

2025 Climate Report

Desjardins Group Pension Plan



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"DGPP" and "plan" refer to the Desjardins Group Pension Plan.

This report was produced by the DGPP Division.

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Overview

The Desjardins Group Pension Plan (DGPP) is proud to present its report on climate-related risks and opportunities. This report details the plan’s climate governance, its evolving strategy, the way risk is managed and the main monitoring measures used.

Overview of the DGPP as at December 31, 2025



89,000
plan members



\$18.6B
in net assets



6th
largest private pension
fund in Canada¹



\$1.3B
invested in renewable
energy infrastructure²



WHAT IS RESPONSIBLE INVESTMENT?

Responsible investment (RI) consists in incorporating environmental, social and governance (ESG) factors into investment selection and management.

¹ Benefits Canada, "2025 Top 100 Pension Funds Report: Choosing the Right Path" (June 2025).
² This figure includes our investments in solar, wind and hydroelectric energy.

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Disclosure framework

Last year, the DGPP published its first climate report aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), a recognized voluntary framework that helped set the groundwork for the sustainability standards developed by the International Sustainability Standards Board (ISSB).

Established by the International Financial Reporting Standards Foundation (IFRS Foundation), the ISSB aims to provide a consistent global baseline for sustainability disclosures of decision-useful information.

Building on the TCFD's structure and principles, the ISSB has published two key standards:

- **IFRS S1**, which specifies general requirements for disclosure of sustainability-related financial information
- **IFRS S2**, which provides a framework for climate-related disclosures

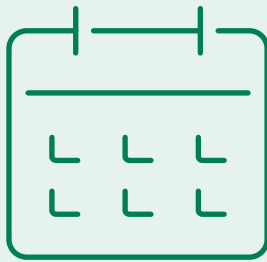
This report draws on the ISSB sustainability standards, based on the available data and the maturity of the plan's RI framework. This disclosure also follows the Partnership for Carbon Accounting Financials (PCAF) methodology for calculating the carbon footprint. This gradual approach reflects our commitment to improving the quality, accuracy and coverage of the climate-related data disclosed.



Presentation framework

The structure and content of this report are based on the following standards:

- PCAF standards
- ISSB standards IFRS S1 and S2



Reference period

Unless otherwise indicated, the information and data appearing in this report is for the fiscal year that ended December 31, 2025, that is, the period from January 1, 2025, to December 31, 2025.



Currency and data

Unless otherwise indicated, all amounts shown are in Canadian dollars (CAD). The abbreviations \$M and \$B are used to designate millions and billions of dollars respectively. Figures in the tables and charts in this report have been rounded, so the totals may not exactly match the sum of individual figures.

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Climate approach

WHY ARE CLIMATE CONSIDERATIONS RELEVANT TO A DEFINED BENEFIT PENSION PLAN?

The ability of a defined benefit pension plan to pay future benefits depends on the financial health of its portfolio, particularly the performance of its investment portfolio. In this context, climate change is a significant financial issue for institutional investors such as the DGPP, with the potential to cause short-, medium- and long-term financial impacts.

A process is in place to identify, analyze and address these risk factors. This ongoing process ensures the plan is managed using a structured approach that supports is aligned with its long-term goals.

A CLIMATE APPROACH THAT IDENTIFIES, ASSESSES AND INTEGRATES CLIMATE-RELATED RISKS AS PART OF PLAN MANAGEMENT

As this report shows, the plan considers climate-related risks in its financial management and investment decisions. This process aligns with the plan's strategic directions and those of Desjardins Group,¹ supporting financial resilience and protecting beneficiaries' interests.



Identifying and assessing climate-related risks and opportunities

Physical and transition risks have the potential to affect asset values, future returns and the portfolio's risk profile. These risks are analyzed to better predict environmental impacts and help make informed investment decisions.

Integrating climate-related risks and opportunities

The DGPP considers climate-related risks when assessing securities, assets, sectors and markets, in keeping with its overall risk management approach. This helps strengthen the portfolio's resilience to a range of long-term economic and climate scenarios.

¹ [2025 Climate Action at Desjardins report.](#)

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Governing bodies

The DGPP’s climate governance is based on a structure that draws on governing bodies, management teams and specialized expertise. Its goal is to oversee climate-related risks and opportunities while supporting the responsible investment strategy in line with our fiduciary mandate.

DESJARDINS GROUP RETIREMENT COMMITTEE (DGRC)

As the DGPP administrator and pension fund trustee, the DGRC’s 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. As for responsible investment and ESG integration, the DGRC sets strategic directions, including those on climate and the Responsible Investment Policy, and receives regular reporting on actions and results to ensure their oversight.

DGRC INVESTMENT MANAGEMENT COMMITTEE (IMC)

The main asset management responsibilities are delegated to the IMC, which selects investments and monitors their performance and compliance. When it comes to incorporating ESG factors, the IMC recommends strategic directions to the DGRC, adopts the Responsible Investment Directive and makes sure they’re put into practice. It also adopts the Policy on the Exercise of Proxy Voting Rights and sets ESG-related investment guidelines.

DESJARDINS GROUP PENSION PLAN DIVISION

The DGRC 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 RI best practices and proposes policies and strategic directions to governing bodies. Also monitors ESG performance indicators and reviews the influence strategy.

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

Investment teams: Integrate ESG risk factors into every stage of the investment process,¹ conduct due diligence on investment opportunities (including ESG aspects) and help carry out the RI influence strategy.

Investment Risk Management team: Develops risk scenarios that incorporate climate considerations² and helps monitor best practices for quantifying transition and physical risks.

¹ For more information on the investment acquisition process, refer to page 22 of this report.
² For more information on the risk identification process, refer to the Climate-related risk management section of this report.

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Reporting and governance documents

Reporting is central to the DGPP’s climate governance. It ensures transparency, information quality and continuity across strategic directions and their implementation.

FORMAL REPORTING MECHANISMS

- **Annual report on climate-related risks and opportunities:** Primary RI disclosure
- **Quarterly review of ESG and climate performance:** Includes carbon intensity, risk indicators and sectoral exposure
- **External manager review:** Includes alignment with DGPP expectations and commitment to RI
- **Investment plan updates:** Incorporates climate considerations for major asset classes

Most matters presented to the DGRC are first submitted to the IMC:

- The Policy on the Exercise of Proxy Voting Rights is submitted every two years.
- The revised exclusion list is submitted annually.
- The approval of the position on exclusions is submitted and then incorporated into the Responsible Investment Directive.

GOVERNANCE DOCUMENTS

To ensure governance of its RI activities, the DGPP has adopted these four documents:

Responsible Investment Policy

The policy governs the integration of RI into the DGPP by supporting the implementation of its strategy, setting expectations for portfolio managers, clarifying roles and responsibilities and defining monitoring and reporting mechanisms.

Policy on the Exercise of Proxy Voting Rights

As a shareholder, the DGPP has adopted a proxy voting rights policy that includes positions on corporate governance and certain social and environmental issues. The DGPP makes sure the policy is applied consistently in its portfolio by recalling and exercising its voting rights when possible.

DGPP Responsible Investment Directive

The directive explains how the Responsible Investment Policy and the strategic directions will be applied, including targets for decarbonization, concentration in renewable energy and exclusions. It also details the responsibilities of teams in the DGPP Division.

Guidelines on the exercise of voting rights

The guidelines set the terms for applying the Policy on the Exercise of Proxy Voting Rights. This internal document is given to our proxy voting agent to ensure the proper interpretation of our requirements.



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Climate target

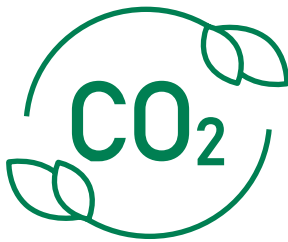
The DGPP is following a pathway aimed at reducing the carbon intensity of its listed equity and corporate bond portfolios by 50% compared to 2020 levels by 2030.

This target is based on the data that is currently available and will evolve as new methodologies and data become available. It shows our commitment to taking a structured approach to the management of transition risks while keeping our portfolio balanced and aligned with our fiduciary duty.



2030 target

Reduce carbon intensity by 50% compared to 2020 levels by 2030



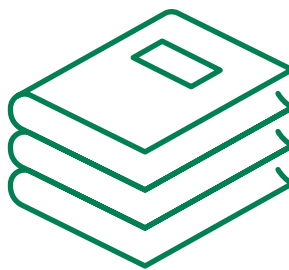
Indicator

Carbon intensity
(tonnes of CO₂ equivalent per million CAD invested)



Scope

Listed equity and corporate bond portfolio



Governance document

PCAF
(Partnership for Carbon Accounting Financials)¹



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

Strategic drivers

How we plan to achieve our climate target

We’re using five strategic drivers to guide portfolio management and incorporate climate considerations into our investment decisions: portfolio decarbonization, exclusion of thermal coal, renewable energy in our portfolios, influence strategies and integration of ESG across our activities.

These drivers work together: Their aim is to gradually reduce the carbon footprint of certain portfolios, limit our exposure to the sectors that are the most vulnerable to transition risks, increase our holdings in assets tied to the energy transition, exert our influence with managers and companies, and make our practices more consistent through cross-sector engagement.

1. PORTFOLIO DECARBONIZATION

The gradual decarbonization of portfolios is central to our climate strategy.

Listed equity portfolio: Integration of a global low-carbon index

We have initiated work to assess the integration of a global low-carbon index into our listed equity benchmark index. It will allow us to gradually steer our investment strategies toward low-carbon portfolios. It will also provide managers with flexibility in security selection and help keep returns, risk and diversification at market levels. We’ll adjust the rate at which we incorporate the low-carbon index into our benchmark index over time so we can reach our 2030 target.

This approach supports our portfolio decarbonization goals and preserves our ability to generate value for all our plan members.¹

Corporate bond portfolio: Carbon optimization and targeted engagement

Working with Desjardins Global Asset Management (DGAM), we optimized our main corporate bond portfolio to reduce our carbon emissions. Using DGAM’s analytical capabilities, we were able to optimize our main corporate bond portfolio to lower greenhouse gas (GHG) emissions and maintain a risk-return profile that reflects our investment strategy.² Because the portfolio is largely made up of long-term Canadian bonds, which is a market with a limited number of issuers, specific constraints in this segment will continue to influence our efforts in the coming years.

To gain better insights into the carbon pathways of the portfolio’s main issuers, we also mandated DGAM to initiate targeted discussions. The goal is to make issuers more aware of the importance of credible climate transition plans and to help us track the progress of their commitments, so we can better anticipate how the portfolio will evolve.

WHAT IS A LISTED EQUITY BENCHMARK INDEX?

A benchmark index is a standardized measure that reflects the investment universe of a mandate (equities or bonds).

It tracks market performance and can be used to show a manager’s added value.

The index also defines the scope of the mandate (asset types, regions, sectors or ESG parameters) and provides a way to measure active risk.

Having an appropriate benchmark supports objective assessment, improves reporting and ensures that returns are consistent with the level of risk agreed upon.

¹ The carbon reduction is detailed in the Metrics and targets section.
² The methodology for calculating our carbon footprint is explained on page 27 in the Methodological considerations section.

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2. EXCLUSION OF THERMAL COAL

Coal is the world’s leading source of energy-related CO₂ emissions, ahead of oil.¹ Work by the Intergovernmental Panel on Climate Change (IPCC) and scenarios from the International Energy Agency (IEA) point to the need for a rapid reduction in coal use if we’re to keep global temperature increases well below 2°C and, where possible, to 1.5°C above pre-industrial levels. As a result, institutional investors are increasingly moving away from companies linked to this fossil fuel source.²

Similarly to Desjardins Group with its [Position on Coal](#), the DGPP doesn’t invest in companies involved in:

- Operating, developing or expanding thermal coal mines
- Developing or operating 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 Agreement³.

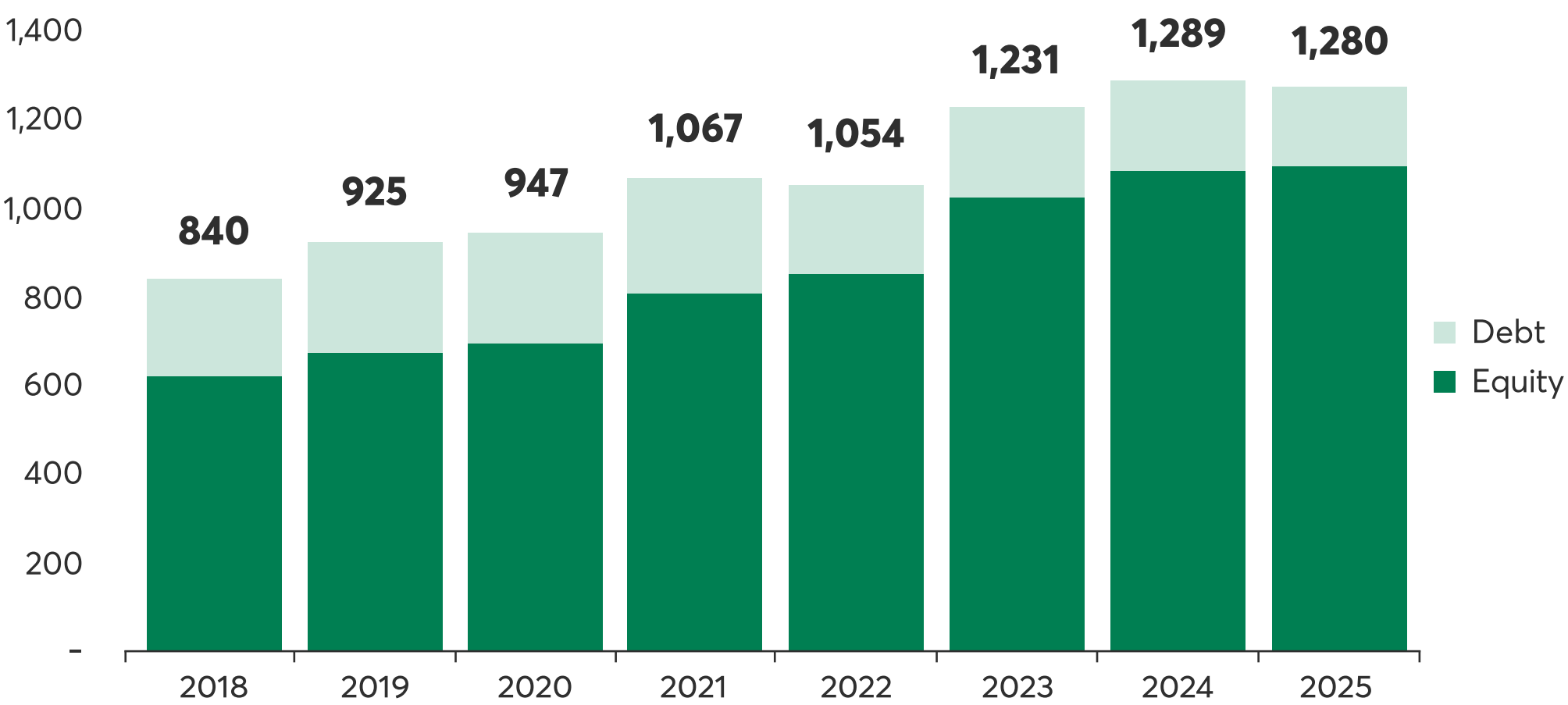
This framework limits our exposure to assets that are the most vulnerable to transition risks and supports a consistent climate approach.

3. RENEWABLE ENERGY IN OUR PORTFOLIO

Since 2017, we’ve supported the energy transition by concentrating our energy infrastructure investments in the renewable energy sector. This reduces the plan’s exposure to the highest emitting sectors while increasing our holdings in assets tied to the energy transition.

Over time, these investments have reached a significant level and now account for nearly half of our total infrastructure exposure. We’re seeing some stabilization in their value within the portfolio, as we completed no new transactions in this sector in 2025 and the value of these investments has fluctuated slightly.

Change in renewable energy infrastructure assets (\$M)



¹ IEA – Global data on CO₂ emissions from energy combustion. <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>
² IPCC – Special report on mitigation pathways compatible with 1.5°C. <https://www.ipcc.ch/sr15/>
³ [The Paris Agreement](#) | UNFCCC

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4. INFLUENCE STRATEGY

The DGPP’s influence strategy is based on dialogue, the assessment of management practices and the exercise of our shareholder rights to promote greater climate transparency and to support the inclusion of ESG issues in investment decisions.

Engagement with portfolio managers

As part of our investment process, the DGPP teams assess portfolio managers’ key RI skills across six areas covered in the DGPP Responsible Investment Policy: leadership, expertise, integration, engagement, tools and data, and transparency. They also assess managers’ ability to integrate climate data into their investment strategies. Many of these partners have RI teams with advanced climate expertise that supports follow-through on the plan’s climate commitments.

Proxy voting

In collaboration with other Desjardins entities, the plan exerts its influence strategy by exercising its proxy voting rights. In keeping with its [Policy on the Exercise of Proxy Voting Rights](#), the DGPP supports improving disclosure of climate data. It applies strict criteria before endorsing the climate action plans submitted to shareholders for approval. Once a year, the DGPP receives a detailed proxy voting report with explanatory analysis, to gain insights into the market and better grasp emerging issues.

Strategic coalitions

The DGPP is a signatory of several internationally recognized coalitions committed to improving the quality and availability of climate data. These include the Principles for Responsible Investment (PRI), GRESB and the ESG Data Convergence Initiative (EDCI). The DGPP also assesses its managers’ involvement in these coalitions and, twice a year, it measures their level of commitment to these initiatives, based on the fair market value (FMV) of the assets they manage.



UN-backed global initiative that promotes sustainable investment practices

Signatory since 2018



International framework for benchmarking ESG performance of real estate and infrastructure assets

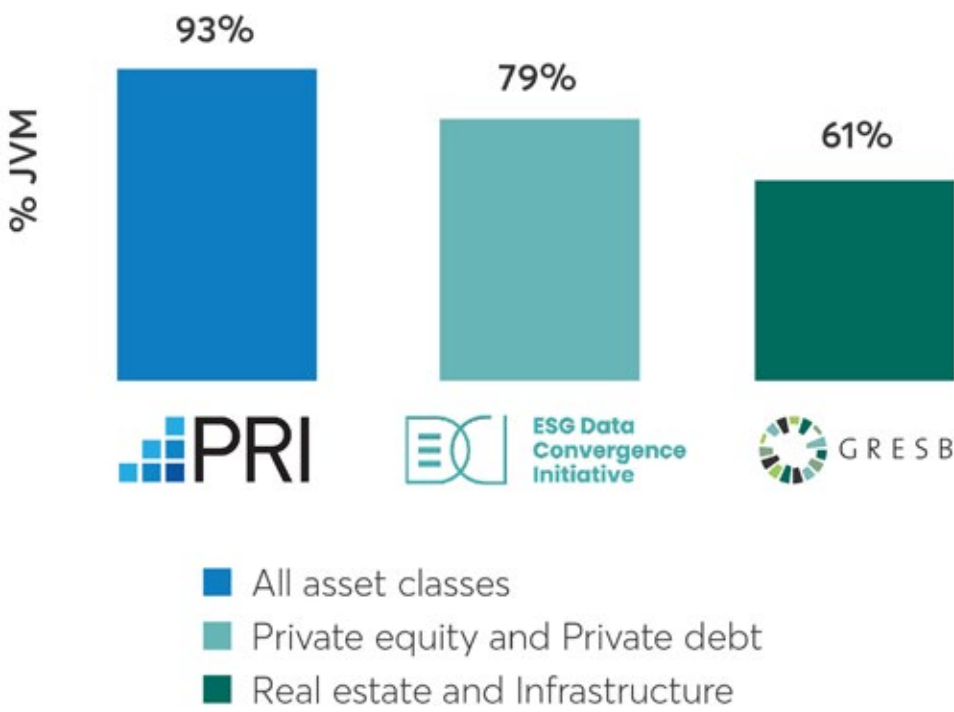
Member since 2022



Partnership committed to strengthening the collection and disclosure of ESG data on private markets

Member since 2023

Manager commitment rate¹



¹ Excludes direct investments, co-investments, mezzanine investments and derivatives.

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5. CROSS-SECTOR APPROACH

Our integrated ESG approach reinforces the relevance and effectiveness of the plan’s climate approach by drawing on all DGPP expertise at every stage of the investment cycle. It’s a key driver for integrating ESG and climate issues.

A cross-sector approach to responsible investment

This approach relies on close collaboration across our investment, risk management, legal and RI teams. They work jointly to identify climate-related risks and opportunities and integrate these considerations into analyses, strategic investment plans and specific plans for each asset class. This integration continues through the entire investment cycle.

Actions implemented to support a cross-sector approach

Portfolio manager assessment

Managers’ RI practices are assessed with a questionnaire and an assessment grid aligned with our Responsible Investment Policy. This assessment is conducted during investment acquisition and updated for existing partners at least every three years.

Development of centralized data architecture

Efforts are underway to centralize ESG data into a single data warehouse. One of the goals of this data architecture is to optimize and leverage ESG analyses in order to automate and simplify carbon footprint calculations.

Strengthening climate risk research capabilities

The scope of analysis for real assets subject to climate scenarios has been expanded to include new physical hazards and transition scenarios.¹ This helps to better quantify the vulnerability and resilience of these assets.

These joint actions make cross-sector collaboration essential to supporting the climate approach and achieving the decarbonization goal.



¹ The climate scenarios are outlined on page 19 of this report.

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Risk and opportunity profile

Climate change may affect the value of certain assets and the stability of the markets in which the plan invests. As we strive to better understand these impacts, we analyze physical and transition risks as well as opportunities arising from these risks.

To identify these risks and opportunities, our approach combines:

- **Qualitative analysis** based on sectoral monitoring, team expertise and evolving regulatory frameworks
- **Quantitative analysis** based on climate scenarios developed in collaboration with various Desjardins teams

These analyses are used together to assess portfolio resilience and identify areas where closer monitoring is needed.

Risks arise from both the physical impacts of extreme weather events and the structural changes associated with the energy transition. Opportunities emerge from evolving markets and solutions developed to support the shift to a lower-carbon economy.



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Qualitative identification of climate-related risks

The goal of the qualitative analysis of physical and transition risks is to identify the main climate-related risks that could affect the portfolio. To structure this analysis, we assess risks across three time horizons (short, medium and long term) to evaluate how their potential impacts might evolve across our different asset classes.

Types of risk		Definition	Potential events	Time horizon			Potential financial impacts
				Short term	Medium term	Long term	
Physical risks	Acute	Risks arising from climate change that can be linked to events, including increased severity of extreme events	Increase in the number and severity of: - Heat waves - Floods - Storms - Wildfires	✓	✓		- Drop in the value of business and household assets contributing to an increase in expected credit losses - Drop in the market value of businesses as a result of supply chain disruptions - Increase in property and casualty insurance loss ratios due to the increased frequency of extreme events
	Chronic	Risks arising from climate change that can be linked to longer-term changes in climate models	- Increase in average temperature - Increase in the number and severity of droughts - Change/variability in the precipitation regime		✓	✓	
Transition risks	Policies and regulations	Risks related to new regulations designed to reduce the negative effects of climate change or promote adaptation	- Change in energy policy - Change in economic and other incentives - Change in disclosure requirements and greenwashing risks	✓	✓		- Higher operating costs (for example, higher compliance costs) - Increase in the frequency of litigations and associated costs
	Technological change	Risks arising from the development and use of emerging technologies designed to ease the transition to a low-carbon economy	- Change in energy production, storage and distribution - Improved energy performance and energy savings - Accessibility and efficiency of low GHG-emitting modes of transportation		✓	✓	- Reduced profitability of businesses due to the increased costs of adopting new technologies - Reduced competitiveness and financial soundness due to the late adoption of emerging technology - Technological advances likely to affect individuals, processes and systems
	Member, client and investor behaviour	Risks related to changes in offer and/or demand for certain products and services as climate-related risks and opportunities are taken into account	- Shift to climate finance - Stigmatization of GHG-emitting industries and polluting companies		✓	✓	- Reduced demand for products and services due to changes in consumer preferences - Change in the composition and sources of revenues, resulting in slower growth

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Identification of climate-related opportunities

According to the International Sustainability Standards Board (ISSB), climate-related opportunities are ways for companies to benefit from climate-related changes. In the context of the climate transition and evolving regulatory and economic guidelines, certain climate factors may also present short-, medium- and long-term opportunities for the DGPP, and qualitative analysis of these opportunities helps identify promising investment opportunities across target markets. They may include:

- 1. Innovation and development of new products:** These might include developing products and services that meet the needs of a low-carbon economy, particularly in clean technologies and renewable energy.
- 2. Access to new markets:** The climate transition is driving structural changes across several sectors (infrastructure, energy, resource efficiency). In some cases, these shifts create investment opportunities aligned with new markets or market segments that emerge in response to climate change and environmental regulations.
- 3. Better resource efficiency:** By adopting sustainable practices, companies can reduce operating costs and improve energy efficiency.
- 4. More resilient portfolios:** Companies and assets that build climate considerations into their strategies can improve their ability to adapt to physical, regulatory or economic climate-related constraints. This resilience can help generate more stable returns over the long term.



Cypress 1 and 2 Wind Projects
Alberta, Canada | EDF Renewables

HIGHLIGHTS

As we noted earlier, the DGPP has deliberately increased its investments in renewable energy within its infrastructure portfolio since 2017. The value of these investments is now more than \$1.28 billion.

As at 2025 year-end, 8% of the fair market value of the plan’s real estate portfolio holds LEED or BOMA Platinum or Gold certification. These widely recognized certifications in the real estate sector attest to strong environmental performance,

associated with lower emissions and energy consumption¹. They also reflect these assets’ climate resilience, help mitigate regulatory and transition risks, and support value creation through greater attractiveness and optimized operating costs.

In 2026, the DGPP intends to refine its analytical framework for climate solutions to determine the value of the plan’s investments across other asset classes in a transparent, credible manner.

¹ To learn more about these certifications, refer to [LEED – Canada Green Building Council](#) and [The BOMA BEST Building Certification Program | BOMA International](#)

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Integration of climate-related risks into risk analysis scenarios

Quantitative analysis of climate-related risks helps the DGPP assess how different scenarios can influence the resilience of its portfolios. It complements the qualitative analysis by incorporating new physical hazards, more detailed transition scenarios and a broader range of assets.

PHYSICAL RISKS

In 2025, we took part in Desjardins's second internal climate scenario exercise. The purpose of this exercise is to improve the quantification of climate-related risks that could affect real assets as well as improve our understanding of climate-related risks.

Addition of physical hazards and expansion of the scope of analysis

Following this exercise, several physical hazards were added to flooding hazards, making it possible to precisely identify vulnerability areas within the real asset portfolio. In addition to Canadian assets, the scope of analysis was expanded to include real estate assets held internationally.

Clearer understanding of transition risks

Our efforts have helped us better identify and characterize the assets most exposed to climate-related risks, strengthening the analytical basis for our long-term investment decisions.

Changes in our quantitative risk analysis methodology

Analysis areas	2024	2025
Physical risks	Real assets in Canada - Real estate (179 assets) - Infrastructure (193 assets)	Added: - Real estate in North America and Europe (2,215 assets) - Infrastructure in Canada (234 assets)
Physical hazards	Flooding	Added: - Wildfires - Windstorms - Cold - Precipitation - Hail - Heat
Transition risks	- Listed equity - Fixed-income securities	Added a sectoral approach (detailed analysis by sector of the economy)

TRANSITION RISKS

We continued to assess our exposure to transition risks associated with decarbonizing the global economy, by developing **three transition scenarios**, which we applied to our listed equity and corporate bond portfolios.

This approach shows how committed we are to better understanding the pressures caused by changing climate policies, technological advances and shifts in investor and consumer preferences.

Three scenarios to assess resilience

- Current policy scenario (above 2.7°C):** This scenario involves relying solely on the current climate policies.
- Delayed transition scenario (less than 2°C):** This scenario reflects a delayed and more abrupt shift in climate policies, leading to more pronounced impacts in carbon-intensive sectors.
- Net-zero scenario by 2050 (1.5°C):** This scenario is defined by the early implementation of robust climate policies, including increased carbon pricing. It calls for greater investments in innovations that drive major advances in low-carbon energy and processes. This scenario gives markets a longer adjustment horizon, allowing a gradual and orderly transition.

PORTFOLIO RESILIENCE ASSESSMENT

The results confirm that overall, listed equity and corporate bond portfolios can withstand the effects of the scenarios analyzed, and they shed light on sectors that require closer monitoring. These efforts will support future analyses and provide us with a clearer understanding of the plan's resilience to transition risks.

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Risk management and mitigation

1. INDUSTRY MONITORING AND BUSINESS INTELLIGENCE

We work closely with various Desjardins teams to actively monitor climate-related risks. We monitor market best practices as well as changes in climate disclosure standards and regulatory frameworks.

Our investment strategy is founded on close collaboration with some 80 international portfolio managers, allowing us the benefit of their expertise. This informs our business intelligence on topics such as decarbonization and climate risk management.

We work closely with risk management teams and sustainability specialists at Desjardins, who play a key role in tracking regulatory expectations and requirements.

What does this industry monitoring involve?

- Benchmarking climate-related risk management practices against comparable Canadian pension plans, conducted in 2025
- Participating in Desjardins’s specialized ESG working groups
- Assessing, monitoring and working closely with our portfolio managers
- Gathering information through strategic coalitions and conferences
- Monitoring changes in regulatory requirements for climate-related risks



CLIMATE-RELATED RISK MANAGEMENT FRAMEWORK

The DGPP manages climate-related risk based on Desjardins’s risk management framework, which uses the **three lines of defence** model. This model allows for consistent, structured action on climate-related risks.

First line of defence – Manage risks

The DGPP identifies the climate-related risks associated with its activities, implements mitigation measures as needed and seizes related opportunities.

Second line of defence – Provide oversight and monitor

Specialized Desjardins functions help manage and track climate-related risks and report on the risk profile, in accordance with ESG initiatives and regulatory expectations.

Third line of defence – Assess independently

Periodic internal audits are conducted across Desjardins functions to ensure that the climate-related risk management framework and mechanisms are efficient and appropriate.

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- Risk and opportunity profile
- Qualitative identification of climate-related risks
- Identification of climate-related opportunities
- Integration of climate-related risks into risk analysis scenarios

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2. INCORPORATING RESPONSIBLE INVESTMENT INTO THE INVESTMENT PROCESS

The DGPP considers climate-related risks at key stages of the investment acquisition process. Assessing managers' maturity, relevant ESG risks and the resilience of proposed strategies contribute to informed decision-making.

INVESTMENT ACQUISITION PROCESS				
A) Deal flow review	B) Mapping	C) Screening and due diligence	D) Final review and closing	E) Post-investment monitoring
Together, the governance, investment, risk management, legal affairs and RI teams review the upcoming due diligence required and the topics discussed at meetings with external portfolio managers.	At this stage, a first RI analysis is conducted to assess the maturity of prospective managers and their ability to manage key ESG and climate-related risks. This analysis covers: • Their RI policies and ESG governance mechanisms • The number, experience and specialization of their dedicated resources • The existence of incentive programs tied to ESG performance • The presence of companies with ESG commitments in their portfolios • The quality, frequency and level of detail of their ESG disclosure	After a thorough review of the documents available and a meeting with the manager's representatives, the manager is assigned an RI score. ¹ The strengths and weaknesses of various possible investment strategies are analyzed, formalized and presented in a recommendation that is ultimately submitted to the DGPP Investment Management Committee.	Where possible, and taking into account constraints specific to external managers and commitments already set out in their policies, the DGPP incorporates ESG clauses into investment side letters. The factors that helped or hindered the inclusion of these clauses are then recorded in our internal reporting tool.	Once a manager is awarded a mandate, the DGPP assesses them annually based on the asset types they manage. It requires that they complete a detailed ESG questionnaire at least once every three years.

Responsible investment is considered at each stage

¹ Score given as per the expectations set out in section 4.4 Expectations for external managers of the DGPP's [Responsible Investment Policy](#).

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Emissions from investments

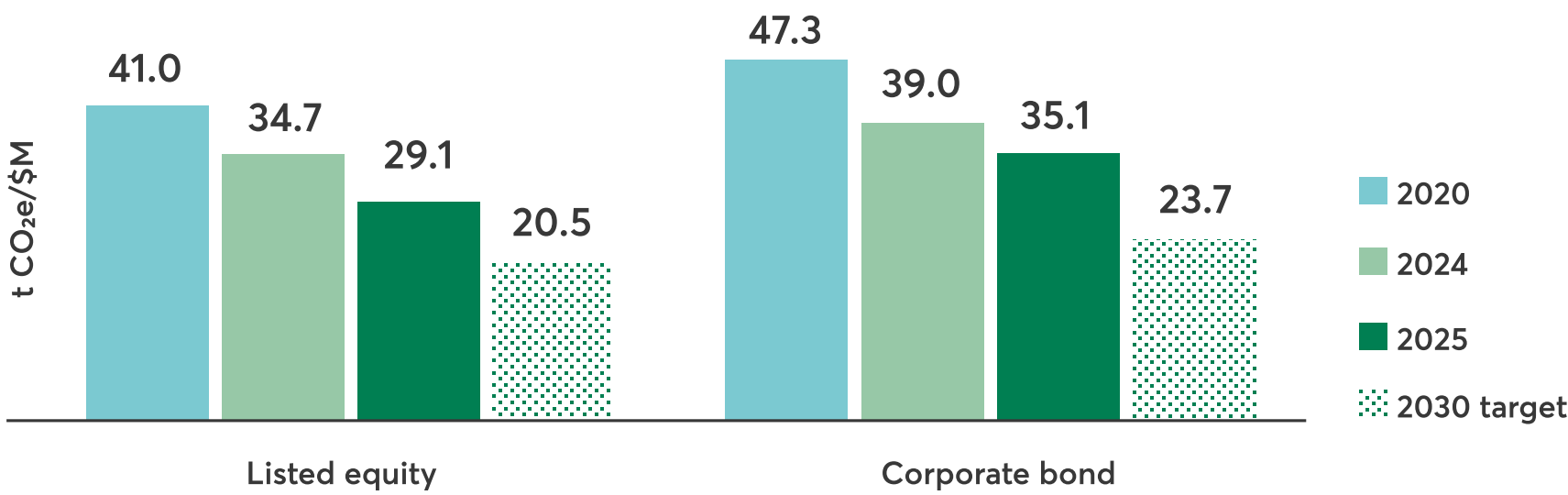
We monitor our portfolios’ climate performance using two complementary indicators: **carbon intensity**, which quantifies exposure to the GHG emissions of financed issuers, adjusted for the size of the investment, and **absolute GHG emissions**, which reflect the total volume of financed emissions. These two indicators offer distinct, necessary perspectives to continue our decarbonization pathway.

1. CARBON INTENSITY

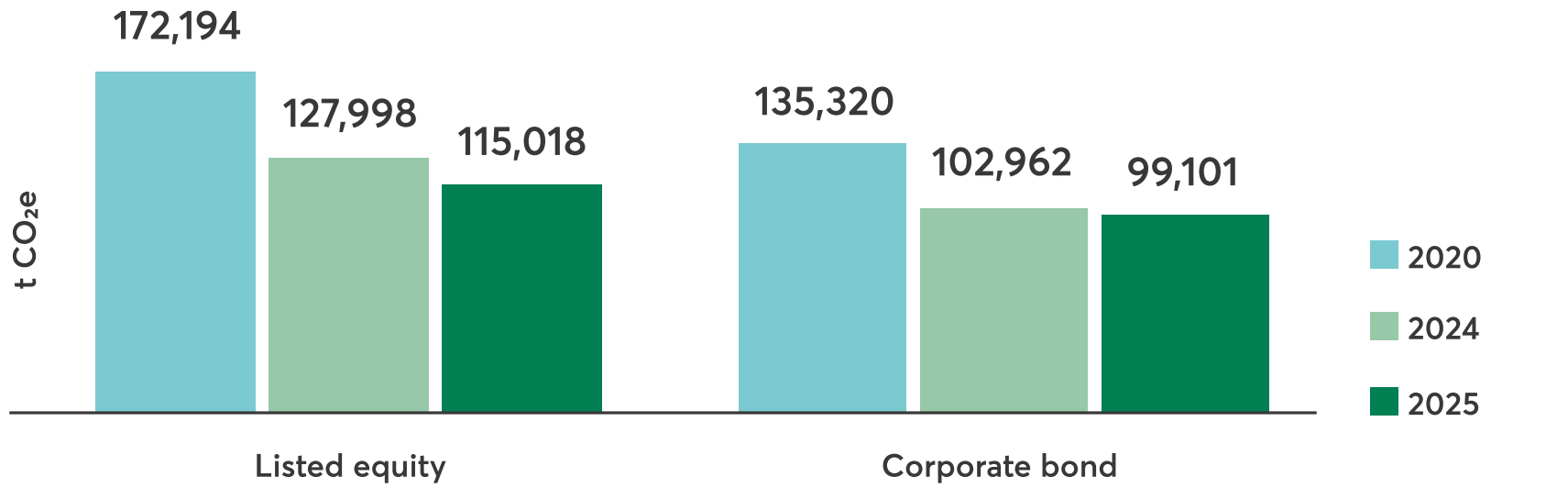
We measure Scope 1 and 2 carbon intensity in our listed equity and corporate bond investments on a quarterly basis to track our decarbonization commitments. We’ve applied this methodology and its accompanying metrics since 2024.

Progress against our targets: Based on data available as at December 31, 2025, the carbon intensity of our listed equity and corporate bond portfolios has decreased by 29% and 26%, respectively, compared to 2020 levels. These results are in line with our goal to reduce the carbon intensity of our portfolios by 50% by the end of 2030.

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



Absolute GHG emissions of listed equity and corporate bond portfolios (tCO₂e)



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Data quality and coverage

In addition to our performance indicators, we follow the methodology of the Partnership for Carbon Accounting Financials (PCAF) and disclose the quality and coverage of the data used to calculate financed emissions.

Data quality scores 1 and 2 are based on real emission data, while quality scores 3, 4 and 5 are based on estimates. This information helps us better interpret the results presented and assess the maturity level of the data available.

PCAF data quality score

Asset class (December 31, 2025)	Carbon intensity (tCO ₂ e/\$M)	Absolute emissions (tCO ₂ e)	Outstanding amount (\$B)	% coverage	PCAF data quality score				
					1	2	3	4	5
Listed equity	29.1	115,018	4.36	90.6%	51%	22%	1%	26%	0%
Corporate bonds	35.1	99,101	2.99	94.4%	33%	41%	0%	17%	8%



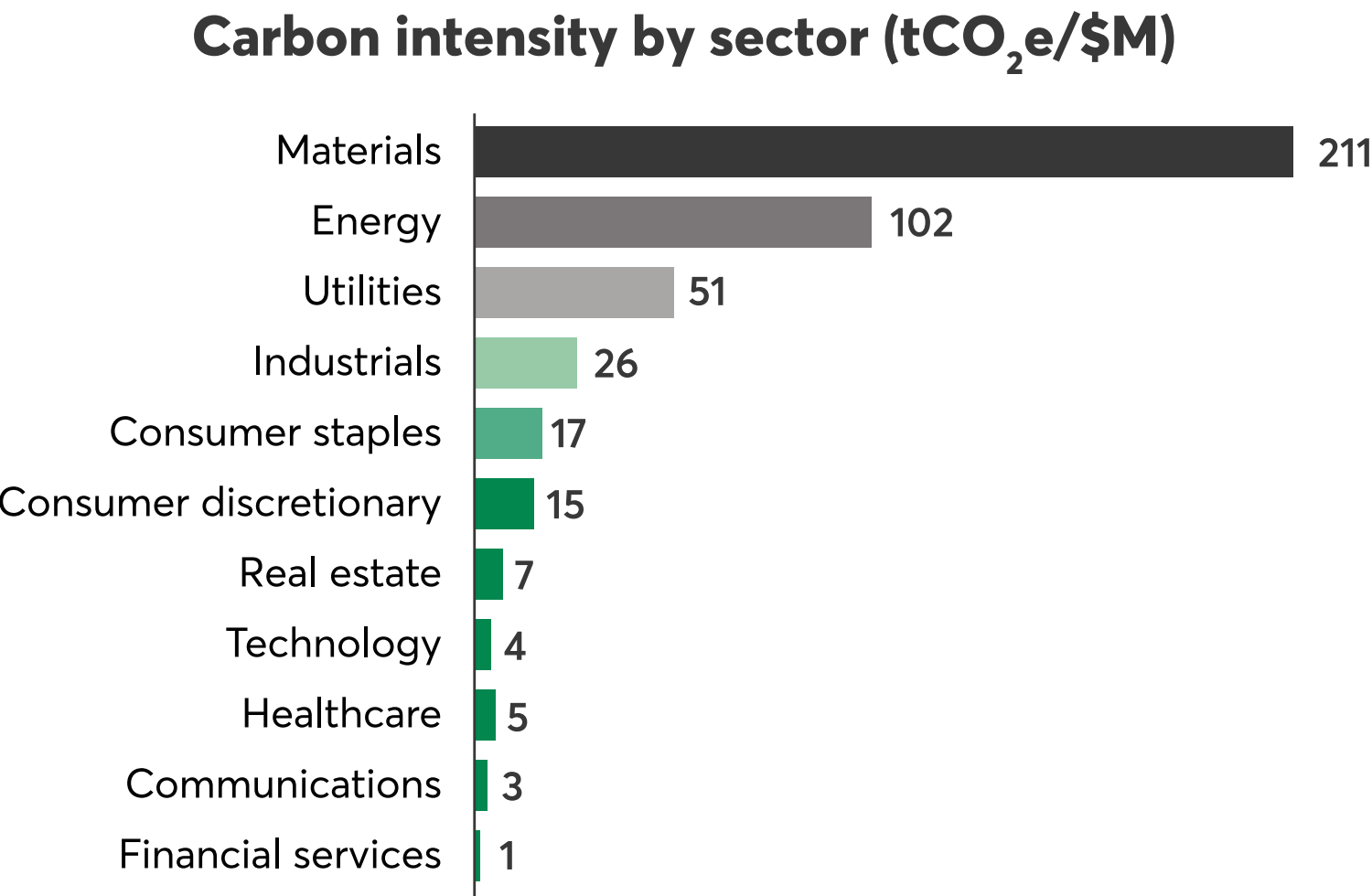
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Emissions from investments by sector

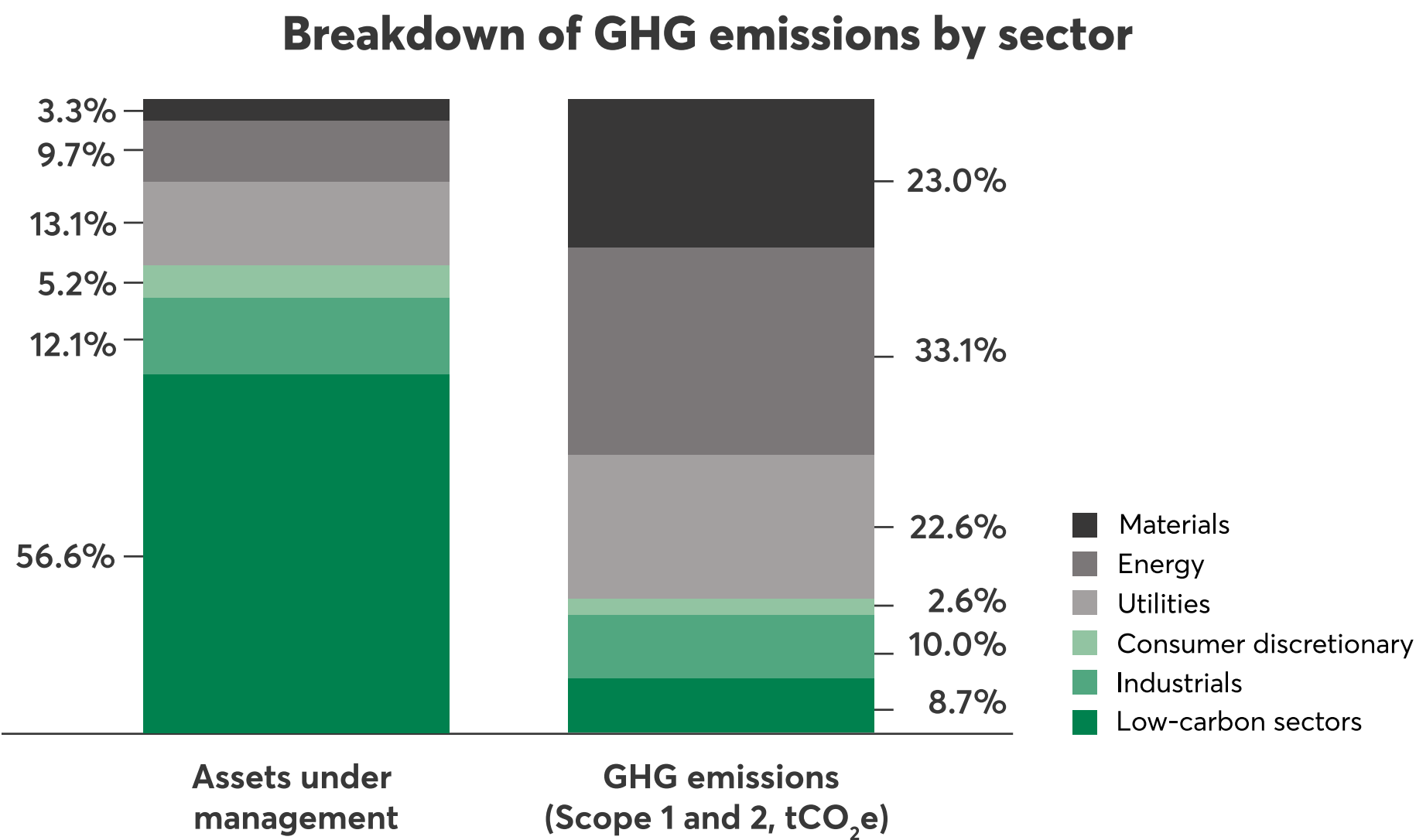
The DGPP’s financed emissions are not evenly distributed across sectors. Sectoral analysis of carbon intensity allows a better understanding of where GHG emissions are concentrated within the portfolios and which sectors have the greatest impact on the overall carbon footprint.

CARBON INTENSITY BY SECTOR

Scope 1 and 2 carbon intensity in our portfolios is largely concentrated in a limited number of sectors. Holdings in the materials, energy and utilities sectors have a higher carbon intensity.



Just over 25% of the DGPP’s listed equity and corporate bond assets are invested in these sectors. These sectors alone account for more than 75% of the portfolio’s Scope 1 and 2 GHG emissions.



Because emissions are concentrated in certain sectors, using a lower-carbon benchmark may result in slightly lower exposure to those sectors or lead managers to favour lower-emitting securities across asset classes.

Over the coming years, we plan to gradually expand the scope of our carbon metric to other asset classes, particularly real estate, as data collection and processing continue to improve across markets. This change will enhance our analysis of climate-related risks and opportunities for applicable portfolio segments.

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Following the actions presented in this report, we'll continue to refine our climate-related risk and opportunity management practices in line with the plan's level of maturity and the data available.

These focus areas will guide us in 2026 as we:

- **Continue to progressively incorporate the principles of IFRS S1 and S2 standards**, with a focus on alignment, comparability and clarity of disclosures.
- **Strengthen the quantification of climate-related risks**, including analysis of international assets and the enhancement of transition scenarios, to improve our understanding of portfolio resilience.
- **Maintain portfolio decarbonization efforts** by continuing to engage with external managers and by monitoring issuers, to increase the transparency and credibility of climate pathways.
- **Improve carbon data quality and coverage** in keeping with recognized best practices, to support informed decision-making and improve interpretation of the indicators.
- **Reinforce cross-sector integration of RI** by developing internal capabilities and strengthening processes in a context of growing expectations for institutional investors.
- **Continue to identify and incorporate a broader range of climate solutions**, to include areas like sustainable transportation, energy storage, carbon removal and selected climate change adaptation initiatives. To support this approach, we're considering developing an internal taxonomy to structure and clarify these solutions to make them easier to understand and use in a financial context, and support their integration within a sustainable growth framework, in accordance with recognized best practices.



Awareness and discussion activity on climate-related issues attended by members of the DGPP Division in 2025

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Methodological considerations

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 effects of 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.

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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 2025 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 track 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, as well as 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 (FCDQ) 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 us 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.

