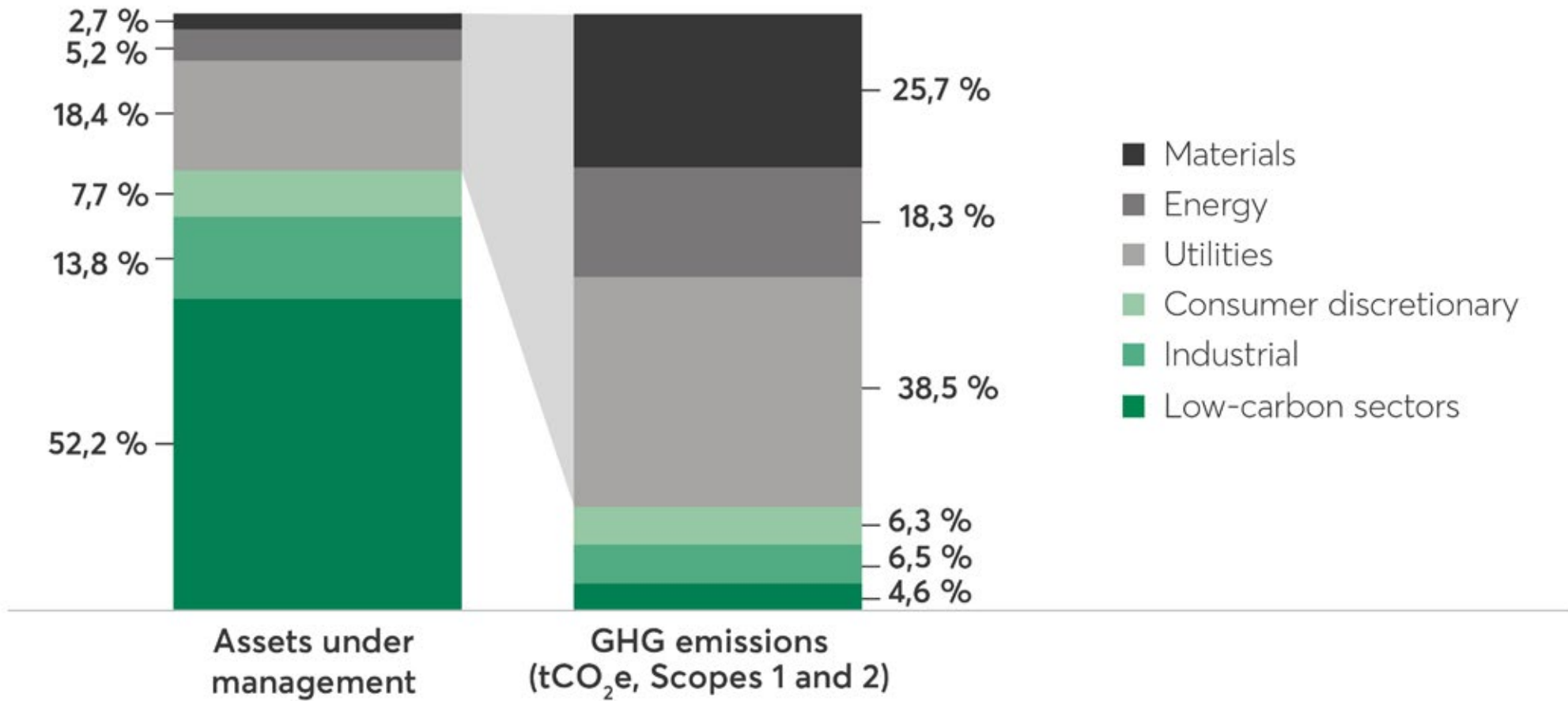


Carbon intensity by sector (tCO₂e/\$M)



Holdings in the materials, energy and utilities sectors have a higher carbon intensity.

Breakdown of carbon intensity by sector



A little over 25% of the assets in public equities and corporate bonds held by the RRMD are invested in the materials, energy, and utilities sectors, which generate more than 80% of the Scope 1 and 2 GHG emissions of the portfolio.

Introduction

Governance

Strategy

Risk management

Metrics and targets

Management of operational emissions

Emissions from investments

► Methodology

Methodology

To increase transparency and better align with industry best practices, the DGPP’s carbon intensity calculation approach is based on the standard developed by the Partnership for Carbon Accounting Financials (PCAF): *The Global GHG Accounting and Reporting Standard for the Financial Industry – Part A – Financed Emissions*.

This methodology is based on the principle of attribution. Under this principle, the investor (the DGPP) must account for a portion of the annual emissions of the companies in which it invests. This share, or “attribution factor,” is determined by the ratio of the value of the investment (numerator) to the value of the financed company (denominator):

$$\text{Attribution factor}_c = \frac{\text{Investment}_c}{\text{EVIC}_c}$$

The purpose of this ratio is to determine how much of the company is owned by the investor. To account for the emissions associated with an investment (financed emissions), an investor (the DGPP) must multiply this attribution factor by the company’s emissions:

$$\begin{aligned} \text{Financed emissions}_c &= \text{Attribution factor}_c \times \text{Emissions}_c \\ &= \frac{\text{Investment}_c}{\text{EVIC}_c} \times \text{Emissions}_c \end{aligned}$$

c = Company
Investment = Fair market value of investment in the company (c) (CAD)
EVIC = Enterprise value including cash of the company (c) (CAD)
Emissions = Scope 1 and 2 GHG emissions of the company (c) (tCO₂e)

The metric chosen by the DGPP to define its decarbonization targets is the carbon footprint, measured in tCO₂e/\$M invested. This intensity metric is used in the PCAF methodology to standardize a portfolio’s total financed emissions (tCO₂e) based on size (\$M invested). This methodology was chosen to neutralize the impact of the growth in the size of the DGPP on its financed emissions. The DGPP’s carbon footprint (tCO₂e/\$M) is calculated using the following formula:

$$\text{Carbon footprint}_p = \frac{\sum_c \frac{\text{Investment}_c}{\text{EVIC}_c} \times \text{Emissions}_c}{\text{Amount invested}_p}$$

c = Company
p = Investor’s portfolio
Investment = Fair market value of the investment in the company (c) (CAD)
Emissions = Scope 1 and 2 GHG emissions of the company (c) (tCO₂e)
EVIC = Enterprise value including cash of the company (c) (CAD)
Amount invested = Sum of the fair market value of assets included in the scope for which data is available (CAD)

The greenhouse gas (GHG) emissions considered within the DGPP’s decarbonization target are the Scope 1 and 2 emissions of companies.

- **Scope 1:** Direct GHG emissions from sources owned or controlled by the reporting company, specifically emissions from combustion in owned or controlled boilers, furnaces and vehicles.
- **Scope 2:** Indirect GHG emissions from the generation of electricity, steam, heating or cooling consumed by the reporting company. Scope 2 emissions physically occur at the facility where the electricity, steam, heating or cooling is generated.

Caution concerning forward-looking statements

Our public communications sometimes include written or spoken forward-looking statements, as defined by applicable securities legislation, particularly in Quebec, Canada and the United States. This document contains forward-looking statements that may also be incorporated in other filings with Canadian regulators or in any other communications. Desjardins Group representatives may also make spoken forward-looking statements to investors, the media or others.

All forward-looking statements in this document are made in accordance with applicable securities legislation in Canada and the United States and are subject to our caution concerning forward-looking statements as set out in the Caution Concerning Forward-Looking Statements section of the 2024 Desjardins Group MD&A.

Forward-looking statements in this document represent the point of view of management on the publication date only and may include, but are not limited to, statements with respect to our objectives, priorities, strategies, sustainability commitments and targets or actions that will be taken to achieve them, the regulatory environment in which we operate, the causes and potential impacts of climate change globally, our approach to identifying and managing climate-related risks and opportunities, and certain risks we face.

These forward-looking statements are typically identified by words or phrases such as "target," "objective," "timing," "outlook," "believe," "predict," "foresee," "expect," "intend," "have as a goal," "estimate," "plan," "forecast," "anticipate," "aim," "propose," "should" and "may," words and expressions of similar meaning in all their grammatical forms, and future and conditional verbs.

Such forward-looking statements are made to assist readers in understanding our vision, strategy and objectives related to sustainability and environmental, social and governance factors, and may not be suitable for other purposes. By their very nature, such statements involve assumptions, uncertainties and inherent risks, both general and specific. We caution readers against placing undue reliance on forward-looking statements, including the statements in this document, since a number of factors, many of which are beyond our control and the effects of which can be difficult to predict, could influence, individually or collectively, the accuracy of the assumptions, predictions, forecasts or other forward-looking statements.

Our ability to achieve our sustainability and environmental, social and governance objectives, priorities, and targets (including with respect to reducing our greenhouse gas emissions) is based on a number of assumptions and is subject to a number of factors. Many of these factors are beyond our control and their effects can be difficult to predict—including, among others, the speed and scale of the transition to a low-carbon economy and our ability to satisfy stakeholder expectations on environmental and social issues; the need for active and continued participation of stakeholders (including our employees, our clients, our members, our suppliers, governments, the communities in which we are present, etc.); the availability of comprehensive and high-quality greenhouse gas emission and other third party data;

our ability to develop indicators to effectively monitor our progress; the development and release of new technologies and sustainable products; our ability to identify climate-related opportunities as well as assess and manage climate-related risks; the general economic environment, geopolitical uncertainty and the trade dispute with the United States; changes made to regulations that affect our business; the development of environmental, social and governance regulatory requirements; geopolitical and sociopolitical uncertainty; our ability to achieve our long-term strategies and key short-term priorities; our ability to recruit and retain key personnel in a competitive labour market; and possible impacts of major events affecting the local and global economies, including international conflicts, natural disasters, and public health crises, and measures responding to these events.

Note that the above list of factors that could affect future results is not exhaustive. Other factors could impact the Desjardins Group Pension Plan's ability to reach its objectives.

In addition, the assumptions, data, metrics, measurements, methodologies, scenarios, and other standards used to develop our assumptions and estimates and to monitor our progress, believed to be reasonable at the time of preparing this document, may later turn out to be inaccurate. Many of these assumptions, data, metrics, measurements, methodologies, scenarios, and other standards continue to evolve and may differ significantly from those used by others, those we may use in the future or those that government or regulatory authorities or other standard setters may later mandate. Such evolution and changes could affect the assumptions and estimates we use and could affect the comparability of the information and data across industries or companies and from one reporting period to another, and could impact our ability to achieve our objectives, priorities, strategies, sustainability commitments and targets.

In general, the quality of the data relied upon in climate-related planning and reporting is often not yet of the same standard as more traditional reporting.

Nothing in this document shall constitute, or form part of, an offer to sell or solicitation of an offer to buy or subscribe for any security or other instrument of Desjardins Group, the Fédération des caisses Desjardins du Québec or any of their affiliates, including the Desjardins Group Pension Plan, or as an invitation, recommendation or inducement to enter into any investment activity. No part of this document shall form the basis of or be relied upon in connection with any contract, commitment, or investment decision whatsoever.

We do not undertake to update any spoken or written forward-looking statements that could be made from time to time by or on our behalf, except as required under applicable legislation.

To learn more about our risk factors and governance in this area, visit the [Responsible Investment](#) section of our website.

