

Committed. Connected.

2022 Annual Report
Desjardins Group Pension Plan



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Information

rcd-dgp.com/en

DGPP Member Services

1-866-434-3166

Monday to Friday, 8 a.m. to 5 p.m. Eastern Time

Secure messaging: *Contact us* section of the DGPP website at rcd-dgp.com

Desjardins Group Retirement Committee

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General notes

The abbreviations “DGPP” and “the Plan ” refer to the Desjardins Group Pension Plan.

This annual report was produced by the Desjardins Group Pension Plan Division.

This document is for information purposes only. In the event of any discrepancies between this report and the Desjardins Group Pension Plan Regulation, the Regulation shall prevail.

The letters M and B designate millions and billions respectively.

Returns are gross of investment management fees.

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Message from the Chair of the Retirement Committee

Committed. Connected. For our Plan members.

As the new Chair of the Retirement Committee, I'm proud to be able to play a role that is part of a long-term vision, made all the more meaningful in the current economic context. I'm proud to be working to maintain a secure plan that offers you a powerful retirement savings vehicle. I'm proud to chair the Retirement Committee overseeing a robust plan that offers you valuable peace of mind, guaranteeing you an income for your entire retirement. Indeed, having a defined benefit pension plan is a true privilege these days.

Over 80,000 individuals and their families benefit from having a team of experts to manage the Plan and support from our experienced members services team. And Plan members are very satisfied with the help they are receiving, with 97% of those who contacted Member Services saying they would strongly recommend it!

The wealth of skills and experience among the members of your Retirement Committee also plays a role in the Plan's performance. All of them are keeping their skills sharp thanks to a continuing education program. In addition, because we believe that diversity on the committee can bolster the quality of our decisions, improve our effectiveness and lead to greater innovation, we are supporting promising initiatives in this regard.

I'm also proud to share that in 2022 the Retirement Committee worked on strengthening the DGPP's responsible investment policy and governance, which will help ensure that the DGPP has a secure financial position over the long term. The Plan is also continuing its work to become a leader in responsible investment.

We are staying committed, connected and prudent so that the Plan continues to be a valuable, advantageous and secure benefit for you.



Denis Latulippe,
FCIA, MBA, MSc, ASC
Chair, Desjardins Group Retirement Committee

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

2022: A year that showed just how robust the Plan is

After a year with an unusual economic context, the Plan maintained a solid financial position, once again confirming that our strategies are effective and pertinent. The DGPP's funding ratio remained stable, at 119%, despite market shocks. This means that for every pension dollar that the DGPP has promised you, the Plan has \$1.19 in assets. In other words, you can sleep peacefully knowing that the DGPP is in an excellent position to honour its commitments to you.

In a year marked by market downturns, our teams demonstrated their solid money management capabilities. They also worked hard to further refine their analysis tools and strategies. During this time, tangible assets outperformed expectations and helped the Plan's financial position remain favourable. Because of all of this, the Plan has remained an advantageous and effective tool—one that the organization is proud to support and promote.

A number of responsible investment initiatives were rolled out in the past year, allowing the Plan to further its leadership in this arena. For example, assessing environmental, social and governance factors became an essential part of the process, from selecting investments and partners to monitoring their performance. Now more than ever, sustainable finance is central to our strategies.

The prowess of our team of experts was truly on display in 2022. I'd like to congratulate them for the way they've proven to be agile, thorough and innovative every day while also working closely with our many partners.

In short, the experience of a tumultuous year like 2022 has solidified our approach. This experience adds to our determination to work tirelessly to ensure that the DGPP continues its mission for the benefit of all Plan members.



Sylvain Gareau, MSc
Vice-President, Desjardins Group Pension Plan

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2022 HIGHLIGHTS

The Desjardins Group Pension Plan has again proven that it is robust, secure and available for Plan members, and that it aims to be a leader in responsible investment.



Robust

119%
Funding

The DGPP’s ability to meet its obligations over the long term

Fully funded
for the **8th** year
in a row

Secure

97%
Solvency

The Plan’s ability to meet its obligations if it were terminated

The Plan contributes to the financial security of
84,000
Plan members

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Available
for Plan members

96%
Satisfaction
with the overall service experience

36,000
Conversations
with Plan members

50,000 active
23,000 retired
11,000 deferred



Committed
to responsible
investment

New responsible
investment policy
defining strong
commitment

Integration of RI
into the entire
investment process,
for the benefit
of Plan members

\$1B
Investments in
renewable energy
infrastructure

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FINANCIAL POSITION



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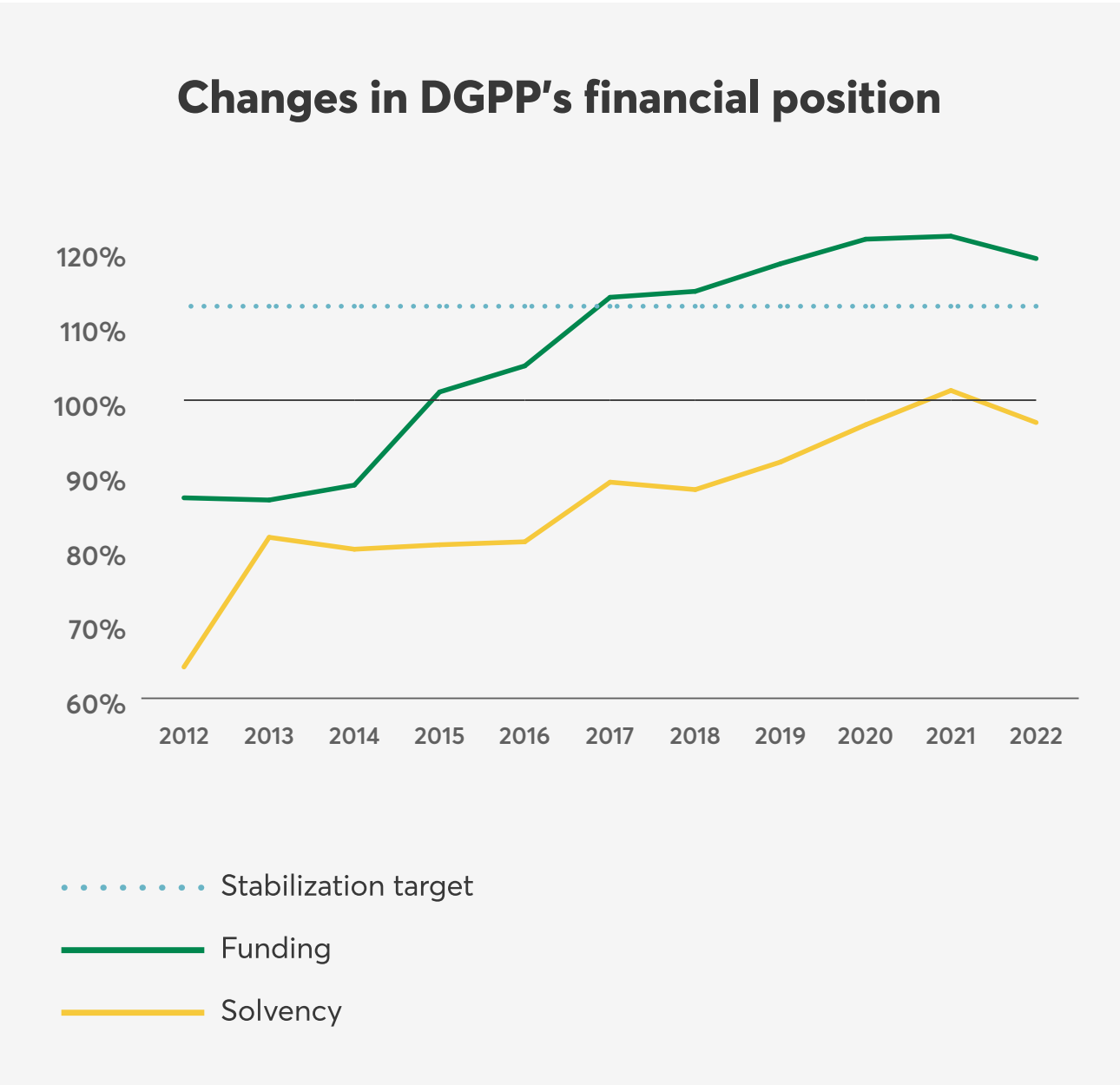
The Plan is resilient

In 2022, the DGPP proved to be resilient in a context of high volatility, market downturn and interest rate hikes. The DGPP remains well-positioned financially despite the challenging economic context.

Our strategies, based on diligent risk management, paid off. Higher interest rates resulted in lower liabilities for the Plan, which offset a good portion of the drop in assets seen in the year.

The funding ratio remained excellent despite a slight decrease during the year from 122% to 119%. This remains well above the stabilization target of 113% required under Quebec legislation for the DGPP.

Additionally, the DGPP finished 2022 with a solvency ratio that nearly achieved equilibrium at 97%. This ratio determines the level of reimbursement of the value of the benefits, should they be transferred if membership ceases or if the Plan is terminated. We are not required to fund the Plan on a solvency basis, however.



Funding is adequate

The DGPP's financial strength allowed us to reduce the contribution rate by 1.0% beginning in 2023 while maintaining the same benefits. This decision stems from a responsible, prudent and long-term oriented management approach. This change is the result of the sustained financial efforts of Plan members and employers, combined with the rigorous application of innovative strategies to ensure that the DGPP is stable and sustainable.

In 2023, based on the prescribed formula, employers and employees should contribute a total of \$800 million to the Plan. These contributions will help the Plan fulfill its commitments while maintaining a sufficient financial cushion.

Message from the Director of DGPP Financial Strategies and Operations



François Hudon
FSA, FICA

Against the backdrop of one of the most challenging financial environments since the 2008 financial crisis, the Plan remains robust. We're proud that this can provide you with peace of mind.

We are constantly innovating to enhance our strategies so we can keep the Plan in a strong financial position. Given high inflation, market uncertainties and geopolitical tension, there may be just as many unpredictable factors in 2023 as there were in 2022.

Our teams remain vigilant and understand the potential risks to which the Plan is exposed.

We are committed to supporting you, and we work every day with the same goal in mind: to ensure that the Plan continues to offer you retirement income that is determined in advance and protected against market volatility.

119%
Funding ratio

\$2.4B
Surplus

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RISK MANAGEMENT

The goal of proactive risk management is to allow the Plan to fulfill its commitments.

The Plan's risk management strategy is constantly evolving, positioning us as a leader in industry best practices. We take sufficient risks to ensure adequate long-term returns, while implementing strategies to stabilize and maintain the sound financial health of the Plan under a range of scenarios.

The Plan's risk management activities involve modelling, projections and simulations that are updated continually and used as a basis for risk-taking decisions. Risk management is a key part of building the overall portfolio and informs all investment decisions.

Since the Plan can have repercussions on the organization, we ensure that we comply with Desjardins's policies and limits in terms of risk taking, specifically the risk budget. This is one of the most important variables underlying our strategy.

Main risks

Interest rate risk

Changes in interest rates have a direct and substantial effect on the Plan's financial health.

Market risk

Market volatility could lead to negative returns, which would impact the contributions needed to properly fund the Plan.

Longevity risk

Plan members living longer than expected or updates to mortality tables could drive costs up.

Liquidity risk

The Plan must have enough money available to fulfill its financial obligations at all times.

Integrated, dynamic management of all of the Plan's risks is a strategic driver of performance

Risk mitigation measures

An exhaustive risk register

The main purpose of the risk register is to identify risks to the Plan's administration and financial management. Each risk is assessed and tracked using indicators with set targets and ranges. The tracking process helps make sure we meet objectives by identifying the causes when risk levels are exceeded and correcting the strategy if needed.

A resilient asset allocation strategy

Assets are allocated dynamically, based on risk coverage, to ensure cost-effective funding and to maximize the Plan's resiliency to as many economic scenarios as possible.

A targeted investment approach

The investment plan identifies the role that the major asset classes play in the portfolio and what features investments should have. We follow a rigorous investment process to make sure that investment decisions and objectives are consistent.

A customized mortality table

To better estimate how long Plan members will live, the Plan customizes the standard Canadian mortality tables on an annual basis using actual DGPP members' experience and socio-economic analyses.

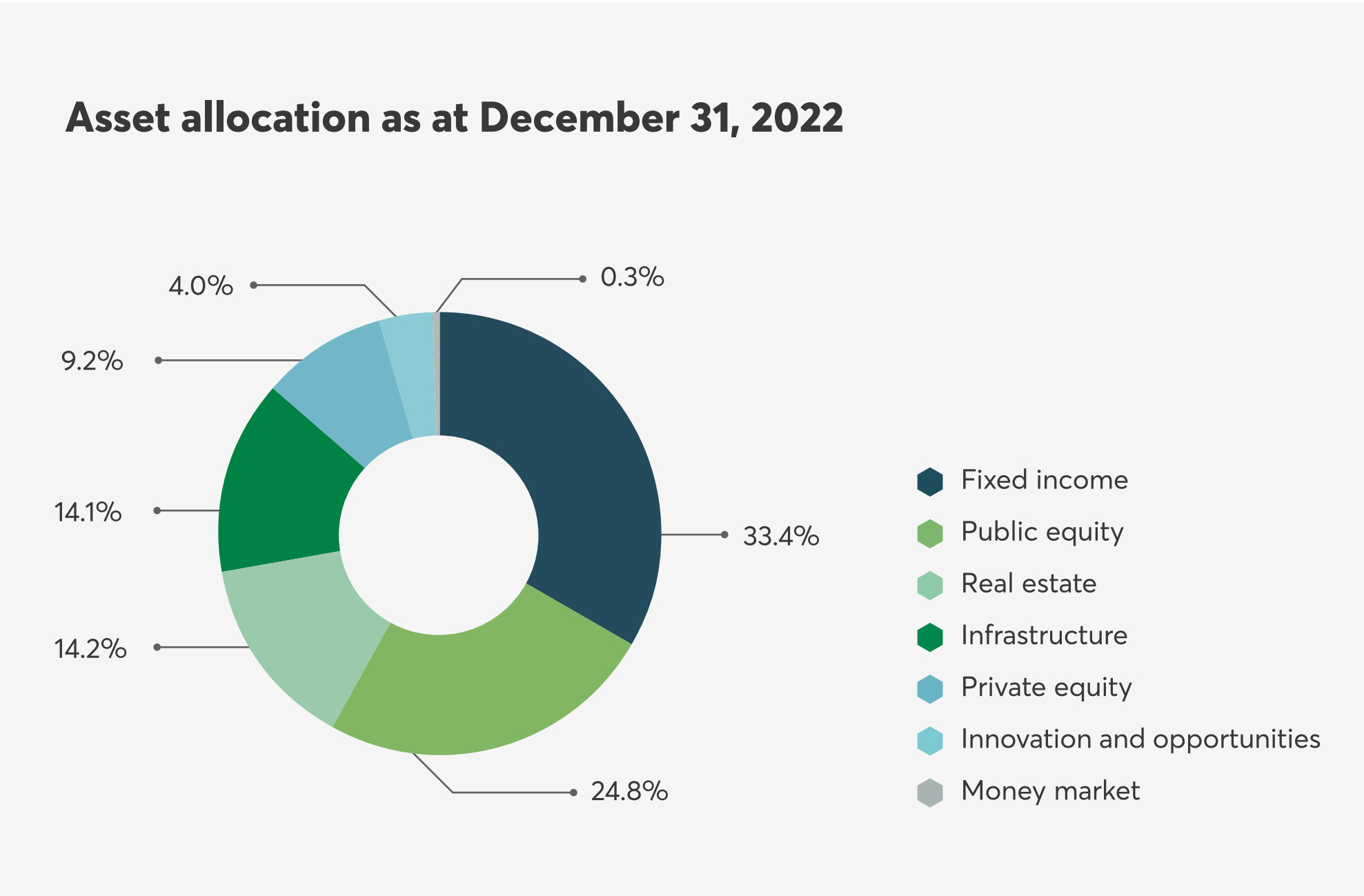


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STRATEGIC ASSET ALLOCATION

A strategy designed to protect the financial health of the Plan

The strategic allocation is designed to maximize resilience in a volatile context and help us gradually improve the Plan’s long-term financial health. We simulate a multitude of economic scenarios to ensure achievement of these objectives in as many plausible economic contexts as possible. We continually roll out initiatives to optimize our activities and improve results.



Two separate portfolios, two different goals

The Plan’s assets are divided into 2 portfolios with different goals. These portfolios contain asset classes that are chosen to achieve the objectives of the total portfolio.

Performance portfolio

The objective of the performance portfolio is to help the Plan achieve its long-term target return, so that we can maintain contributions at a reasonable level for Plan members and employers.

The performance portfolio consists of the following asset classes: public equity, real estate, infrastructure, private equity, and innovation and opportunities.

The target asset mix aims to benefit from the effects of diversification to achieve the long-term target return. Our investment teams are always on the lookout for innovations with good outlooks for returns based on risk and the extent to which new investments might complement the total portfolio.

Matching portfolio

The objective of the matching portfolio is to match assets with liabilities at the target level, so that we can protect the Plan’s financial health, minimize volatility and comply with the organization’s risk budget.

The Plan’s liabilities, which consist of the payments promised to Plan members, are very affected by interest rate fluctuations. To effectively close the gap between assets and liabilities, the portfolio includes securities that are sensitive to interest rate fluctuations, such as fixed-income securities and other derivatives.

The objective of the matching portfolio is to match assets with liabilities, rather than to predict interest rate changes. Normally, when rates rise sufficiently, both the matching portfolio and liabilities yield a negative return. However, even in this context, if the matching portfolio outperforms the liabilities, the Plan’s financial health improves.

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GLOBAL PRESENCE

The Plan invests worldwide, allocating capital to the most attractive opportunities and working with the best partners. In the current highly competitive environment for high-quality assets, our well-established network of partners worldwide, with whom we make diverse investments, sets us apart from our competitors.



RIVIÈRE-DU-MOULIN WIND FARM
Quebec City, Canada
Partner: EDF Renewables
Photo credit: Joan Sullivan

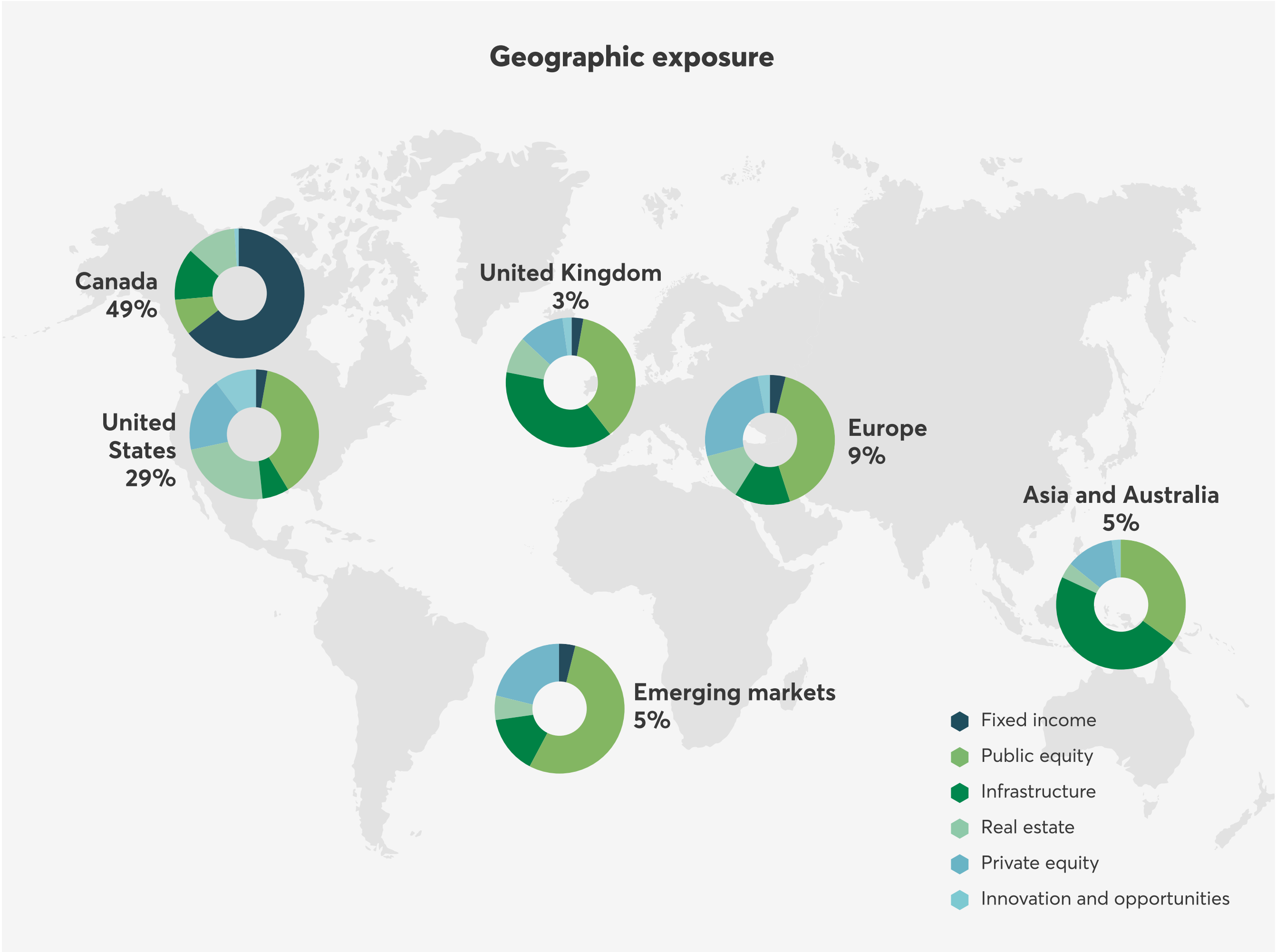


HARMONY TELECOMMUNICATIONS TOWER
Ohio, USA
Partner: Ardian



MESERO LOGISTICS HUB
Mesero, Italy
Partner: AXA IM

Geographic exposure



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ASSET MANAGEMENT



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ECONOMIC CONTEXT

Inflation was a major theme in 2022 in terms of the economy. The strong recovery in global demand, energy price spikes intensified by Russia’s invasion of Ukraine and international supply chain issues contributed to rising prices. In most major economies, inflation reached levels not seen since the 1980s.

In an effort to prevent inflation from becoming permanent, many central banks, including the Bank of Canada, tightened their monetary policies with significant key interest rate hikes. Price increases slowed in the second half of the year, but inflation remained very high. A strong labour market and the resulting rising wages were significant impediments to lowering prices.

The Canadian economy saw strong growth for 2022 despite the monetary tightening. However, growth did not occur equally across the board. The most interest rate-sensitive sectors, like real estate, saw a dramatic downturn during the year, and the full impact of the key interest rate hikes on the economy has not yet been seen. Economic forecasts for 2023 point to a slowdown or possibly even a mild recession.

Finally, forecasts of economic slowdown have undermined investor confidence. Stock market downturns were widespread, but the Toronto Stock Exchange came away relatively unscathed, benefiting from the surge in energy prices. Bond markets, which are usually high performers in periods of volatility, were hit hard by the significant interest rate hikes.

Despite the challenging economic context, the Plan’s financial health remained stable thanks to our financial strategy, which is focused on risk management.



Message from the Director of DGPP Investments



Frédéric Godbout
CFA

The challenges of 2022 provided confirmation of our asset management approach.

We believe that the investment philosophy and processes are crucial to having a coherent framework.

For us, preparation is the key to long-term success. Studying the markets, observing fund trends and thinking about value creation are crucial to every investment plan. Accordingly, by having a high-quality asset allocation strategy and working on our strategy and investment plans, we can make the portfolio resilient and provide multiple sources of added value.

This year, the team’s agility meant we could closely monitor the impacts of the economic environment and quickly seize business opportunities.

The next few years will be driven by the ongoing desire to improve and optimize risk in relation to returns on assets.

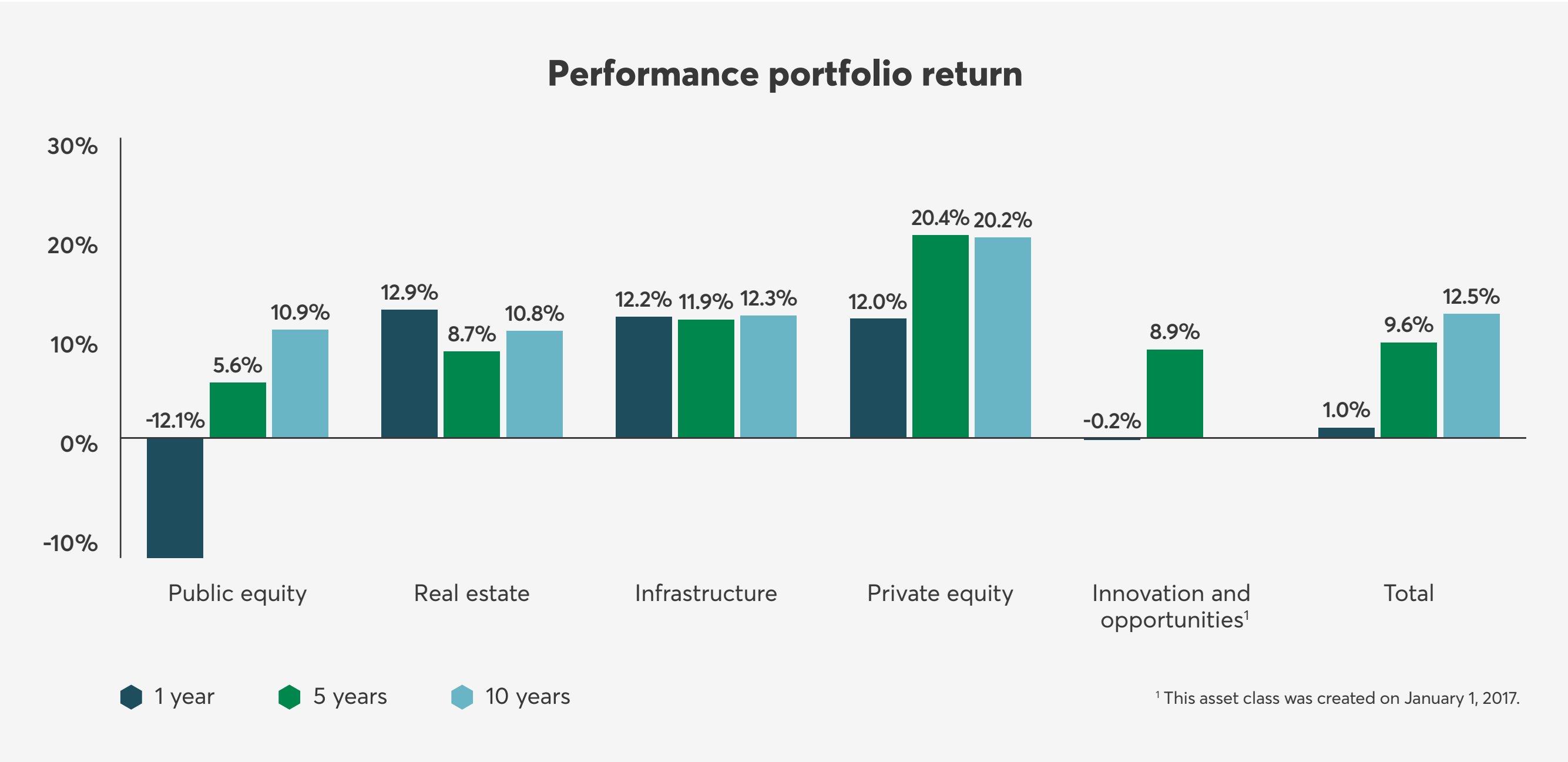
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PERFORMANCE PORTFOLIO

The objective of the performance portfolio is to help the Plan achieve its long-term target return, so that we can maintain contributions at a reasonable level for Plan members and employers.

This objective has been achieved, with a remarkable 10-year annualized return of 12.5%. All asset classes posted long-term annualized returns that were higher than their respective target returns, helping the DGPP preserve its financial health.

Despite stock market downturns during the year, the performance portfolio had a positive return of 1.0% for 2022, which translates to \$303 million value added. Illiquid assets played their role in diversification, demonstrating strong resilience in the face of difficult economic outlooks.



The DGPP's investment teams carried out 47 transactions in 2022, or about \$1 billion in new investments.

12.5%
10-year
annualized return

\$303M
Added value in 2022

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PERFORMANCE PORTFOLIO

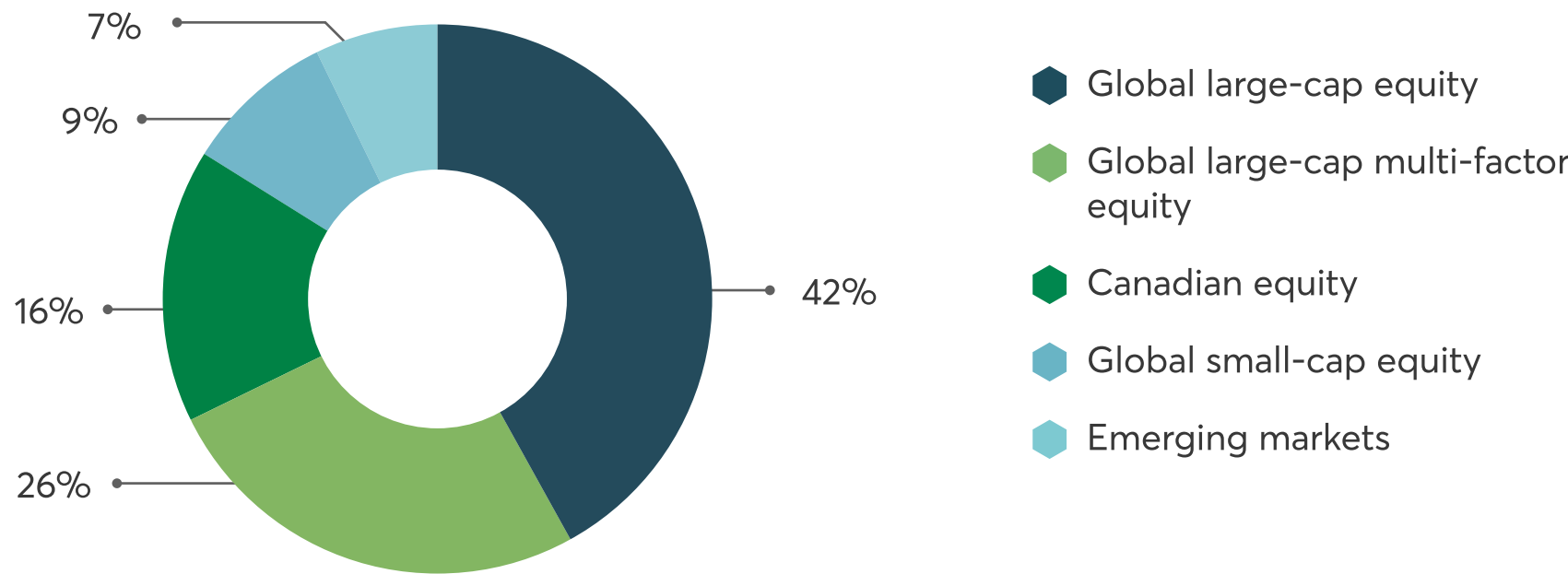
Public equity

Strategy

Take advantage of the stock market’s expected long-term returns to fund the Plan at a lower cost and ensure access to emergency liquidity.

\$3.7B Net assets	-12.1% Return	-11.4% Target	-0.7% Value added	5.6% 5-year return
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Strategic allocation



Result

In 2022, the global indexes finished the year in negative territory. Interest rate hikes combined with escalating tensions in Eastern Europe contributed to increased risk premiums for stocks, which in turn caused markets to slump.

The diversified profile of the portfolio did not perform as well as the indexes given a divergence in certain areas. For example, an under-allocation

in energy and materials had a negative effect on results.

The strong performance of Canadian equity mandates and global value and multi-factor equity mandates should be noted. However, growth equity mandates and emerging markets mandates faced greater challenges.

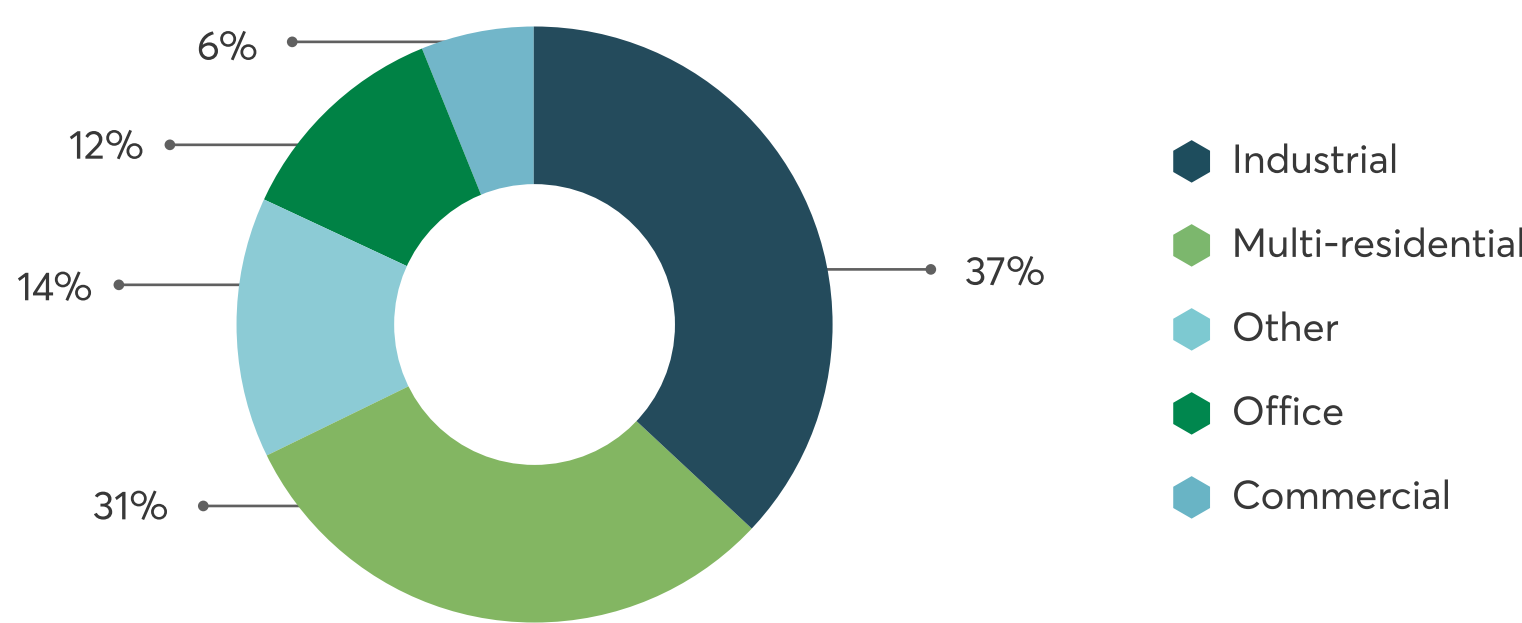
Real estate

Strategy

Acquire real estate assets whose total return is mostly based on current income, combined with growth potential and sensitivity to inflation..

\$2.2B Net assets	12.9% Return	5.1% Target	7.8% Value added	8.7% 5-year return
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Sector allocation



Result

The real estate portfolio’s solid performance in 2022 is attributable to its exposure to sectors with excellent fundamentals, specifically the industrial and residential sectors. Conversely, the portfolio remains underexposed to office and retail, two sectors that are currently facing major headwinds. Alternative real estate sectors are attracting an increasing amount of institutional investments and have also contributed to the portfolio’s solid performance this year.

After the exceptional returns seen in the first half of the year, the rapid interest rate increases had major impacts on real estate returns in the second half of the year. Finally, in the last quarter of the year, the main private real estate indexes recorded negative performance.

Monetary policies of the major central banks will have a significant impact on the outlook for returns in real estate in the next few quarters.

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PERFORMANCE PORTFOLIO

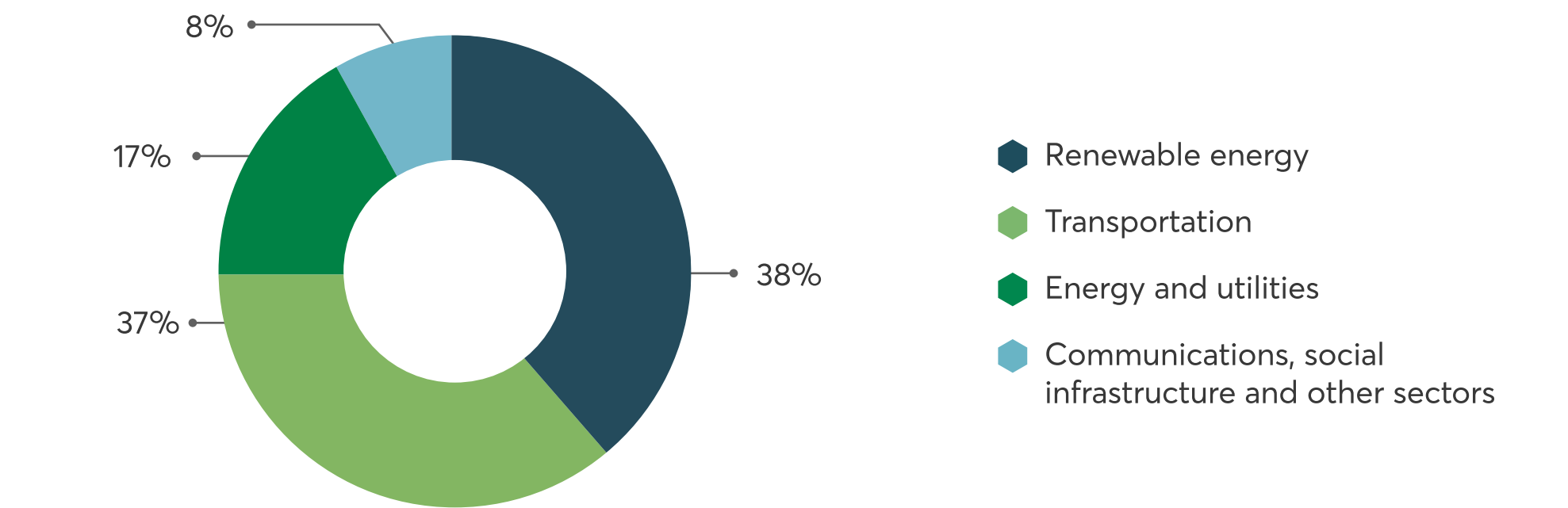
Infrastructure

Strategy

Generate strong, predictable current income and improve matching between Plan assets and liabilities.

\$2.2B Net assets	12.2% Return	6.1% Target	6.1% Value added	11.9% 5-year return
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Sector allocation



Result

The portfolio's performance surpassed expectations in 2022 despite a tumultuous economic context, demonstrating the resilience of this asset class. The portfolio's positioning, generally placed in traditional high-quality assets through experienced partners, continues to pay off. Its diversification across sectors and geographic areas contribute positively to its performance.

The portfolio assets performed well in the context thanks to income generally benefiting directly or indirectly from inflation-adjustment mechanisms. Despite investors' concerns about the direction of interest rates, these adjustment mechanisms, combined with sustained demand for infrastructure assets, have so far mitigated the impact of interest rate hikes on valuations.

The DGPP is always on the lookout for investment opportunities that will bring more diversification and resilience to the portfolio.



RIGHT HONORABLE HERB GRAY PARKWAY
Ontario, Canada
Partner: Connor, Clark & Lunn Infrastructure



HUB BLACKSBURG STUDENT HOUSING
Virginia, USA
Partner: Harrison Street



NATUS MEDICAL INCORPORATED
Wisconsin, USA
Partner: ArchiMed

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PERFORMANCE PORTFOLIO

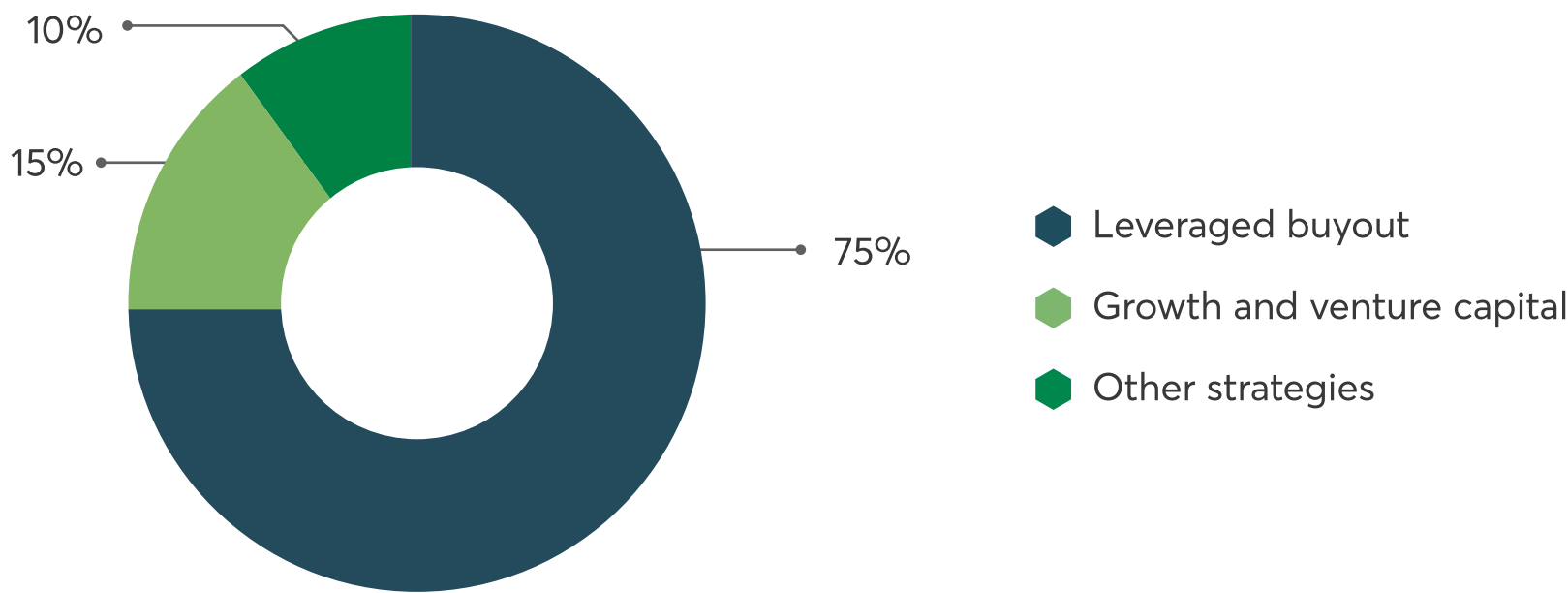
Private equity

Strategy

Expose the portfolio to economic growth and higher potential returns, rounding out public equity through a focus on size and liquidity premiums.

\$1.5B Net assets	12.0% Return	6.6% Target	5.4% Value added	20.4% 5-year return
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Strategic allocation



Result

Despite the challenging economic environment, the private equity portfolio proved to be resilient and was able to generate a 12.0% absolute return. The portfolio’s value added beyond the benchmark can be explained by the solid performance of most of the mandates under management along with the overweighting of leveraged buyout strategies.

However, private markets sometimes adjust late and valuations could face downward pressure at the start of 2023. Inflation, supply chain disruptions, turbulent stock markets and growing concerns about a possible recession are creating an increasingly uncertain economic environment.

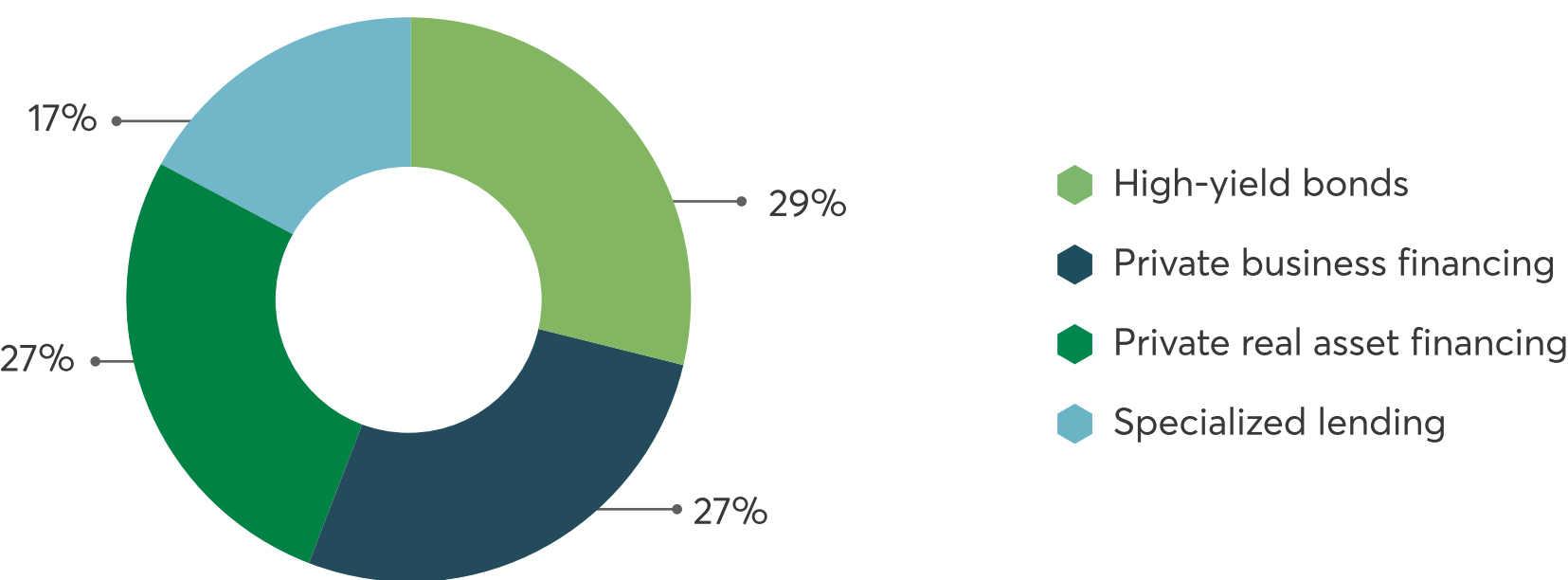
Innovation and opportunities

Strategy

Take advantage of the subprime market’s credit and liquidity risk premium and improve risk-adjusted performance of the total portfolio.

\$0.6B Net assets	-0.2% Return	-6.8% Target	6.6% Value added	8.9% 5-year return
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Strategic allocation



Result

The innovation and opportunities portfolio’s value added beyond the US short-term bonds benchmark was generated by strong performance by most of the portfolio’s private mandates, particularly private business financing. Interest

rate hikes were favourable given most of the investments have floating rates. Convertible bonds, on the other hand, were negatively impacted by market volatility.

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MATCHING PORTFOLIO

The objective of the matching portfolio is to protect the Plan’s financial health against changes in interest rates.

In 2022, the Plan remained in solid financial health despite the volatile economic context. Interest rate hikes had the effect of reducing both the matching assets and the liabilities of the Plan. Because of this, the DGPP preserved its excellent financial health.



Conversely, if interest rates had dropped, the strategy would have protected the Plan’s financial health by making sure a significant portion of the assets increased to offset the increased value of the Plan’s commitments.

Although the strategy may result in greater volatility for returns, it protects and stabilizes the Plan’s financial position. The strategy also ensures that contributions remain stable, guarantees that the Plan can pay out pensions at any time and helps the Plan comply with the level of risk the organization wants to take on.

Generally speaking, the matching portfolio is a pool of bonds and other fixed-income securities. These securities can be managed in the portfolio itself (“fixed-income portfolio”) or through strategies used to overlay the asset portfolio (“bond overlay”). At the end of 2022, there was \$3.9B in the bond overlay portfolio.

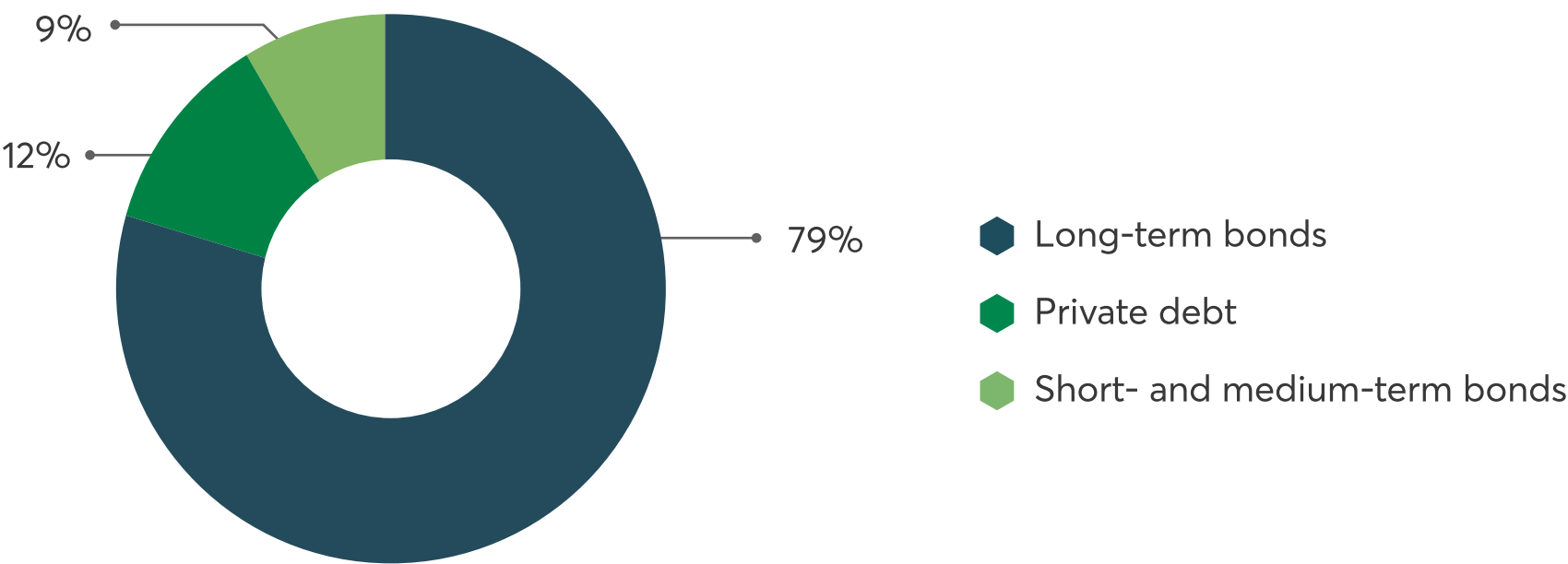
Fixed income

Strategy

Achieve and maintain the target matching level between Plan assets and liabilities to minimize volatility in the financial position.

\$5.2B Net assets	-20.4% Return	-20.5% Target	0.1% Value added	-0.5% 5-year return
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Strategic allocation



Result

The Bank of Canada and many other central banks raised interest rates several times in 2022 to contain inflation at target levels. These interest rate hikes led to an increase in bond yields in Canada, the United States and Europe.

Since the majority of the bonds in the portfolio have a long duration with maturity dates of more than 10 years, the impact of interest rate hikes on bond values was rather pronounced, with a negative return of -20.4%.

Similarly, higher interest rates decreased the present value of liabilities to an extent equal to the decrease in the value of the matching portfolio. In this context, the fixed-income securities portfolio did its job of liability matching.

Several hedge ratio optimization transactions were performed during the year in the context of rate volatility. These transactions and active management of portfolio mandates provided for better returns than the target return. Ultimately, they help preserve the Plan’s excellent financial health.

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RESPONSIBLE INVESTMENT STRATEGY

In 2022, Desjardins Group continued to demonstrate leadership in responsible investment (RI), and the Plan made efforts toward this end.

As a long-term investor, the DGPP believes that efficiently managing environmental, social and governance (ESG) risks and opportunities can have both a positive impact on the financial returns of our investments and a real positive socio-economic impact on communities. Over the past few years, we have worked to update the Plan’s practices, in cooperation with our business partners, so we could smoothly and carefully integrate ESG factors. That’s why the DGPP is a proud signatory of the [Principles for Responsible Investment](#) developed by investors with the support of the United Nations and, most recently, an investor member of [GRESB](#), a benchmark for responsible real estate investment.

Outlook on Europe

For several years, the European Union has pursued a formal strategy for responsible finance and has sought to promote investment in sustainable assets. Any portfolio manager operating in the EU must now explain and thoroughly classify its RI strategies. Benefiting from this regulatory environment, some of Europe’s leading managers are working with the Plan to achieve our financial and sustainability objectives.

Outlook on the United States

In the U.S., the Biden administration created major economic incentives in 2022 with the enactment of the *Inflation Act*, which will inject over U.S.\$360 billion into the energy transition over the next 10 years. As the DGPP has several strategic relationships operating

in this market, we are continuing to examine opportunities related to this ambitious program so that Plan members can benefit from them.

Outlook on Canada

At the crossroads of these two worlds, Canadian institutional investors continue to display a high rate of belief in the merits of RI. In particular, Quebec’s financial community made a concerted effort to convince the International Sustainability Standards Board (ISSB) to set up an office in Montreal. The ISSB is a wide-scale initiative dedicated to setting disclosure standards for ESG data.

DGPP objectives

Despite these efforts, sustainability challenges remain unprecedented. All the global indicators for global warming, biodiversity and social inequality remain extremely troubling. In addition, there’s still significant progress to be made toward understanding the complex energy transition in the years ahead of us, both for the DGPP and our partners.

Regardless, the Plan will move forward with both optimism and caution to carry out our RI strategy, **in line with the objective of the Plan’s new RI policy:**

- Help preserve the DGPP’s long-term financial position
- Increase the DGPP’s positive impacts on society

Message from the Director of DGPP Legal Affairs, Governance and Responsible Investment



Patrick Chillis
LLB, MBA

More than ever, we are facing never-before-seen environmental and social challenges that are generating wide-scale risks on the markets.

Our RI approach became more complex and structured over the course of the past year, with the goal of putting the Plan in a good position to contend with these challenges and become a model for our peers.

More specifically, we completely overhauled the RI policy, created a strategic committee and began involving the RI team in the entirety of our investment processes. RI is firmly becoming a more essential and strategic component of our business practices.

The thorough work of our governance and legal affairs teams has also helped the DGPP remain a leader in the continual integration of best practices that are essential to the performance of fiduciary duties.

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GOVERNANCE AND ANALYSIS

Enhanced RI governance

Two major factors helped enhance our RI governance in 2022:

Overhaul of the [Responsible Investment Policy](#)

This policy sets out clear expectations of our managers in terms of the level of RI commitment we expect from them and establishes clear responsibilities for teams involved in the investment processes.

Creation of a Responsible Investment committee

This committee in the DGPP Division bolsters the strategic cross-sector role of RI. The committee is made up of senior executives and experts from the DGPP’s investment, risk management and asset allocation teams.

Internal training

In 2022, the RI team ran a dozen RI training activities for the Retirement Committee and for the investment, risk management and asset allocation teams.

Enhanced ESG analysis

In 2022, the DGPP became an investor member of [GRESB](#), an internationally recognized organization dedicated to providing and compiling ESG data about real estate and infrastructure assets. This membership will facilitate access to comprehensive data and analysis tools, which will help us benchmark these assets in terms of responsible investment.

RI embedded into investment decisions

Since 2022, the DGPP’s investment teams have been using an RI analysis grid as soon as they begin doing comparative analyses on strategic partners who are likely to be selected to manage the Plan’s funds. In doing so, we ensure that we get an initial RI perspective before we move further into the manager selection process.

After that, the Responsible Investment team meets with selected external managers to participate in due diligence and monitor their RI performance.

59

Meetings

with external portfolio managers

55% increase

compared to 2021



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INFLUENCE STRATEGY

Extensive exercise of voting rights

The first focus area of the DGPP’s impact strategy is the exercise of proxy voting rights, which enables us to promote good environmental, social and governance practices.

In alignment with Desjardins Group’s mission and values, the DGPP has a policy defining the [rules governing the exercise of proxy voting rights](#).

Recently, Canadian corporations received the largest number of shareholder proposals seen in the last decade, along with a record number of social and environmental proposals.

However, quantity is not quality. Like the vast majority of players, the DGPP supported a smaller proportion of these shareholder proposals: 48% between August 1, 2021, and July 31, 2022, compared to 58% in the previous period. This is owing to the sometimes overly prescriptive nature of the proposals.

In addition, anti-ESG shareholders submitted proposals that were sometimes lumped into categories with environmental and social themes and did not match the objectives supported by the DGPP. This also led to a lower rate of support for these proposals.

Shareholder dialogue

In order to promote best practices for financial sustainability, the DGPP encourages partners to maintain open and constructive dialogue with companies in the portfolio about ESG factors that are relevant to their business model. The DGPP also supports partners in promoting ESG best practices specific to each industry, asset class or strategy in the portfolio.

Signatory of:



27,500

Votes cast

2,125

General meetings

August 1, 2021 to July 31, 2022
Including Desjardins exchange-traded funds in DGPP accounts

Proportion of votes



93%

Proportion of DGPP portfolio managed by managers who are PRI signatories
(based on fair market value)
Or 58 out of 74 strategic managers

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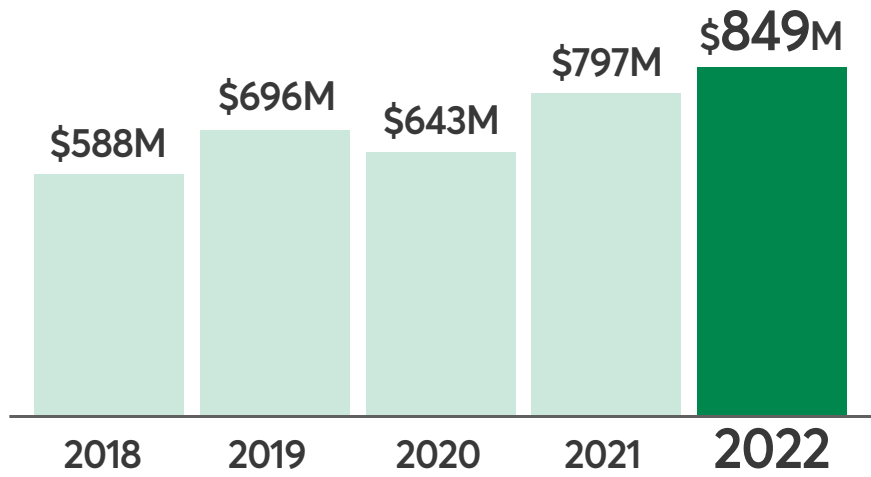
POSITIVE IMPACTS

Renewable energy

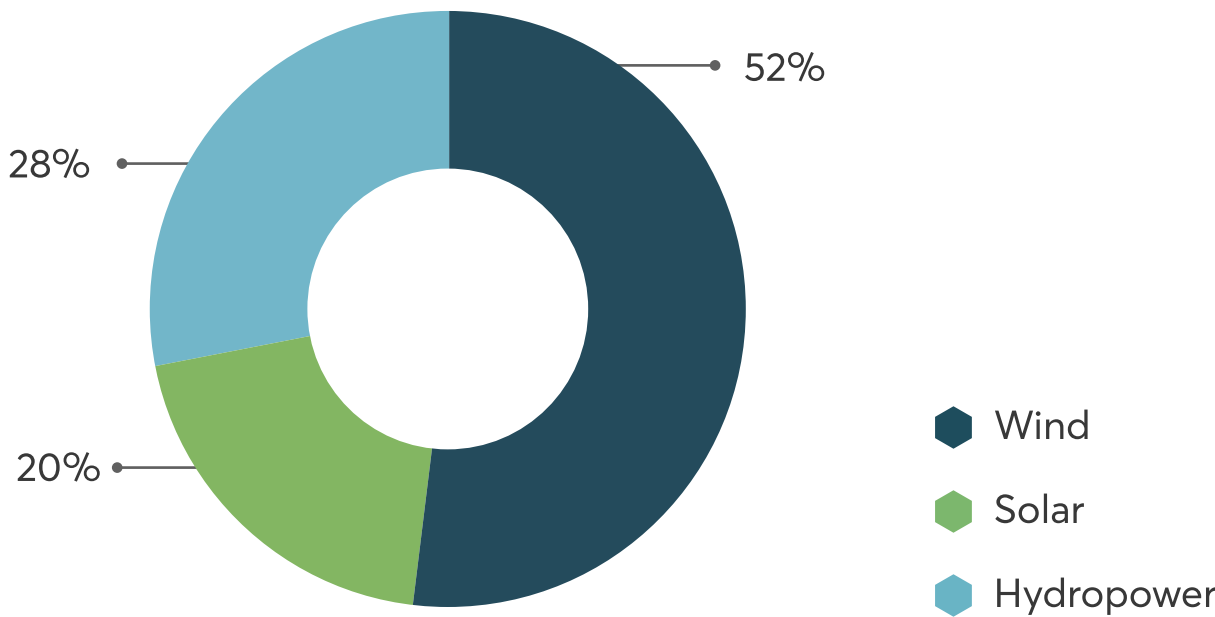
The DGPP’s infrastructure portfolio has nearly \$2.2B in total assets. Of those assets, equity investments in the renewable energy sector total \$849M.

The DGPP’s fixed-income securities portfolio also includes mezzanine debt associated with infrastructure assets in the renewable energy sector totalling \$204M.

Value of renewable energy assets in infrastructure portfolio



Infrastructure asset allocation by type of renewable energy



Carbon footprint

On December 31, 2022, the publicly traded securities in the DGPP’s portfolios had a 24% smaller carbon footprint than the average of companies listed on the stock and bond indexes.

In 2022, we began work intended to strengthen our climate change objectives and expectations using science-based targets. However, this work will continue in 2023 so that we can set out a new DGPP climate strategy using international best practices in this area.

\$1B

Investments in renewable energy infrastructure

Measuring impact

A growing number of portfolio managers are now promoting so-called impact solutions with the intention of generating positive, measurable social and environmental impacts and offering financial returns that are comparable to the market. The Plan closely examines developments in practices in this domain and has joined hands with two new partners demonstrating a sophisticated approach in this area.

As a private investment fund manager specializing in healthcare, [ArchiMed](#) is the first fund the Plan has invested in that has a sustainability impact embedded into its investment objectives (good health and well-being) and is recognized as such under Europe’s sustainable finance legislative framework.

The Plan also recently invested in [SOFIAC](#), an organization with a singular business model: it assumes the financial and technical risks of major decarbonization and energy transition projects in real estate and then is reimbursed with a portion of the savings generated.



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GOVERNANCE STRUCTURE

Fédération des caisses Desjardins du Québec (the “Federation”)

Through its Board of Directors, the Federation assumes the responsibilities of Plan sponsor. The Federation’s Board of Directors has decision-making power in certain areas, including:

- Changes to the DGPP Regulation
- The nature and terms of benefit payments to Plan members
- Contribution rates

The Federation stands surety for the obligations associated with the participation of all Desjardins employers in the DGPP.

Desjardins Group Retirement Committee (DGRC)

Under the powers vested in it by the *Supplemental Pension Plans Act* and by the DGPP Regulation, the DGRC is in charge of:

- Administering the Plan soundly in the best interests of Plan members
- Paying Plan members and their survivors the benefits they are entitled to

The DGRC is the trustee of the pension fund. It must exercise the prudence, diligence and competence that a reasonable person would exercise in similar circumstances.

In 2022, the DGRC held 5 meetings and the participation rate was of 98%.

Investment Management Committee (IMC)

The IMC has 6 members, who are appointed by the DGRC based on their skills and expertise. It is composed of the DGPP’s Vice-president, Director, Legal Affairs, Governance and Responsible Investment, Director, Financial Strategy and Operations, Director, Investments, Manager, Investment Strategy and Risk Management (non-voting member), Wealth Management and Life and Health Insurance Department from the Risk insurance Division.

This committee is tasked with selecting and tracking investments according to the asset allocation strategy and the investment policy adopted by the DGRC.

The committee meets at least every other week to closely monitor developments and act quickly when needed.

The DGRC is committed to sound Plan governance

Enhanced group profile

The DGRC’s [enhanced group profile](#) identifies the skill sets that individuals who are designated to serve as committee members should have. This helps the committee, as a group, ensure that it has the skills needed to exercise its role and functions in an optimal way.

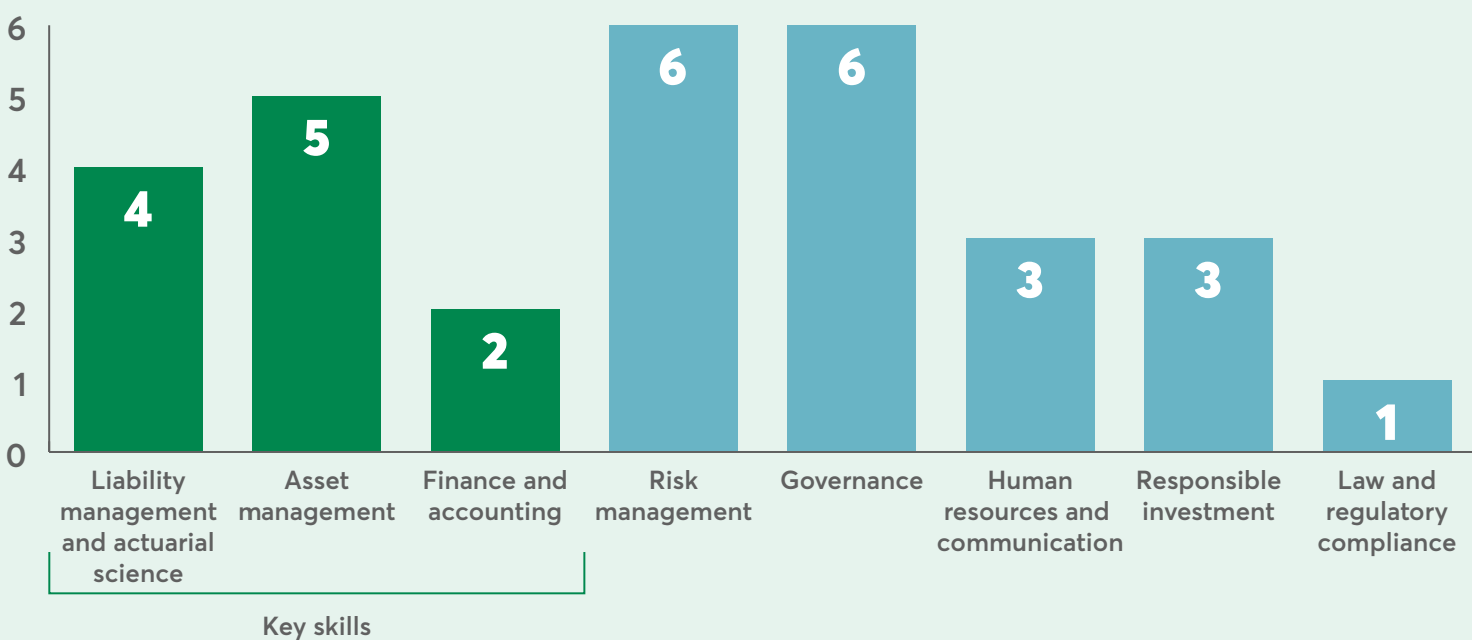
In 2022, after a skills assessment exercise was performed, three new members were appointed to the committee, confirming the fact that **the DGRC, as a whole, has all the required skills and knowledge.**

In addition to a diversification of skills and expertise, diversity in terms of gender, age, culture and seniority within the committee is desirable, in order to promote efficiency and innovation.

Training for committee members

A wide range of training is given to all new DGRC members to help them fulfill their responsibilities. A continuing education program, with group and individual components, is also offered to all committee members.

Number of committee members with required skill set



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RETIREMENT COMMITTEE MEMBERS

The DGRC has 11 members, 7 of whom are appointed by the Federation’s Board of Directors and 4 of whom are elected by Plan members through an electoral process happening in conjunction with the annual meeting.



Member appointed by the Federation’s Board of Directors
Denis Latulippe
FCIA, MBA, MSc, ASC
Chair
Professor,
School of actuarial science,
Université Laval



Member appointed by the Federation’s Board of Directors
Stéphane Trottier,
MErgS, ASC
Vice-Chair
Board member, Desjardins
Ontario Credit Union



Member appointed by the Federation’s Board of Directors
Maryse Lapierre,
LLB, DDN, ASC
Secretary
Board member,
Caisse populaire Desjardins
des Ramées



Member appointed by the Federation’s Board of Directors
Claudia Champagne,
PhD, MSc, BBA
Board member,
Caisse Desjardins
des Deux-Rivières
de Sherbrooke



Member appointed by the Federation’s Board of Directors
Bernard Morency,
FCIA, ICD.D, FSA
Adjunct Professor, HEC
Montréal, Retirement and
Savings Institute



Member appointed by the Federation’s Board of Directors
**Patricia-Ann Sarrazin-
Sullivan, C.Adm.**
Board member,
Caisse Desjardins du
Plateau-Mont-Royal



External member appointed by the FCDQ’s Board of Directors
Marc St-Pierre,
MSc, CFA
President,
MSP & Associates



Member appointed by active members
Dominic Laurin, MBA
Market-Linked Products
Manager, Guaranteed
Product Development
and Financial Modelling,
Wealth Management and
Life and Health Insurance,
Desjardins Investments



Member appointed by retirees, beneficiaries and members with a deferred pension
Jacques Dignard, CRIA
Desjardins retiree



Non-voting member appointed by active members
Brigitte Chabarekh,
CPA, BBA
Director, Financial
Operations Centre,
Operations Executive
Division, Fédération des
caisses Desjardins du
Québec



Non-voting member appointed by retirees, beneficiaries and members with a deferred pension
Robert Desbiens, MSc
Desjardins retiree

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INVOLVEMENT OF DESJARDINS TEAMS

DGPP Division

The DGPP Division helps the DGRC fulfill its many responsibilities.

The team’s hard work to oversee the financial management and administration of your pension plan so that the Plan can honour its promises to you.

To build our team, which now includes over 70 employees, we tapped experienced employees and also recruited fresh new talent. Our newer employees have developed their skills during their time with the Division and will be ready to take the reins when the time comes.



Always on the cutting edge

Our goal is to deliver a pension plan that is exceptional, high-performing and resilient so that you can enjoy the pension you’ve been promised.

We know that innovation and modernization of our activities are essential to achieving that. Because of this, we’re working to optimize all of our activities.

ACTIVITIES	TARGETS
Communications and Plan member experience	Modernize and update the resources and services we offer Plan members to better support you and help you make informed retirement decisions.
Risk management	Strengthen the integrated and dynamic management of our risks across our entire value chain to improve the DGPP's ability to handle complexity in a constantly changing environment.
Strategy and investment	Innovate in our strategies, business development and cross-sector collaboration to generate the expected added value and place the DGPP among the ranks of the best investors in the market.
Responsible investment	Increase the DGPP's positive impact on sustainable development and contribute to its long-term financial health with integrated risk management of environmental, social and governance factors.
Modernization and operational control	Continue upgrading our IT ecosystem and simplify operations to increase our analytical capacity and increase organizational agility.

Other collaborators

Desjardins Financial Security
Administrative manager of the Plan and investment partner

Desjardins Trust
Asset custodian

Total Compensation and Workplace Relations Division
Plan sponsor representative

Desjardins Global Asset Management
Investment manager

Desjardins General Insurance Group Inc.
Investment partner

Fédération des caisses Desjardins du Québec
Banking services

In addition, for investment management and compliance purposes, the Plan also relies on a number of external partners to ensure administrative and operational efficiency.

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FINANCIAL REPORT

The enclosed financial information is extracted from the audited financial report of the DGPP as at December 31, 2022, on which PricewaterhouseCoopers LLP expressed an unqualified opinion on February 21, 2023.

\$15.2B
Net assets

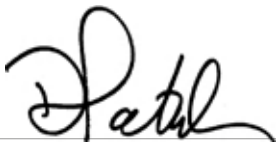
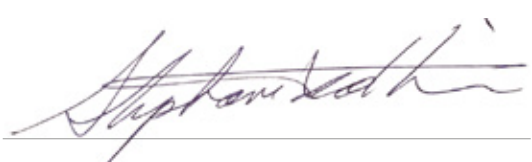
6th
largest private pension
fund in Canada¹

¹ Source: BenefitsCanada (June 2022)
2022 Top 100 Pension Funds Report

Desjardins Group Pension Plan Statement of net assets available for benefits

As at December 31, 2022	In thousands of Canadian dollars	
	2022	2021
Investment portfolio		
Investment assets		
Bonds and bond funds	\$7,998,603	\$12,533,702
Equities and equity funds	3,747,123	4,350,675
Real estate investments	2,218,363	1,855,027
Infrastructure investments	2,201,417	1,908,729
Private equity	1,519,222	1,331,595
Specialty finance securities ¹	621,246	713,689
Other investments	26,790	30,480
Cash and money market securities	342,978	454,034
Securities borrowed or purchased under reverse repurchase agreements	36,930	345,729
Derivative financial instruments	74,923	97,431
	18,787,595	23,621,091
Investment liabilities		
Commitments related to securities lent or sold under repurchase agreements	(3,369,681)	(5,389,306)
Derivative financial instruments	(142,649)	(12,868)
Total investment portfolio	15,275,265	18,218,917
Employer contributions receivable	31,060	25,341
Employee contributions receivable	16,725	13,684
Other assets	144,357	157,555
	192,142	196,580
Other liabilities		
	(247,850)	(206,225)
Net assets available for benefits	\$15,219,557	\$18,209,272

Approved by the Desjardins Group Retirement Committee

 , member  , member

¹ For the purposes of financial disclosure, this investment category is also called Innovation and opportunities.

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Desjardins Group Pension Plan

Statement of changes in net assets available for benefits

\$806M

Contributions

\$524M employers

\$282M employees

\$644M

Benefit payments

\$550M in pension benefits

Directly contributing to the economies of Quebec and Canada

For the year ended December 31, 2022	In thousands of Canadian dollars	
	2022	2021
Increase in net assets		
Net investment income		
Bonds and bond funds	\$150,974	\$200,577
Equities and equity funds	77,752	77,213
Real estate investments	40,417	42,860
Infrastructure investments	86,285	68,086
Private equity	10,316	8,681
Specialty finance securities ¹	19,634	39,864
Cash and money market securities	2,409	412
Other income	5,415	4,254
	393,202	441,947
Change in the fair value of investments and derivative financial instruments	(3,378,798)	698,059
	(2,985,596)	1,140,006
Contributions		
Employer contributions	523,773	430,810
Administrative expenses	(22,569)	(19,731)
	501,204	411,079
Employee contributions	282,031	233,252
Contributions net of administrative expenses	783,235	644,331
	(2,202,361)	1,784,337
Decrease in net assets		
Benefits paid		
Pension benefits	550,220	525,753
Reimbursements	85,481	85,059
Death benefits	7,946	18,566
	643,647	629,378
Investment management, custodial fees, transaction and other costs	87,316	82,163
Performance fees	56,391	109,084
	787,354	820,625
Net increase (decrease) in net assets	(2,989,715)	963,712
Net assets available for benefits at the beginning of the year	18,209,272	17,245,560
Net assets available for benefits at year end	\$15,219,557	\$18,209,272

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MEMBER SERVICES

Even more responsive to Plan members

With the DGPP, you get a team ready to give you personalized, helpful assistance. Your feedback is important to us, and we’re always striving make our services even better.

In 2022, we had 36,000 conversations with Plan members, with a 96% satisfaction rate.

We delivered over 130 presentations, including 90 as part of the retirement planning program. We also went even further to cater to your needs, creating new webinars to help you understand your annual statement and how to use the pension simulator. In total, over 5,000 Plan members watched a live or recorded presentation.

In order to keep our services modern and user-friendly, we are continuing our efforts to improve the training we offer and update our tools.

Questions about the Plan?
Need help? Contact us!

DGPP Member Services

1-866-434-3166

Send a secure message through the DGPP website at rca-dgp.com

Your tools

The DGPP website at rca-dgp.com features [educational videos](#) and information about what happens with the Plan for various events that may happen in your life.

Your [personalized annual statement](#) shows the amounts the DGPP could pay you at various retirement ages.

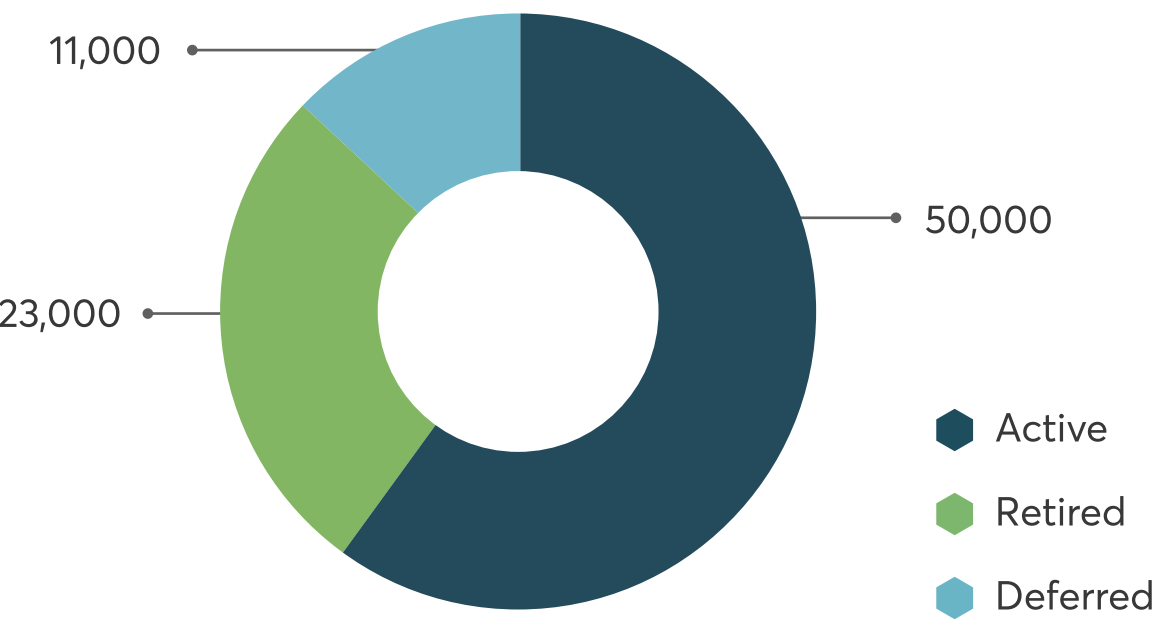
The [pension simulator](#) lets you estimate the amount of your pension and see the options offered for the dates you choose.

For employees who are 50 or older, the [retirement planning program](#) consists of 5 courses to help you plan your retirement, including one course about the DGPP.

Our [webinars](#) will help you gain a better understanding of your annual statement and learn how to use the pension simulator.



Plan member status



1,200
New retirees

61 years old
Average retirement age

\$24,400
Average pension benefit paid out

35,000
Projected number of retirees in 2032

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PLAN ADVANTAGES

Secure

The DGPP is a defined benefit pension plan.

It offers you peace of mind, because it promises a stable and predictable pension that's protected against market uncertainties, for your entire retirement.

You enjoy a turnkey pension plan since the DGPP is managed by your employer, who also assumes more of the risk.

Only **20%** of Canadian employers in the financial, banking and insurance sectors offer a defined benefit pension plan to their employees.

Advantageous

The DGPP is a major part of the compensation that Desjardins offers employees.

Your employer contributes more than you do.

For every **\$1** you pay into the DGPP, Desjardins contributes **\$1.85** to fund the Plan.

It's also a powerful retirement savings tool.

You have the assurance of getting back at least **175%** of your contributions with interest if you leave Desjardins before the age of 55 (subject to application of a solvency ratio), which is more than the general trend among defined contribution pension plans.

Distinctive

Your pension is calculated using a generous formula and offers unique features.

Your pension is calculated based on your best-paid years over the course of your career and the number of years you've been a Plan member.

You can retire as early as **55** with an adjusted pension, or you can retire as early as **62** with a non-adjusted pension for service from 2009 and onward.

You can also choose among very practical payout options depending on your goals and financial needs at retirement.

Depending on when your years of service were, your pension will be partially indexed at **1%** over a 10-year period or at **3%** per year for your entire retirement to help you stay protected against inflation.

Strong

The DGPP is in an excellent financial position. This means it's in a great position to meet all of its commitments.

The Plan's funding ratio is **119%**. This means that for every **\$1** of pension benefits that the Plan has promised you, the Plan has **\$1.19** in assets.

The Plan is committed to responsible investment.

Environmental, social and governance factors are taken into consideration throughout the investment process.

Approximately **\$1B** is invested in renewable energy.



