

Desjardins Group

Sustainable Development Policy



The purpose of the Desjardins Group Sustainable Development Policy ("Policy") is to set out how Desjardins ("Desjardins") should incorporate Sustainable Development into its business model and activities in line with its mission and values as a cooperative financial institution. Desjardins has adopted this Policy with a view to prioritizing the best interests of its members and clients, providing support to their communities, and ensuring its longevity as an organization.

Through its scale and local presence, Desjardins can positively influence its entire ecosystem for the benefit of current and future generations.

OBJECTIVES

- To provide a framework for:
 - Adopting strategic directions and objectives to encourage innovation and performance in the area of sustainable development and Responsible Finance in terms of both business practices and management.
 - Ensuring consistency between the governance documents adopted by all Desjardins entities and components in the area of sustainable development and Desjardins's alignment in their implementation.
 - Ensuring that sustainable development is incorporated into overall performance management.
 - Ensuring that Desjardins's reporting system is aligned with industry best practices.
 - Encouraging Desjardins's stakeholders to participate in its efforts to promote sustainable development in communities and transition toward a sustainable and responsible economy.
 - Providing a foundation for identifying and analyzing the main risks and business opportunities associated with ESG factors.

SPECIFICS OF THE POLICY

- To the extent permitted by the scope of its operations and its financial capacity, Desjardins commits to:
- Including sustainable development in its goals, strategic and financial objectives and risk management, as described in Desjardins Group's Policy on Environmental, Social and Governance Risk Management.
 - Gradually incorporating ESG factors into all of its business decisions, including, where applicable, the participation of local communities, the Lifecycle Approach and the Precautionary Principle.
 - Setting performance targets and indicators in line with this Policy, especially for carbon neutrality.
 - Providing guidance to Desjardins members about taking a sustainable development approach to their consumer choices and lifestyle habits, including personal finance.
 - Supporting communities in their initiatives relating to sustainable development and the Just Energy Transition.

- Developing directors' and employees' skills in sustainable development, responsible finance and the risk of greenwashing ESG statements.
- Leading by example to influence public policy and encourage businesses and individuals to commit to sustainable development and the just energy transition.
- Reporting on the enforcement of this Policy in its extra-financial disclosure according to applicable regulations and internationally recognized standards and norms set out by organizations, such as the International Sustainability Standards Board, Global Reporting Initiative and the Sustainability Accounting Standards Board.

RESPONSIBILITY, ENFORCEMENT, AND REVIEW

The Office of the Secretary General and Governance and Sustainable Development Division is responsible for enforcing this Policy.

It works with the business sectors, support functions and caisse network to decide how it will be implemented and for support in doing so.

Its responsibilities include:

- Ensuring regular communication with stakeholders and periodically undertaking more in-depth consultations to identify issues that can lead to strategies and measures to ensure compliance with this Policy.
- Using the issues identified to propose actions and tools that can help the business sectors, support functions and caisses/branches build on Desjardins's ESG goals.
- Chairing and overseeing the ESG Steering Committee, a sub-committee of the Management Committee, to propose ESG positions to other governing bodies that will ensure Desjardins-wide consistency.
- Helping teams in charge of sustainable development and responsible finance communications to strengthen the integrity of ESG statements early on.
- Reporting annually, at minimum, to the Desjardins Group Management Committee, the Corporate Governance and Responsible Finance Commission and the Board of Directors.
- Proposing amendments to this Policy to ensure it evolves in response to issues.

The Corporate Governance and Responsible Finance Commission is responsible for supervising the enforcement of the Policy and for approving high-level action plans and monitoring their progress using pre-set indicators.

The business sectors and support functions are responsible for conducting the activities and achieving the objectives set out in the action plans. They are also responsible for their own reporting processes, including any internal reporting required to monitor indicators and action plans.

Biodiversity (or biological diversity)

All land-based, marine and other aquatic ecosystems and the ecological processes they belong to. It encompasses all living things, including varieties created by genetic engineering or selective breeding. This diversity is the biosphere, the tangle of living organisms that makes it possible for human beings to exist on earth.

Climate Change

The long-term alteration of weather patterns, including temperature, precipitation, and wind. This includes changes in both average weather conditions and in their variability, including changes in extreme conditions, for example. These changes are caused by an increase in the planet's overall temperature due to human-induced greenhouse gas emissions, most of which are related to the massive use of fossil fuels and changes in land use, such as deforestation and some farming practices.

ESG Factors

ESG stands for environmental, social and governance. ESG Factors often serve as the 3 pillars of an extra-financial analysis. They look at the following considerations:

- Environmental: waste management, greenhouse gas reductions, prevention of environmental risks, etc.
- Social: accident prevention, employee training, labour rights, subcontracting chain, social dialogue, etc.
- Governance: board of director independence, management structure, the existence of an audit committee, anti-corruption, etc.

ESG statement

An ESG statement is a public statement about environmental (including climate), social and governance practices.

Greenwashing

Marketing or communications strategies that rely on false or misleading information to make people believe that an activity or product is more environmentally friendly than it actually is. By extension, this also applies to statements about social or governance practices that are out of line with current realities or previous commitments.

Just Energy Transition

The energy transition involves transitioning society from its dependence on fossil energy to a low-carbon economy. A just transition ensures a future and means of subsistence for workers and their communities and factors in environmental, social, and economic considerations.

Lifecycle Approach

An approach that considers the impacts of a product or service throughout its lifecycle, i.e., from manufacturing through use to end of life.

Precautionary Principle

The principle that, if there is uncertainty about the environmental impact of a decision, it should be made in such a way that prevents the risk of serious and irreversible damage.

Responsible Finance

Financial practices that take extra-financial criteria (like ESG Factors) into account in addition to financial criteria. It's a way to help shift society and the economy toward a more sustainable economy.

Stakeholder

Any individual or legal entity that influences Desjardins or is likely to be affected, positively or negatively, by its decisions. Desjardins's stakeholders include participants in its economic activities (Employees, members, clients, vendors, directors), observers (unions, non-governmental organizations), and those influenced directly or indirectly by its decisions (civil society, local communities, etc.).

Sustainable Development

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. One objective of sustainable development is for governments, businesses, and individuals to assess the economic, social, and environmental consequences of their decisions, business and management practices, and policies.