

# Our path to net zero



USING OUR INFLUENCE IN THE FIGHT  
AGAINST CLIMATE CHANGE



# Our path to net zero

Economic prosperity is largely dependent on climate stability. Extreme weather events can lead to considerable losses of life and property, drive up food prices, undermine supply chains and jeopardize long term performance. As a firm with strong socioeconomic convictions, Desjardins Investments has an important role to play in climate action, especially when it comes to limiting the global temperature increase to 1.5°C as set out in the Paris Agreement.<sup>1</sup>

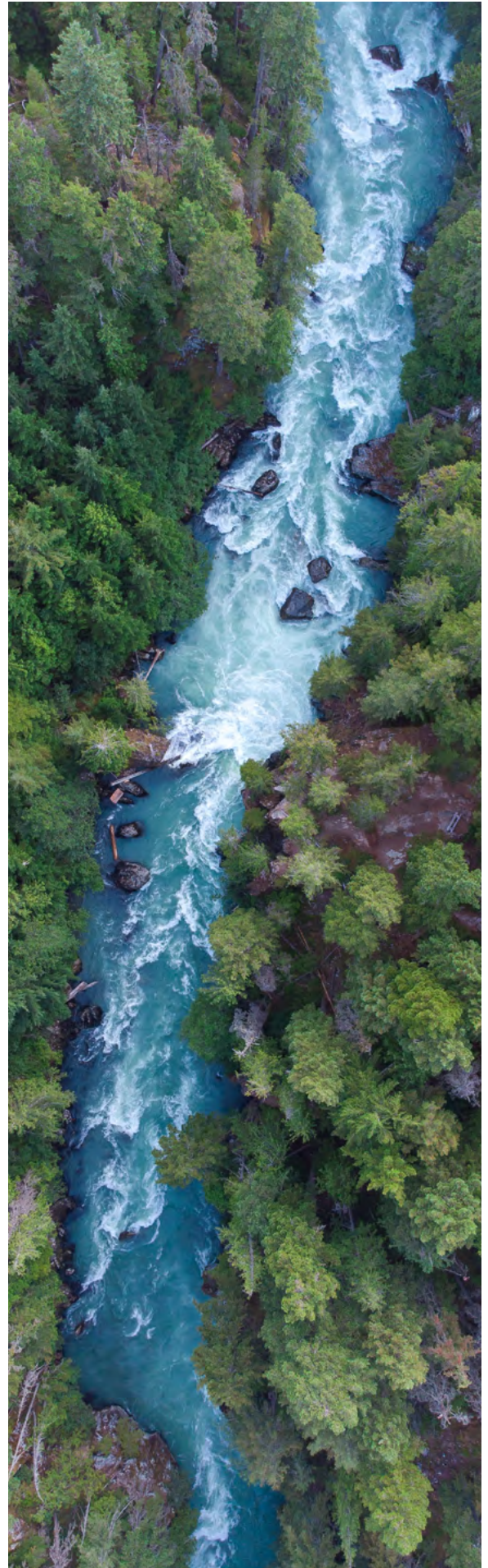
Our investors are concerned about climate risks and would like their capital to contribute to the transition to a lower carbon economy.

**Net zero** means reducing greenhouse gas emissions as close to zero as possible, so that any emissions remaining in the atmosphere can be absorbed by our forests and oceans.<sup>2</sup>

Our main responsibility is to ensure the capital entrusted to us is managed in the best interests of our members and clients. Since reducing greenhouse gas emissions (GHG) in the real economy is in line with this goal, we're putting our energy into doing just that.

<sup>1</sup> Learn more about the [Paris Agreement](#).

<sup>2</sup> Source: [UN Environment](#)





# Ambition

Desjardins Investments has set a goal of achieving net zero emissions by 2050 for the entire portfolio, starting with our line of Desjardins Sustainable Funds and Portfolios.

More specifically, we use our influence to urge the companies in our portfolios to steer their activities, products and services in this direction.

## What is stewardship?

Stewardship is the use of shareholder rights and influence by institutional investors to maximize overall long term value for clients, including the value of common economic, social and environmental assets on which their interests depend.

*UN Principles for Responsible Investment*

We use the levers of stewardship to influence businesses and help them align their activities with net zero objectives.

### LEVERS



Engagement  
(or dialogue)



Collaborative  
engagement



Escalation



Voting



Engagement  
with  
policymakers

Glossary ▶

These actions serve to strengthen the work we've already done, such as excluding fossil fuel producers and transporters from the Desjardins Sustainable line<sup>3</sup> and investing in climate solutions.

<sup>3</sup> More information on exclusions specific to Desjardins Sustainable Funds in our [Responsible Investment Policy](#).

# Our priorities

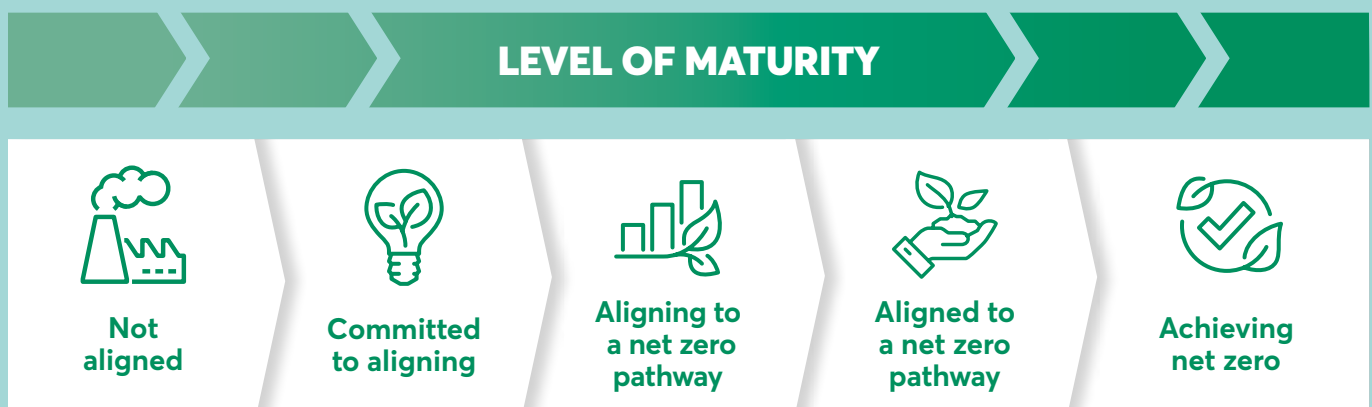
We prioritize engagement with companies that make a significant contribution to financed emissions, starting with companies included in Desjardins Sustainable Funds.

In our portfolio, just **45** companies account for **70%** of our financed emissions.<sup>4</sup>

Our goal is to support these companies in hopes that they'll strive to reach GHG reduction targets, make the necessary investments, and do their part to get there.

## How do we assess company alignment?

Following the Net Zero Investment Framework, assessments are based on the company's level of maturity and credibility with respect to its goals, as well as how it intends to implement its climate action plan. We're committed to reporting on how our collective efforts are progressing every year.



## Here are a few examples of actions a company can take to demonstrate progression on the maturity scale:

- Publishing a **long term goal for 2050** that is compatible with the concept of net zero emissions at a global level
- Setting short and/or medium term **emission reduction targets**
- **Disclosing direct emissions** (and indirect emissions for relevant sectors)
- Demonstrating that its current **emissions are in line with reduction targets** (whether direct or indirect, depending on the sector)
- **Adopting a credible plan** to reach its targets
- Demonstrating that **capital allocation is compatible with the plan**

<sup>4</sup> As at December 31, 2023, 70% of our financed emissions come from equities and bonds issued by companies in material sectors of the Desjardins Sustainable range. (Source: Desjardins Investments).



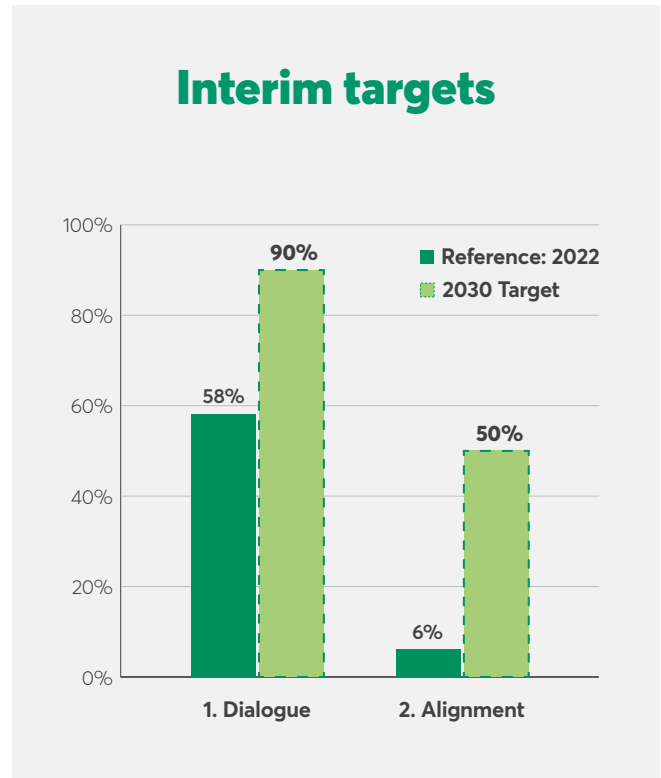
# Success metrics

## 1 Establishing a dialogue

Companies accounting for at least 70% of financed emissions included in Desjardins Sustainable Funds will be subject to engagement dialogue by 2025. The target will then be raised to 90% by 2030.

## 2 Accelerating alignment

We aim for companies accounting for at least 50% of financed emissions included in Desjardins Sustainable Funds to be in the "Achieving net zero" or "Aligned to a net zero pathway" categories of the maturity scale by 2030.



For Desjardins Investments, the path to net zero is made up of tangible actions to reduce greenhouse gas emissions in the real world.

However, the global economy is not on track to reach net zero emissions by 2050 yet.

Desjardins Investments recognizes that the achievement of its climate ambition also depends on the actions and commitments of governments and policymakers, which must enable the objectives of the Paris Agreement to be met.

As a signatory of the [Net Zero Asset Managers](#) initiative, Desjardins Investments is committed to working towards these collective climate goals, in the interest of all members and clients.

# Definitions

[Return to page 3](#) ▶



## Engagement

Interactions between an investor and portfolio companies to promote ESG practices, generate real-world outcomes in terms of sustainable development, or to improve public disclosure. Dialogue is a form of engagement.



## Collaborative engagement

Commitment made in partnership with other investors who have the same objectives.



## Escalation

If engagement with an investee or issuer is unsuccessful, investors can use escalation strategies to step up their efforts, particularly by filing shareholder resolutions, using voting power to replace unresponsive directors, or speaking out publicly (such as an op-ed in the media).



## Voting

Action of exercising shareholder voting rights on resolutions submitted by management or shareholders to communicate their views to a company and input about key decisions, such as director appointments and board pay.



## Engagement with policymakers

Interactions between an investor and public policymakers or regulatory bodies on key issues that affect the entire portfolio, such as climate change.

All the above definitions are inspired by the [Principles for Responsible Investment](#).

[Return to page 4](#) ▶



## Financed emissions

Financed emissions refer to greenhouse gas (GHG) emissions induced by holding a financial asset, such as shares or corporate bonds. Companies in which asset managers invest emit GHGs through their activities and their entire value chain, and asset managers contribute indirectly to these emissions.



## **Desjardins Investments Inc.**

Desjardins Funds Customer Service  
514-286-3499 (for the Montreal region)  
1-866-666-1280

[info.desjardinsfunds@desjardins.com](mailto:info.desjardinsfunds@desjardins.com)

[desjardinsfunds.com](https://desjardinsfunds.com)

## **Desjardins. Investment solutions for sustainable growth that counts.**

Desjardins Investments Inc. (DI), manager of the Desjardins Funds, is one of Canada's largest mutual fund manufacturers, with \$39.9 billion in assets under management as at December 31, 2023. DI offers a broad range of investment funds to Canadian investors. In addition, DI is one of the most committed actors in promoting and advancing responsible investment in Canada.

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

Desjardins®, all trademarks containing the word Desjardins, as well as related logos are trademarks of the Fédération des caisses Desjardins du Québec, used under licence.

