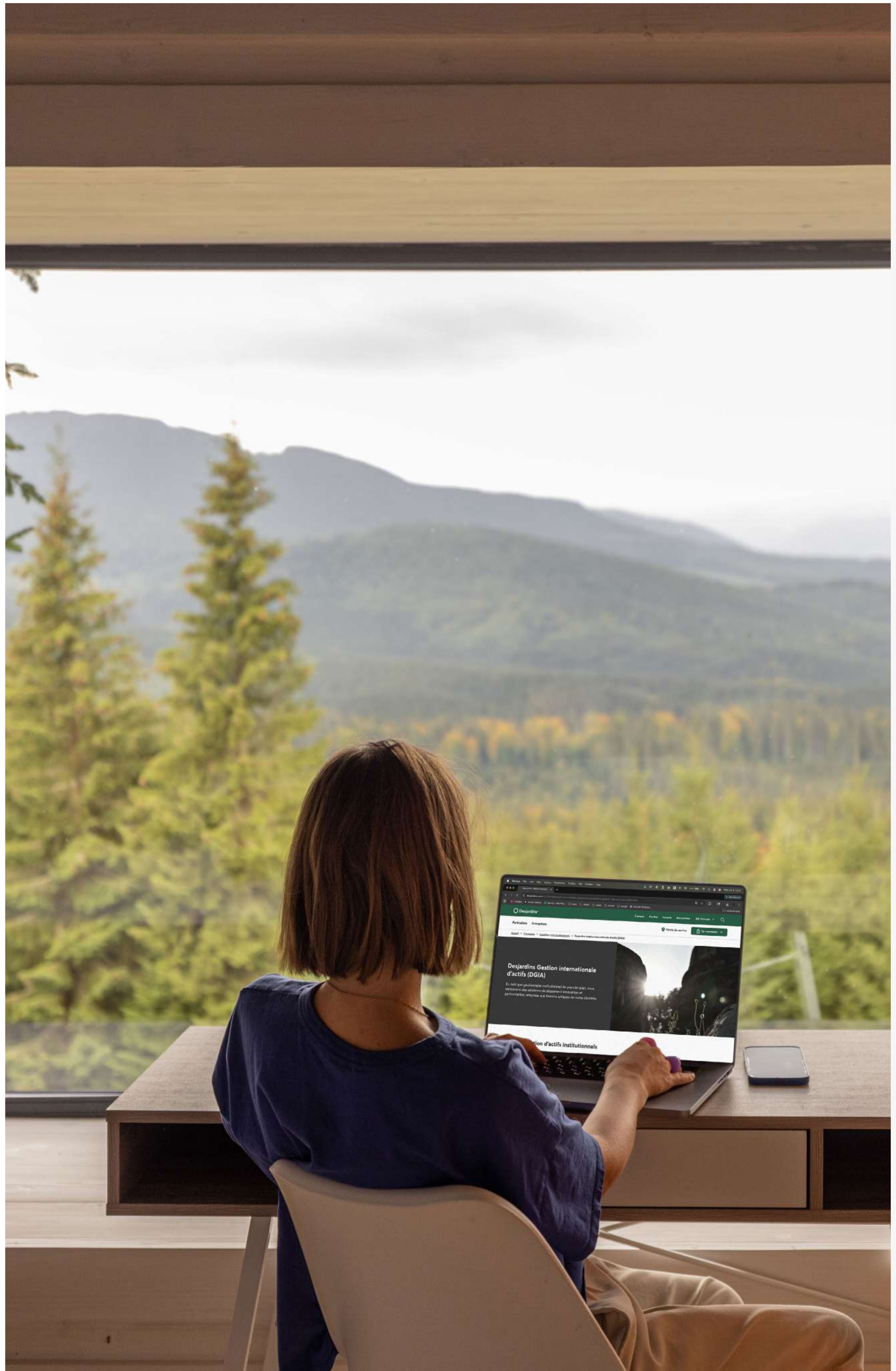
Responsible Investment Report

2025

Desjardins
Global Asset Management

dgam.ca



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Messages from management

"If companies backtrack on their commitments due to the uncertain political and regulatory environment, ESG risks will only grow. The many setbacks witnessed (regulation, engagement, reporting) make our efforts in responsible investment (RI) all the more relevant. In a constantly changing environment, our analytical work remains the same: understanding the effects of ESG issues, whether positive or negative, and continuing to manage our portfolios accordingly."

Nicolas Richard

Head of Canada & UK

Isabelle Laprise

Managing Director and Chief, Responsible Investment

Moving forward with pragmatism and conviction in a demanding environment

The year 2025 put players in sustainable finance to the test. Regulatory rollbacks, trade uncertainty and geopolitical tensions made for a challenging environment. These headwinds complicated the execution of our work and contributed to reducing general interest in ESG considerations. Despite this context, we continued to move forward, driven by the conviction that the sustainability issues affecting our portfolio companies are not receding.

SOLID FOUNDATIONS IN THE FACE OF HEADWINDS

Current challenges do not eliminate sustainability-related risks. The themes that guide our work remain relevant, and our RI convictions are intact, as the integration of ESG factors is essential to managing risks and identifying opportunities in our portfolios.

We continue to work closely with our internal and external partners to advance RI research, particularly on climate change. This theme remains especially important to our clients that have adopted targets, in addition to representing a systemic risk with the potential for significant impact on business operations and the communities in which they operate. The most recent data from the Copernicus Climate Change Service is striking: taken together, the past three years (2023–2025) have shown an average temperature more than 1.5 °C above the preindustrial level, a first over three consecutive years.

Beyond short-term turbulence, we are seeing signs of encouraging developments. Despite a period marked by polarized debate and regulatory uncertainty, asset managers' application of RI approaches is becoming clearer, and there is growing interest in deepening understanding of the underlying issues, particularly regarding risk management and portfolio resilience.

Two other trends are shaping our work and worth highlighting: rising expectations regarding responsible artificial intelligence (AI) and stricter climate disclosure requirements for financial institutions (banks and insurers), in a context where the data needed for disclosure is not regulated, or only minimally so.

A YEAR OF STRUCTURING ACHIEVEMENTS

In 2025, DGAM's RI expertise continued to shine and strengthen through our close and ongoing collaboration with investment teams, our discussions with companies, our participation in conferences, panels, and expert groups, as well as our active involvement in talks addressing financing needs associated with the climate transition.

We are also very proud that DGAM's Systematic ESG World Equity strategy was selected by Investi to be part of the equity component of its platform. Investi is an initiative of Innocap and Finance Montréal aimed at accelerating the growth and visibility of sustainable finance solutions. Our selection, which followed rigorous due diligence, is based on the depth of our RI research, the strength of our investment process, and our capacity for innovation.

In terms of expertise, we strengthened our capabilities for implementing our clients' decarbonization targets and the new climate disclosure regulatory requirements. Our team began work to develop an analytical framework on responsible AI. We also developed a tool for enhanced monitoring of conflict-affected areas, in order to better map portfolio exposure to geopolitical issues and to more effectively identify and manage risks related to human rights violations in those regions.

The year 2025 was also marked by the creation of DGAM's RI Sub-Committee, which I have the honour of chairing, that brings together representatives from several teams, including portfolio managers, members of my team and client relations leads. Reporting to the Executive Committee, this sub-committee now provides an official channel for collaboration and discussion on key topics: trends, tools, products and solutions, stewardship, and more. I want to thank all teams and internal partners for their sustained commitment in a particularly demanding environment.

I am convinced that, following this complex and polarized period RI is currently experiencing, the organizations that have maintained rigour, adaptability, and innovation will be best positioned for the next phase.

In 2026, a major new undertaking awaits us: the integration of our asset management activities with those of Guardian Capital Group Limited, which will transform this new entity into a multi-jurisdictional organization and require an adaptation of our RI approach. We are taking this step with the determination to keep the interests of our current and future clients front and centre.

Enjoy the read!

Highlights and achievements

2025 in figures

$2.3B invested in renewable energy infrastructure

258 ESG dialogues with companies

15 RI public speaking engagements

11 professionals dedicated exclusively to RI

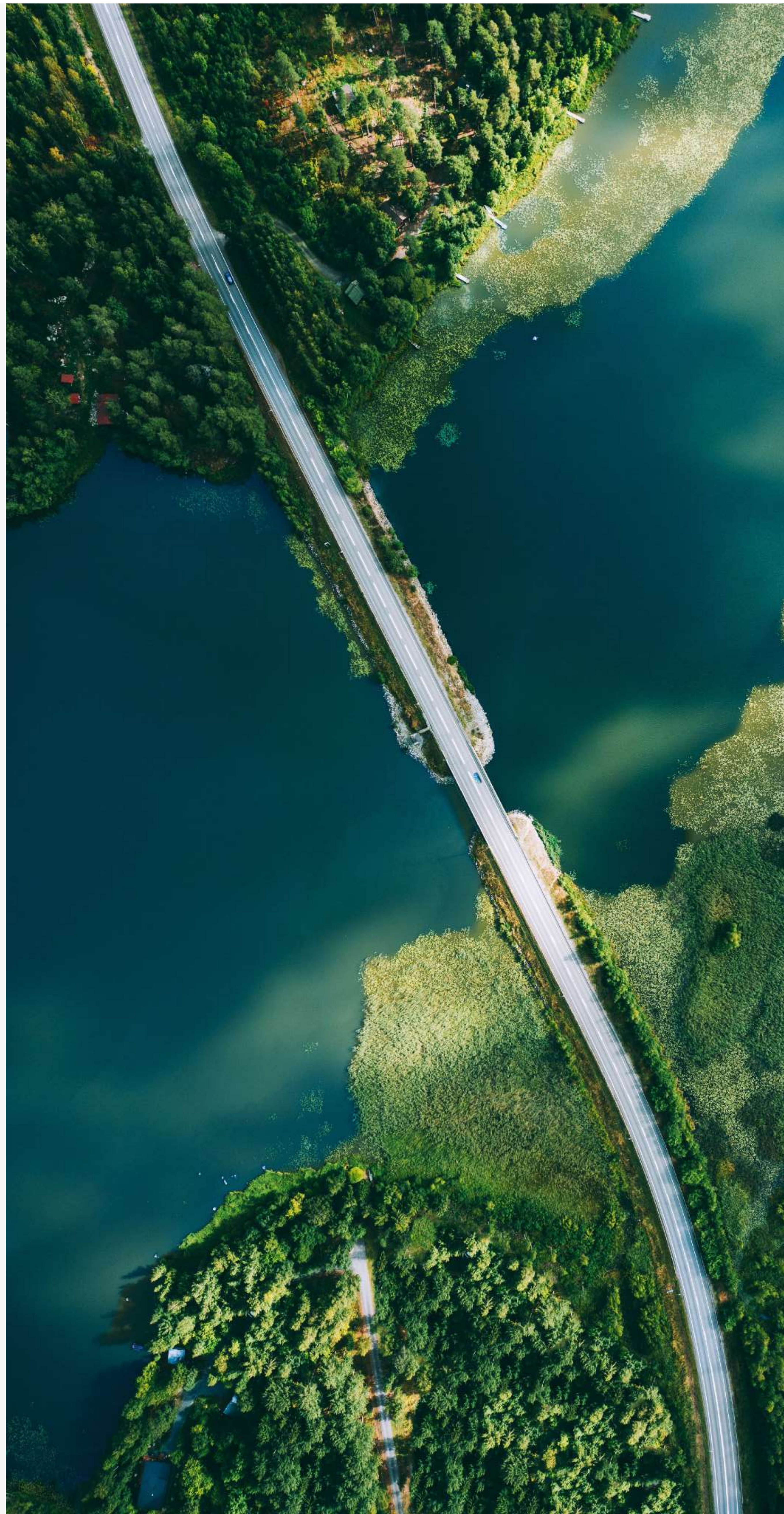
$3.4B invested in sustainable bonds

3,588 shareholder meetings at which we exercised our voting rights

84% GRESB score for our direct real estate investment portfolio

Key achievements in 2025

- Development of an expanded sustainability framework
- Creation of the RI Sub-Committee, reporting to the DGAM Executive Committee
- Update of DGAM's Responsible Investment Policy
- Implementation of new climate disclosure regulatory requirements[1] applicable to Desjardins insurers' investment portfolios
- Publication of a white paper on the integration of biodiversity and natural capital into our investment practices
- Above-median results on the 2025 PRI questionnaire, including scores above 90% in six of the nine categories for which DGAM was assessed
- Development of a tool to better map portfolio exposure to geopolitical issues and to better manage risks tied to human rights violations in affected regions



[1] The Autorité des marchés financiers' (AMF) Climate Risk Management Guideline and Guideline B-15: Climate Risk Management, issued by the Office of the Superintendent of Financial Institutions (OSFI).

DGAM's RI timeline

2011

- Initial internal RI research

2013

- Launch of an Environmental global equity strategy

2014

- Adoption of a proxy voting policy

2016

- Creation of a dedicated RI team
- Launch of the Université de Sherbrooke's Chair in Responsible Investment by Desjardins Group

2017

- PRI signature
- Support of Desjardins Group following the announcement of its commitment to fight climate change

2018

- Launch of a series of RI ETFs focused on climate change
- Adoption of real estate responsible investment guidelines
- Adoption of a shareholder engagement program

2020

- Publication of the first RI Report
- Development of a proprietary ESG rating grid to assess Canadian provincial bonds

2021

- Membership in Climate Engagement Canada, Net Zero Asset Managers, FAIRR and Climate Action 100+ initiatives

2022

- Development of an ESG ranking model by country

2023

- Alignment of RI ETFs with decarbonization trajectories
- Adoption of a priority engagement plan for 50 companies and launch of an engagement plan for emerging markets
- Nature Action 100 initiative membership

2024

- Adoption of a biodiversity target
- Approval by SBTi of Desjardins Group's decarbonization targets implemented by DGAM for the portfolios concerned
- Development of a valuation framework for Canadian municipal bonds

2025

- Development of an expanded sustainability framework
- Implementation of new climate disclosure regulatory requirements applicable to Desjardins insurers' investment portfolios
- Publication of a white paper on the integration of biodiversity and natural capital

Responsible investment approaches

Pragmatic and integrated approaches

At DGAM, financial rigour and the implementation of RI approaches follow the same logic.

OUR CONVICTIONS

RI: A core part of our fiduciary role

We incorporate ESG factors into every stage of our analysis, selection and monitoring process—fulfilling our responsibility as asset managers.

Driving innovation through informed action

We think innovation starts with action based on facts and supported by a comprehensive research process.

Making a difference through active stewardship

Dialogue and proxy voting are key levers of influence that encourage the adoption of better practices, which can ultimately lead to an improved risk-return profile.

Creating long-term value through responsible investment

Our long-term approach to responsible investing enables us to focus on sustainability.

FROM CONVICTIONS TO PRACTICE

Implementing RI practices relies on several complementary approaches, including ESG integration, proxy voting, dialogue, negative or positive screening, thematic considerations, and specific ESG objectives such as decarbonization.

We strategically combine pre- and post-investment activities, depending on the mandates entrusted to us by our clients. In the run-up to investment, our portfolio management approach is comprehensive, pragmatic, and focused on relevance. It is not a matter of systematically layering additional criteria onto financial analysis, but rather of enriching that analysis with a more complete understanding of the risks and opportunities specific to each issuer and each sector. Post-investment, our engagement program and the rigorous exercise of voting rights focus on best practices in corporate governance, the financial materiality specific to each issuer, and our priority themes. This work is complemented by active participation in various research efforts and collaborative initiatives to remain at the forefront of expertise on key issues and how they influence our investments.

This integrated framework helps us ensure a comprehensive process and act in a consistent manner. It also enables better risk management and the ability to seize opportunities across all asset classes, with a view to increasing the long-term return potential of our portfolios.

Our governance

Our RI convictions are deeply rooted in our organization. DGAM is committed to promoting them internally with a governance structure whereby RI is an integral part of the Executive Committee's functions, and the roles and responsibilities of the sub-committees and teams are clearly defined. Integrating these responsibilities across the board helps us implement our action plan, develop and share knowledge, and engage with stakeholders. Even though DGAM has a dedicated RI team, integrating these practices into portfolio management is a responsibility shared by all our employees.

RI roles and responsibilities at DGAM

Executive Committee

Governance responsibilities

Strategic decisions on RI and governance of execution

Investment Sub-Committee	Responsible Investment Sub-Committee
Solutions and Business Development Sub-Committee	Operation Sub-Committee

Responsible Investment Team

Integration responsibilities

Design and implementation of RI approaches and engagement activities, research and innovation, ESG trend monitoring, publication of articles, collaboration with the industry and levers of influence

Investment Team

Integration of ESG criteria in the analysis and portfolio management processes, dialogues with companies and partners on ESG issues

Equity	Fixed income	Real Estate	Infrastructure	Asset Allocation

Investment Strategy Team

Development of RI products and solutions adapted to client needs and market analysis

Our dedicated RI team

DGAM's RI team stands out for its ability to innovate and work closely with all the investment teams. Dedicated exclusively to RI, it brings together professionals from a variety of fields: finance, actuarial science, engineering, sustainability, climate change, environment, human rights, governance, shareholder engagement, ESG data science, and more. This collective expertise allows the team to respond precisely to clients' needs and to propose solutions adapted to market realities.

Continuously monitoring ESG issues, the team works in synergy with financial analysts and portfolio managers to ensure that our investment processes and solutions incorporate RI practices. Its members foster strong ties with the sustainable finance ecosystem and share knowledge with their colleagues and with internal and external partners. Their efforts focus on four areas of responsibility:

- Implementing RI approaches in investments
- Driving RI innovation and expertise through our solutions and collaborations
- Supporting the decarbonization of our clients' portfolios that have targets
- Providing thought leadership

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* Team member who has obtained the CFA Institute's Sustainable Investing Certificate

** Team member who has obtained the CFA Institute's Sustainable Investing Certificate, as well as the Climate Risk, Valuation, and Investing Certificate

Aligning our actions with four structuring themes

At DGAM, we recognize that the current economic model faces major structural challenges that companies either already encounter or will encounter in the future: climate change, declining biodiversity, persistent inequalities, and evolving corporate governance. Over the long term, these interconnected issues represent systemic risks for portfolios while also creating investment opportunities in the sectors and companies that are part of the solution.

To ensure consistency across our activities, we have grouped our priorities under four broad sustainability themes based on various sector materiality studies. These themes, which remained unchanged in 2025, allow us to concentrate our efforts and resources on overarching topics with the greatest transformative potential.

These four themes continue to guide our ESG analyses, shape our engagement efforts with issuers, and inform both our research and the design of new solutions for our clients. By aligning our actions with global issues identified as critical, we help strengthen companies' resilience to these issues where appropriate. This approach is not merely a matter of conviction but of economic reality: the companies that thrive while taking the major challenges of our time into account will be better positioned in a changing world.

Four broad themes for a sustainable transformation of the economy

SUPPORTING THE TRANSITION TO A LOW-CARBON ECONOMY

PROTECTING BIODIVERSITY AND NATURAL CAPITAL

BUILDING A JUST, EQUITABLE AND INCLUSIVE ECONOMY

ENSURING STRONG, HONEST AND RESILIENT GOVERNANCE

DGAM TRANSFORMATION MECHANISMS

ESG INTEGRATION

- Management of material ESG risks and opportunities
- Proprietary, materiality-based ESG rating methodology
- Collaboration between RI experts and investment professionals

INNOVATION

- Team of experts specializing in RI research
- Ongoing monitoring of trends
- Development of new sustainable solutions

STEWARDSHIP

- Exercise of voting rights
- Dialogues with issuers
- Involvement in collaborative initiatives
- Participation in regulatory authority consultations
- Raising awareness and sharing of expertise

RI SOLUTIONS

- Measurement of benefits and reporting
- Transparent marketing
- Agile implementation tailored to client needs

Supporting the transition to a low-carbon economy

DGAM's 2025 achievements

- We took the necessary steps to renew our commitment to the Net Zero Asset Managers (NZAM) initiative, announced in 2026, and we participated in COP30, held in Belém, Brazil.
- We implemented the new climate disclosure regulatory requirements[1] applicable to Desjardins insurers' investment portfolios.
- We actively continued dialogues on climate change, notably as part of our participation in collaborative initiatives such as Climate Engagement Canada and Climate Action 100+.
- We supported 21 shareholder proposals on environment-related issues, covering a range of topics: GHG emissions, impact assessments on nature and communities, emissions disclosure, and recycling.

In 2025, efforts continued globally to improve the planet's climate trajectory, but results remain well short of the targets. Current national commitments put the world on a warming trajectory of 2.3 °C to 2.5 °C by 2100[2], well above the Paris Agreement's ambitious 1.5 °C target. The 2015–2025 period stands as the warmest decade on record[3], a phenomenon whose impacts, such as the frequency and severity of extreme climate events, confirm the reality of physical and transition risks.

On the renewables front, momentum is real: by the end of 2025, renewable energy accounted for 49% of installed global electricity generation capacity and 85.6% of new capacity worldwide, driven mainly by strong growth in solar and wind energy[4].

That said, the transition is proceeding at an uneven pace across regions[5]. Europe remains the most advanced region from a regulatory standpoint, with the Corporate Sustainability Reporting Directive (CSRD) and its green taxonomy, but it must balance environmental ambition with competitiveness. North America is fragmenting, with growing resistance to climate policies in the United States at both the federal and certain state levels[6]. The Asia-Pacific region remains the engine of new renewable capacity worldwide. As for emerging markets, they show strong potential, but their policy and transparency frameworks remain highly varied, requiring distinct analytical tools.

In this context, the energy transition is increasingly linked to energy security, as states seek to strengthen their sovereignty, particularly through the development of renewable energy production capacity. We are also seeing that accelerating global warming is prompting companies, governments and investors to favour climate adaptation solutions, progressively shifting the focus from low-carbon technologies to resilience-focused technologies.

[1] The Autorité des marchés financiers' (AMF) Climate Risk Management Guideline and Guideline B-15: Climate Risk Management, issued by the Office of the Superintendent of Financial Institutions (OSFI).
[2] UN Environment Programme, Off target: Continued collective inaction puts global temperature goal at risk, 2025. unep.org.
[3] World Meteorological Organization, WMO confirms 2025 was one of warmest years on record, January 14, 2026, wmo.int.
[4] International Renewable Energy Agency, Renewable Capacity Highlights, March 31, 2026, irena.org.
[5] The National Law Review, ESG in 2024 and Outlook for 2025 in the US and EU: A Tale of Two Regions, January 7, 2025, natlawreview.com.
[6] The European Corporate Governance Institute, ESG Evolution & Backlash Timeline, ecgi.global.

Protecting biodiversity and natural capital

DGAM's 2025 achievements

- We published our new biodiversity target as part of our commitment to the Finance for Biodiversity Pledge. This target involves pursuing our engagements with companies on biodiversity and natural capital and, by 2027, to classify these engagements under a proprietary framework.
- We published a white paper on the integration of biodiversity and natural capital into our investment practices, outlining DGAM's progress in this area.
- 49 dialogues integrated biodiversity- and nature-related considerations, compared with 32 in 2024, confirming this issue's growing place in our discussions with companies.
- We participated in the World Climate and Biodiversity Summit, held alongside Climate Week NYC, where several working groups explored the best ways to translate biodiversity issues into the language of finance. This is a key challenge in advancing the integration of this issue into institutional investors' practices.

In 2025, concerns about the state of biodiversity and natural capital continued to grow[1]. According to the most recent estimates, roughly 75% of the terrestrial environment and 66% of marine environments have been significantly altered by human activity, and approximately one million plant and animal species are threatened with extinction[2]. In this context, the adoption of nature-related disclosure frameworks continued to see strong progress in 2025: more than 620 organizations representing some $20 trillion in assets under management have committed to producing reports aligned with the Taskforce on Nature-related Financial Disclosures (TNFD), up from about 420 organizations in 2024[3]. A growing number of companies have also adopted targets based on the Science Based Targets Network (SBTN), covering freshwater and terrestrial ecosystems in particular.

The International Sustainability Standards Board (ISSB) announced that nature would be a priority focus in 2026, signalling potential regulatory convergence ahead.

At the same time, discussions about biodiversity-related funds and indices multiplied, reflecting growing market interest in this theme. In North America, however, the context was less conducive to open exchanges, although no rollback on commitments was observed.

[1] Within the financial community, biodiversity, nature and natural capital are umbrella terms often used interchangeably, albeit with varying meaning.
[2] United Nations, Biodiversity loss demands urgent global action, says UN chief, May 21, 2025, news.un.org.
[3] Taskforce on Nature-related Financial Disclosures, TNFD 2025 Status Report, September 2025, tnfd.global.

Building a just, equitable and inclusive economy

DGAM's 2025 achievements

- We developed an enhanced monitoring tool designed for conflict zones to better map exposure to geopolitical issues and to identify and manage risks related to human rights violations in affected regions. This approach is consistent with international standards and United Nations guiding principles.
- Our dialogues led to concrete progress from issuers on this theme, with the adoption of human rights policies underpinned by structured due diligence processes, the strengthening of practices regarding the rights of Indigenous peoples, more systematic integration of consultation mechanisms prior to projects, and recognition of the importance of free, prior and informed consent of the communities concerned.
- We supported 69 shareholder proposals on social issues.

In 2025, several structural dynamics continued to weaken economic equity worldwide. Population aging is accelerating[1] under the combined effect of a sustained decline in birth rates—the global fertility rate has nearly halved since 1950[2]—and rising life expectancy, with profound repercussions for labour markets and social protection systems.

Gender inequalities remain persistent: globally, women earn only 28% of labour income[3]. When unpaid domestic work is included, they earn only 32% of men's hourly income, despite working more hours. Generative AI adds a new dimension to this issue, as it begins to transform the roles of nearly one in four workers. Women are twice as likely as men to be affected, due to the nature of the jobs they hold, which are seen as more easily automatable.

In Canada, several challenges have mounted. Employment growth has stalled for workers under 30 and those with less education, amid a global slowdown in employment. Housing affordability has deteriorated sharply under demographic, migratory, and financial pressures. On the reconciliation front, none of the 94 calls to action from the Truth and Reconciliation Commission had been completed in 2024–2025, and federal budget cuts of 15% announced in July 2025 directly threaten funding of essential services for First Nations[4].

[1] World Economic Forum, For the first time ever there are more people over 65 than under 5, March 19, 2019, weforum.org.
[2] Institute for Health Metrics and Evaluation — Hans Rosling Center for Population Health, The Lancet: Dramatic declines in global fertility rates set to transform global population patterns by 2100, March 20, 2024, healthdata.org.
[3] World Inequality Lab, World Inequality Report 2026, 2025, wir2026.wid.world.
[4] Policy Options, Carney government cuts unfairly hit First Nations, July 22, 2025, policyoptions.irpp.org.

Ensuring strong, honest and resilient governance

DGAM's 2025 achievements

- We supported 62 shareholder proposals on governance issues.
- We did not support 65% of director nominations due to a lack of independence.
- We voted against director nominations at 414 companies that did not have 30% female representation on the board or lacked a credible action plan and target to that effect, and we did not support similar nominations at 111 companies due to a lack of racial diversity.
- Globally, we voted against 56% of say-on-pay proposals; this figure was 25% in Canada. This was due, in part, to severance packages deemed excessive, the use of stock options in incentive compensation plans, and dilution rates exceeding 10%.

In 2025, governance once again emerged as a central pillar of ESG considerations. Amid growing polarization around environmental and social issues, investors turned to governance, which they perceive as less controversial and more directly linked to value creation. Geopolitical instability has also reinforced the narrative that governance quality is a precondition for corporate resilience.

Based on our observations, shareholder expectations toward boards of directors have intensified: skills in ESG, technology and AI, geopolitics and regulatory compliance are now expected, in a context that requires greater director involvement in operational oversight. As for board diversity—whether in terms of female representation or other forms of diversity—it is no longer a priority for a growing number of organizations[1], and is even declining in some cases.

On the regulatory front, differences between regions are becoming more pronounced: the CSRD in Europe, uneven adoption of ISSB standards internationally and a regulatory pause in Canada are creating a fragmented environment. Governance practices did not fundamentally evolve in 2025; rather, the focus on these practices has become a central issue.

[1] Bloomberg, Diversity Is No Longer a Factor for Assessing US Boards, Proxy Adviser ISS Says, February 11, 2025, bloomberg.com.

ESG integration

An agile, pragmatic methodology for understanding issuers' practices

With a diverse range of investment solutions, including a variety of approaches, styles, and geographic regions, DGAM implements ESG integration in ways that are agile and adapted to its entire offering. Our process combines quantitative and qualitative approaches that allow us to effectively cover a broad investment universe and gain in-depth understanding of companies' business models, significant controversies, and the impact of the most material ESG considerations on their financial situation and activities.

The ESG factors analyzed vary by sector and are determined using specific indicators, inspired by the standards of the Sustainability Accounting Standards Board (SASB) and the United Nations Global Compact (UNGC). Our RI specialists, who provide sector coverage, and our investment teams work together to analyze the ESG practices of issuers and asset managers. They focus on major controversies involving some of these entities and on how to manage the associated risks and capitalize on related opportunities.

DGAM'S ESG ASSESSMENT METHODOLOGY

ESG analyses of issuers

1. **Defining** material issues using international standards
2. **Evaluating** long-term risks and impacts of ESG issues
   - Controversial activities
   - ESG performance
   - Exclusions
3. **Classifying** issuers in each sector using proprietary ESG rating methodology

ESG rating of issuers

Issuers accepted

- Issuers that stand out for their ESG practices
- Accepted issuers that have adequate ESG practices but also some shortcomings

Issuers on watch list

- Issuers accepted on condition of positive ESG outlook

Issuers screened out

- Issuers that violate international standards or principles or carry out controversial activities and perform poorly in terms of ESG

Sources of information

- Dialogues with issuers
- Public information and RI community
- ESG data and research providers
- Materiality frameworks and industry initiatives

International standards that DGAM aligns with

PRI Principles for Responsible Investment | SASB STANDARDS Now part of IFRS Foundation | SUSTAINABLE DEVELOPMENT GOALS | UN GLOBAL COMPACT

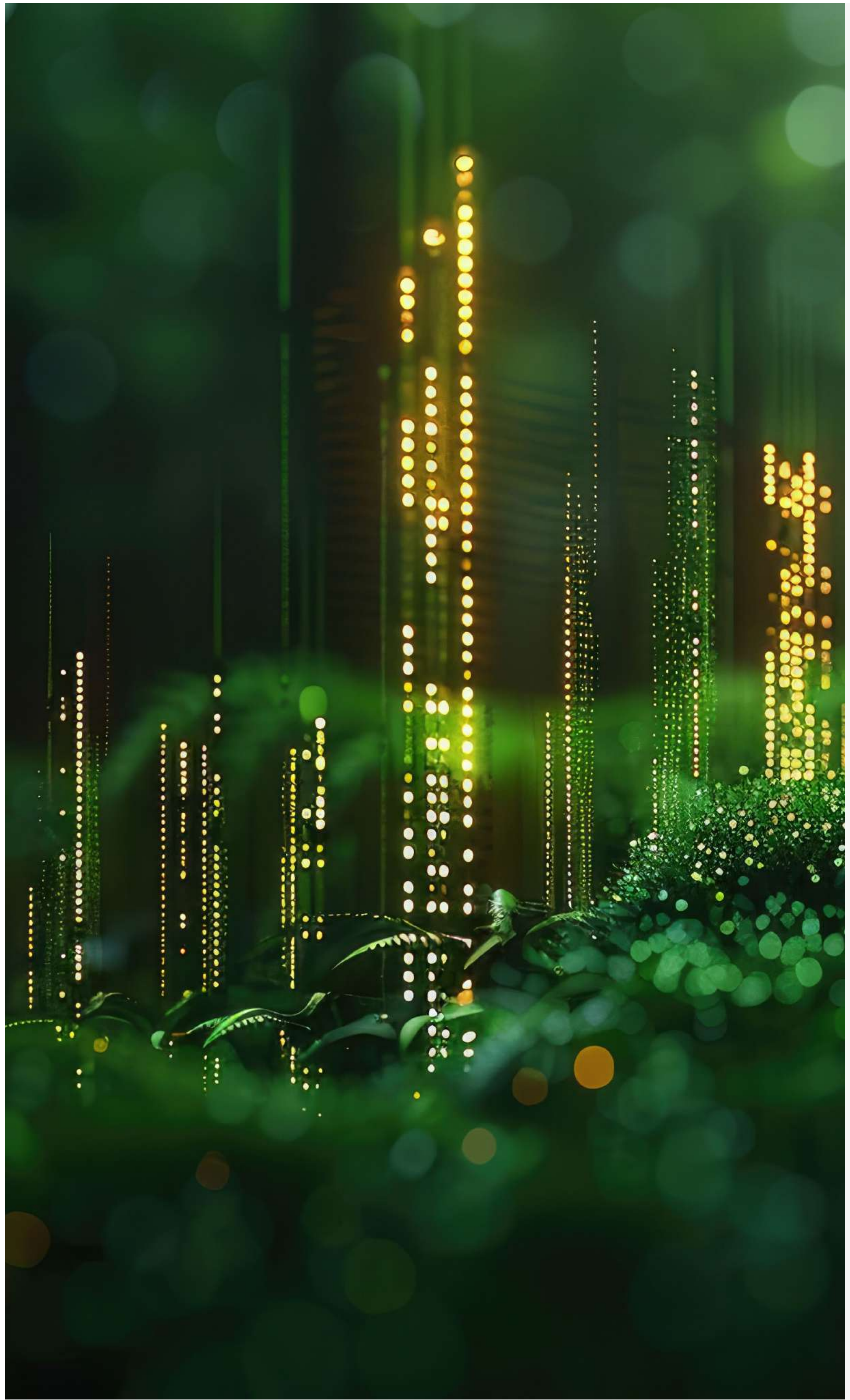
ADAPTING ESG INTEGRATION TO ASSET CLASSES AND SOLUTIONS

DGAM's ESG integration model varies by asset class, management style and mandate, in accordance with our Responsible Investment Policy.

On the equity side, top-down and quantitative approaches favour a systematic ESG integration model, embedded in the security selection process based on predefined ESG indicators with associated performance thresholds. Bottom-up approaches rely on a detailed analysis of issuers' ESG practices using a proprietary model focused on materiality and guided by DGAM's four broad sustainability themes. This model applies to all public market asset classes.

In fixed income, the bond credit analysis process includes a fundamental qualitative analysis of targeted issuers, focusing on credit quality and business risk, including ESG factors that may have a significant impact. DGAM also uses an internal framework to assess sustainable bonds, taking into account credit quality, ESG ratings and financed projects.

Private asset classes, such as real estate and infrastructure, also have an analysis model that allows for an in-depth assessment of the practices of partners, assets, or funds being considered for the portfolio.



Quantitative investment: creating sustainability-focused ESG universes

What began in 2024 (the transitioning of a quantitative mandate toward sustainability) continued in 2025. This direction focuses on clarifying the strategy's intent, which is to invest in companies that align their operations and/or their products and services with our broad sustainability themes, while minimizing their negative impacts on the environment and communities.

In 2025, we completed research on the themes of biodiversity and social issues. While the biodiversity theme was incorporated at the beginning of the year, thereby enhancing our company assessment framework, the social theme was integrated in early 2026. Simultaneously, research and development efforts led to the creation of internal indices and tools that better articulate our broad sustainability themes. This work also enabled us to develop a version of the ESG universe definition methodology adapted to emerging markets.

Alignment of the systematic methodology with our four broad sustainability themes

The table on the right illustrates how our tools are applied within the DGAM Systematic ESG World Equity Fund. This can be adapted to meet our clients' specific mandates.

Sustainability theme	Objective	Approach
Supporting the transition to a low-carbon economy	Increase the share of renewable energy in the global energy mix. Implement concrete measures to fight climate change, reduce the carbon footprint of investments, and transform energy systems to make them more efficient.	**TRANSFORMATION:** Use or plan to use a significant proportion of renewable energy Invest in energy efficiency projects Adopt ambitious GHG emission reduction targets **SOLUTIONS:** Provide access to reliable and affordable energy services Produce renewable energy Offer solutions that improve energy efficiency
Protecting biodiversity and natural capital	Ensure food security, improve nutrition, and promote sustainable agriculture. Expand access to water and sanitation services managed sustainably. Reduce the economy's negative environmental and social footprint, establish sustainable consumption and production patterns to reduce waste, and promote the efficient use of natural resources.	**TRANSFORMATION:** Adopt a sound strategy for responsible water consumption by increasing water use efficiency and reducing freshwater consumption. Significantly reduce waste generation through prevention, recycling, and reuse. Adopt ambitious targets or management programs related to deforestation. **SOLUTIONS:** Offer products that meet the requirements of sustainable environmental certifications. Work to resolve water scarcity and quality issues. Support pollution prevention and waste minimization.
Building a just, equitable and inclusive economy	Increase universal and equal access to education, healthcare and well-being, while improving the accessibility of essential infrastructure and designing sustainable living environments. Implement concrete measures to promote a workplace that fosters equity, diversity and inclusion.	**TRANSFORMATION:** Implement concrete measures to promote a workplace that fosters equity, diversity, and inclusion. **SOLUTIONS:** Offer products in education, housing and financing to ensure access to essential services, reduce inequality, and support the transition to a sustainable society. Improve access to care and equipment in the healthcare sector through fair pricing, programs for vulnerable populations, or research targeting unmet medical needs. Develop quality, reliable, sustainable and resilient infrastructure that supports economic development and the common good.
Ensuring strong, honest, and resilient governance	Strengthen the quality of corporate governance to reduce corruption risks, increase transparency and support sustainable performance, by investing in companies with strong governance structures, credible ethical practices, and effective oversight, integrity and accountability mechanisms.	Invest in companies with good practices in the following areas: Prevention of corruption, promotion of ethical conduct, guidance on political contributions, effective whistleblower reporting and protection mechanisms, as well as transparency regarding lobbying activities and political expenditures within operations and the supply chain. Composition and independence of the board and its committees, audit mechanisms, protection of shareholder voting rights, risk oversight and executive compensation policy.

Our framework

We combine fundamental quantitative research and ESG research using a multifactor model that integrates more than 30 indicators and a proprietary methodology for applying negative and positive ESG filters. As at December 31, 2025, 627 of the 1,319 companies in the MSCI World Index qualified as eligible for inclusion in the investment universe. In the case of DGAM's Systematic ESG World Equity strategy, the result is a portfolio of companies that contribute to our broad sustainability themes and whose carbon footprint and water use are significantly lower than those of their benchmark.

ESG performance of DGAM's Systematic ESG World Equity strategy

	Statistic	DGAM	MSCI World
E	Carbon intensity (t CO_2 eq./$M sales)	14	84
E	Water use (m^3/$M revenue)	286	11,457
E	Waste-recycling ratio	71%	65%
E	Use of renewable energy	50%	49%
E	Reported carbon emissions	95%	97%
S	Fatalities per 100,000 employees	0.2	0.7
S	Access to low-cost products	19%	21%
S	Women managers	35%	32%
S	Salary gap (CEO/average salary)	209	143
G	Sustainability-linked compensation	80%	69%
G	Board members independence	80%	81%
G	Separate roles for CEO and board chair	61%	52%
G	Female board members	36%	35%

Calculations are based on the invested portion of the portfolio only. Sources: Sustainalytics and LSEG as at December 31, 2025.

Real estate: investments guided by ESG integration

At DGAM, we approach decarbonization in the real estate sector from a risk-and-return perspective: no investor wants to be left with stranded assets. In this context, we advanced the integration of ESG factors within the portfolio in 2025, with an emphasis on decarbonization and on deepening our building-by-building approach.

DGAM manages a portfolio of properties on behalf of its clients, as well as a real estate fund, for which ESG integration serves as a driver of competitiveness and value creation. This integration is based on close collaboration between our real estate asset management team, our RI specialists, and property managers.

Since 2025, property analysis for the DGAM Canadian Private Real Estate Fund has systematically incorporated the ESG due diligence questionnaire developed the previous year. It covers five categories: risk management, strategy implementation, building-level data, decarbonization and energy efficiency, and integration of social criteria. Its findings support the decision-making process of the fund's investment committee.

Decarbonization: from vision to building

As we have strengthened our decarbonization strategy, we have expanded our coverage of decarbonization pathways to the individual building level, as only a building-by-building analysis can accurately identify the right potential efficiency measures and the costs associated with these emission reduction projects. The real estate asset management team has developed a dashboard to aggregate this data and model the potential emission reductions by 2030. In-depth discussions have also taken place with specialized consultants to establish concrete decarbonization pathways for several buildings. These discussions, which involve all partners for each property, are complex and span several months, with many expected to lead to the implementation of concrete decarbonization projects in 2026.

The DGAM Canadian Private Real Estate Fund made its first new acquisition in 2025: the 70 York office tower in Toronto.

In 2025, 96% of the portfolio's buildings held a sustainability certification[1], whether LEED or BOMA BEST. Green leases[2] accounted for 45% of the portfolio, equivalent to 3.8 million square feet. Finally, as part of our participation in the Global Real Estate Sustainability Benchmark (GRESB) survey, we achieved a score of 84 out of 100 in 2025, up from 82 the previous year.

[1] Data as at January 31, 2026.
[2] A green lease is a commercial lease agreement that includes clauses related to the building's environmental performance.

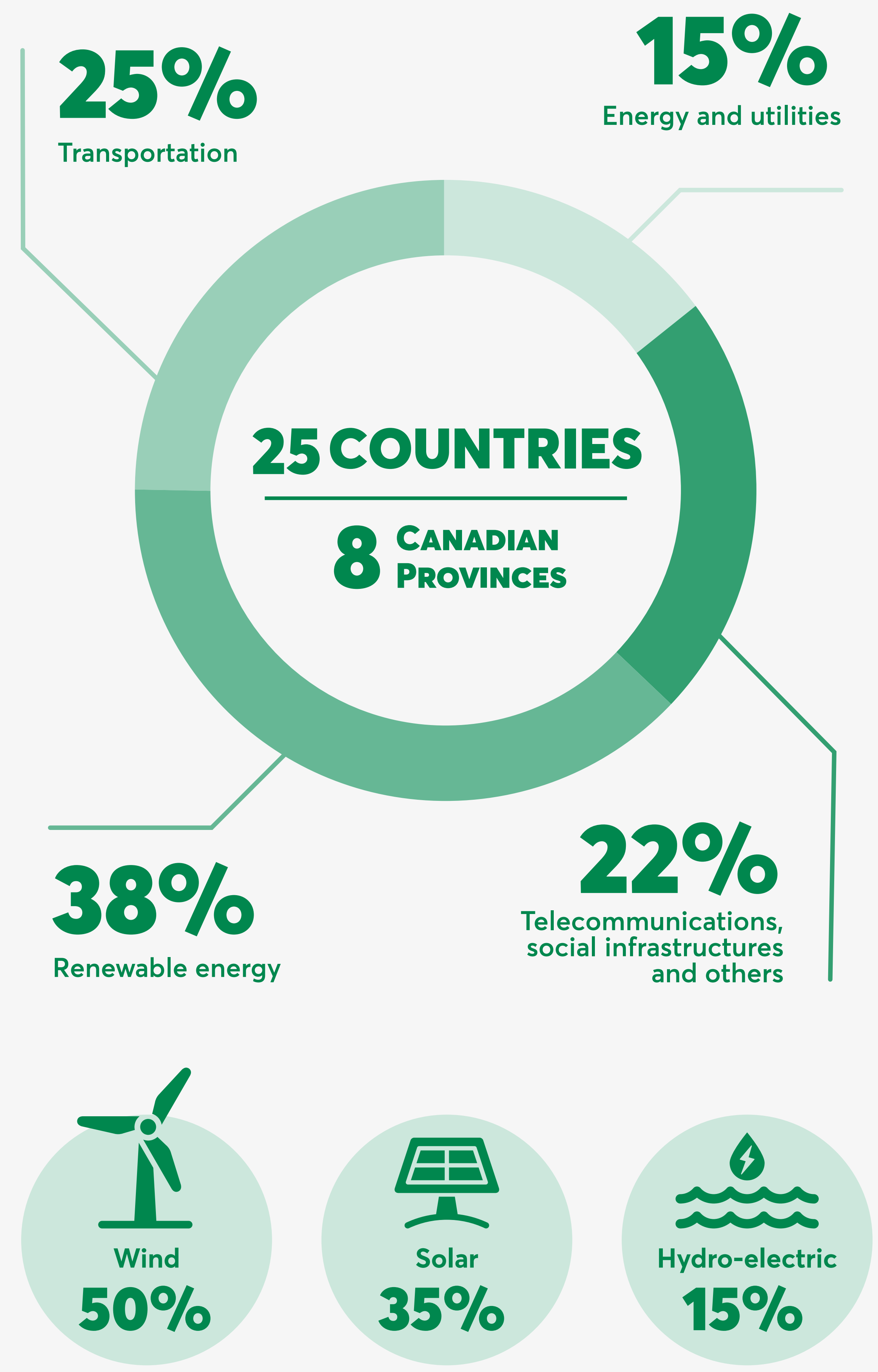
Infrastructure: embedding ESG discipline in an increasingly complex environment

DGAM manages infrastructure portfolios as well as a fund whose RI implementation is based on the conviction that integrating ESG factors deepens our understanding of assets and their role in the real economy. Furthermore, in 2025, we exceeded our $2 billion investment target for renewable energy infrastructure, with $2.3 billion invested as at December 31, 2025.

Data availability remains a major challenge in private markets, which are not subject to any disclosure requirements. Information sharing is limited unless specifically requested by investors. In 2025, we once again collected data from our partners and operator managers using the key performance indicator questionnaire we rolled out in 2024. This second data collection allowed us to refine our understanding of the assets and measure the progress of ESG practices over time. Furthermore, our infrastructure portfolio received a score of 84% on the PRI questionnaire, an increase from the previous submission.

The geopolitical context of 2025 complicated the infrastructure investment environment, particularly due to uncertainty surrounding U.S. tariff policies, leading to increased caution and more rigorous due diligence for potential investments in the United States. Additionally, the market showed interest in new or less traditional asset classes. Interest in the digital sector grew, with more opportunities emerging in data centres and digital infrastructure. AI also entered the conversation, adding a new dimension to the sector's challenges. Finally, investors expressed increased interest in social and defence infrastructure, while the appeal of renewable energy and transportation is reshaping.

Our infrastructure investments



Source: DGAM, as at December 31, 2025, for infrastructure assets across all portfolios managed by DGAM.

Stewardship and collaboration

Multidimensional levers of change: more necessary than ever

At DGAM, we view stewardship as the cornerstone of our RI approaches. We deploy a multidimensional strategy to influence issuers because we believe dialogue and the exercise of voting rights are transformative drivers that encourage better ESG practices. Using all the levers at our disposal, we aim to mitigate investment risks, optimize long-term returns, and exert a positive influence on issuers' practices, notably in the context of actions to be taken following a controversy deemed severe.

Our stewardship approach stands out through the synergy between our analysts' sector expertise and our structured dialogue program, which is built around the objectives established at the beginning of the year. Together, our professionals possess extensive knowledge of the sectors they cover, lending greater credibility and relevance to our interactions. This expertise is complemented by strategic collaborations with specialized partners, allowing us to broaden our reach while maintaining the quality of our engagements.

Dialogues: a more demanding context

In 2025, our discussions with companies continued to revolve around specific issues and material long-standing themes, while also incorporating new priorities. Climate-related questions—particularly the governance of climate risks, the role of the board of directors and the alignment of incentives with adopted objectives—remained at the heart of discussions. Artificial intelligence also emerged as an unavoidable new topic, with growing expectations regarding board oversight, the responsible use of technology and management of related risks, whether privacy, energy footprint, or copyright and human rights. Human rights also played a significant role in dialogues, particularly with regard to due diligence and working conditions.

The political climate in the United States has made dialogue much more challenging. Investors have been criticized, and even exposed to legal risks[1], for conducting collective dialogues with companies, as these practices have been equated with a form of collusion in certain instances. In a highly polarized political climate marked by a rise in anti-ESG movement, shareholder dialogue is now scrutinized through a legal and fiduciary lens, prompting many investors to adopt a more cautious and individualized approach.

"In 2025, dialogue with companies has become increasingly demanding. Political polarization, particularly in the United States, calls for heightened vigilance in how we conduct our engagements. However, this complexity does not change our fundamental conviction: dialogue remains one of the most effective levers for encouraging companies to adopt better practices."

Oumayma Ouzane
Senior Advisor,
Responsible Investment

[1] Hogan Lovells, FTC and DOJ Support Republican State Attorneys General in Antitrust Case Targeting Corporate ESG Initiatives, May 29, 2025, hoganlovells.com.

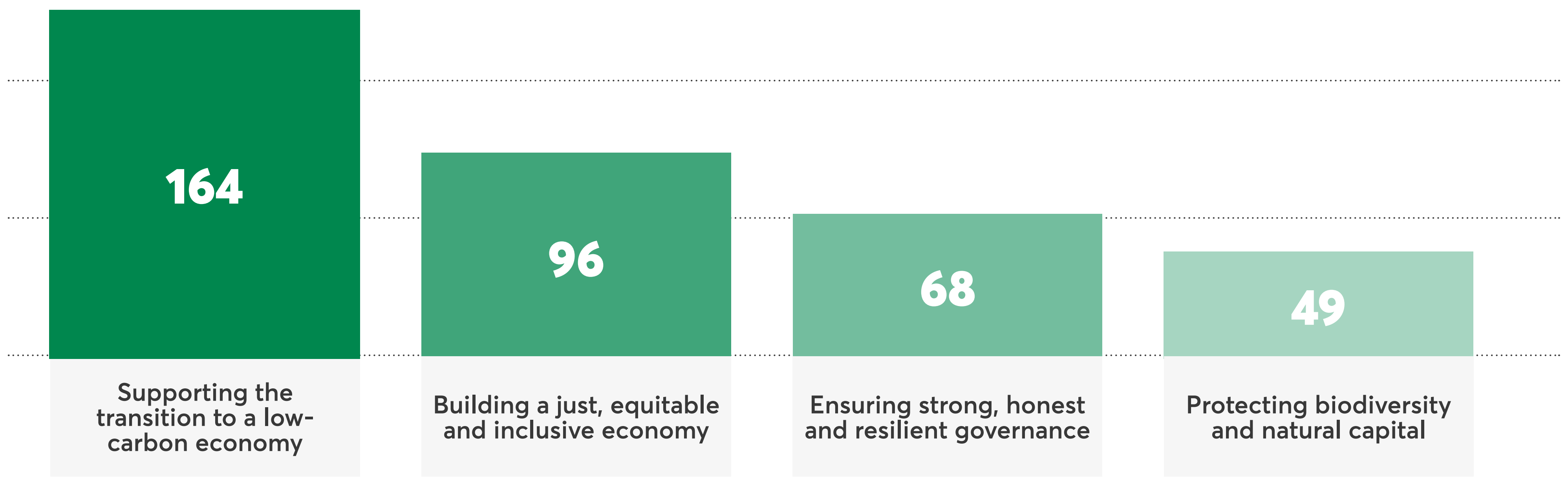
Our 2025 dialogues in figures

Number of interactions 258

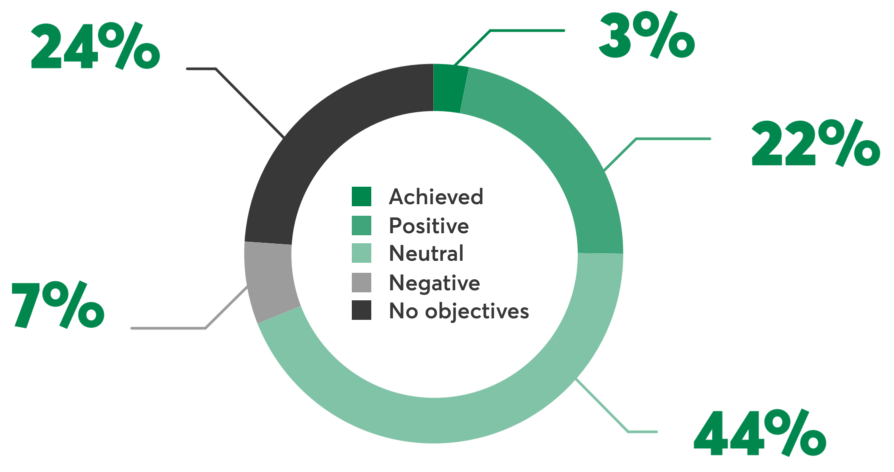
Number of companies met 211

Number of issues addressed 28

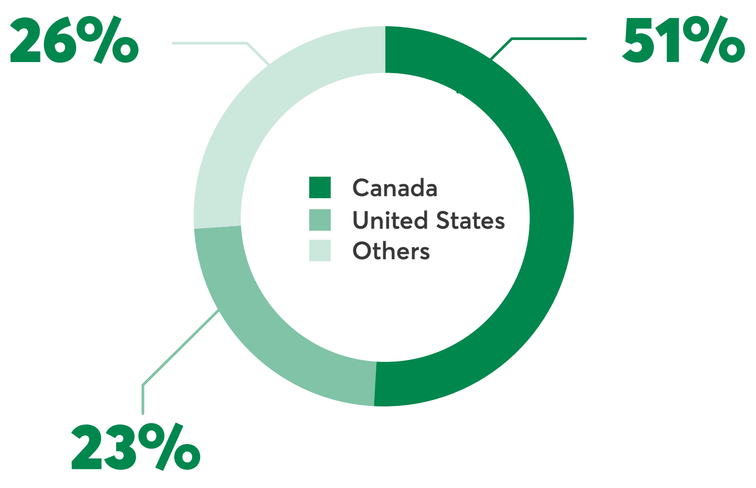
Occurrence of the broad sustainability themes addressed



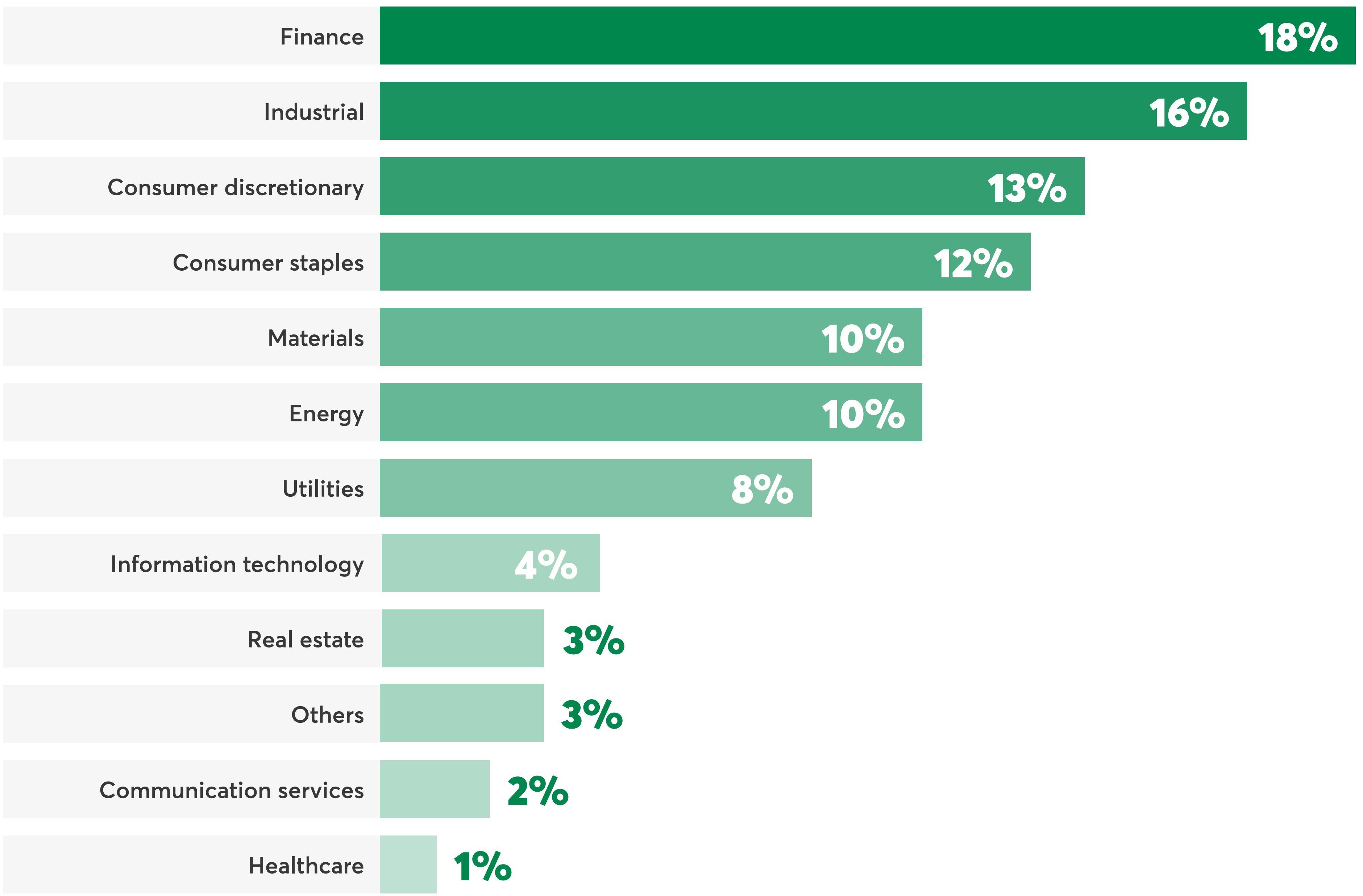
Progress on dialogue objectives



Geographic allocation of the companies met



Dialogues per sector



Note: Discussions associated with negative progress are those in which the company is not moving in the right direction to achieve set objectives. Discussions associated with neutral progress are those in which the company has neither moved forward nor backward in terms of achieving set objectives. Dialogues without objectives are often associated with initial exchanges or exploratory discussions aimed primarily at gathering information from the company.

Proxy voting: a sharp decline in environmental and social shareholder proposals

A DECLINE SHAPED BY CONVERGING STRUCTURAL AND POLITICAL FORCES

The past year saw a notable decline in both the volume of and support for shareholder proposals on environmental and social (E&S) issues. In Canada, contrary to the trend observed since the pandemic, we noted that these proposals were no longer the dominant category. In the United States, the drop was even more pronounced, with social-issue proposals down 40% and environmental-issue proposals down 21%.

Several factors account for this decrease, such as growing polarization around ESG issues, an increase in proposals seen as overly prescriptive or weakly tied to long-term value creation, a shift in the profile of shareholders submitting proposals (more nonprofit organizations and fewer large institutional investors), and improved ESG disclosure by companies.

It is worth noting that the E&S proposals most frequently put to a vote in 2025 included those related to transparency in political spending, reporting on banks' energy-related financing ratios, diversity and inclusion, and human rights.

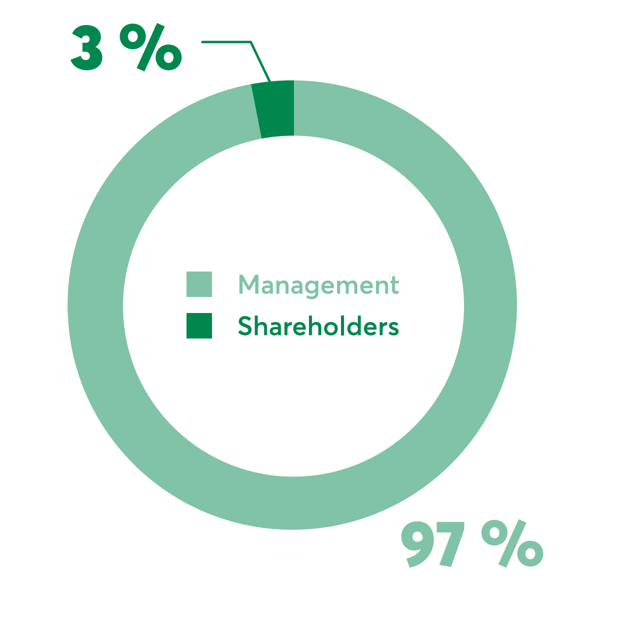
Our 2025 votes in figures

Total number of proposals assessed | **41,291** (3,588 shareholder meetings)

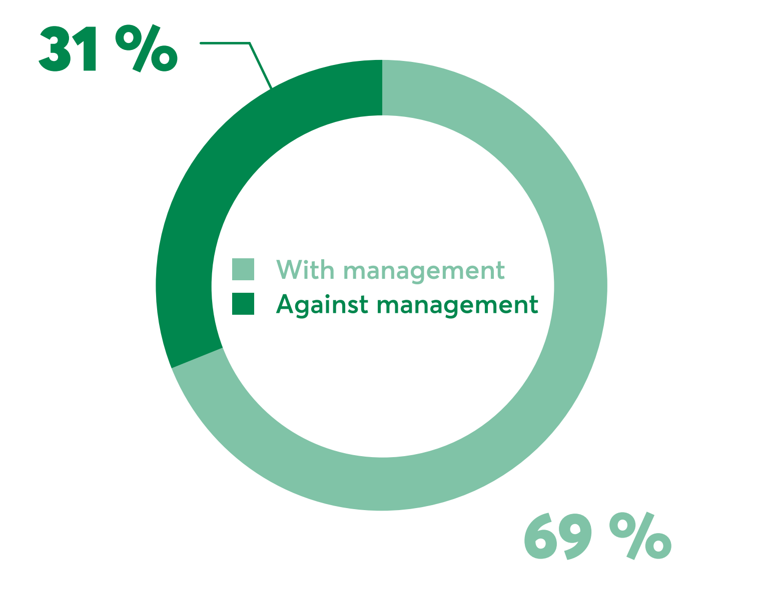
Support rate for shareholder proposals | **37%**

Number of supported shareholder proposals on
environmental issues **21**
social issues **69**
governance issues **62**

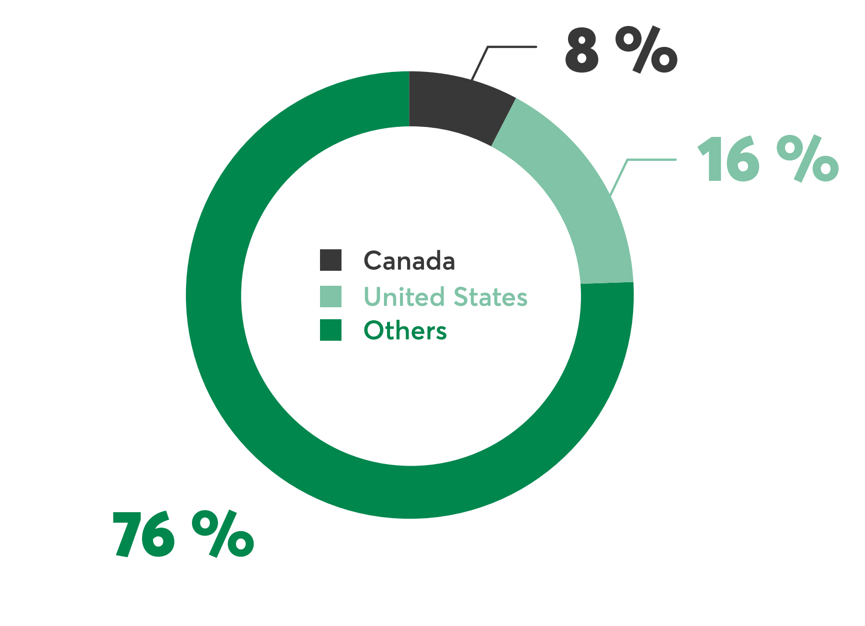
Source of proposals



Alignment with management



Geographic distribution of meetings



GOVERNANCE MAKES A STRONG RETURN

For the first time in several years, governance-focused proposals outnumbered environmental and social proposals, and their support rate remained solid. The most widely supported initiatives sought to eliminate supermajority voting requirements and to declassify boards of directors, measures seen as promoting greater accountability to shareholders.

NOTABLE RISE IN SUPPORT FOR POLITICAL-SPENDING PROPOSALS

Proposals calling for greater transparency on political contributions and lobbying activities saw a marked increase in support. They were, in fact, the only proposals to surpass the 50% support threshold in 2025, a strong signal amid heightened political polarization, where investors are concerned about the reputational risks associated with political spending.

EDI UNDER PRESSURE

Proposals on pay gaps by gender or ethnic origin have practically disappeared from ballots, and proposals on harassment policies or the effectiveness of EDI initiatives garnered lower support rates. Nevertheless, proposals calling for the disclosure of EEO-1 reports[1] and racial equity audits received relatively high support.

DIVERSITY ON BOARDS OF DIRECTORS

Canada continues to see progress: in 2025, 94% of companies listed on the S&P/TSX index had at least 30% women on their boards (up from 92% in 2024), and 85% had at least one visible minority member (up from 81% in 2024). These encouraging advances nonetheless underscore the importance of maintaining momentum to further strengthen board representation for these groups.

In the United States, boards have never been more diverse in absolute terms, but the pace of progress is slowing: white men now account for the majority of new directors appointed at S&P 500 companies, a first since 2017. Boards appear to favour profiles with CEO experience to navigate a climate of economic and political uncertainty, which tends to limit the diversity of new appointments.

[1] EEO-1 reports are mandatory U.S. filings required by the Equal Employment Opportunity Commission. Employers with 100 or more employees must report the composition of their workforce by job category, race, ethnicity, and gender.

Collaborating, raising awareness, engaging

In 2025, DGAM continued to participate in numerous initiatives and to play an active role in the RI ecosystem. Our efforts aim to continuously learn and share on the sustainability themes that affect our investments.

Public speaking engagements

In 2025, RI team members spoke at many events to advance responsible investment issues, including:

- Presentation to the Climate Change and Sustainability Practice Committee of the Canadian Institute of Actuaries (CIA)
- Webinar hosted by the Cercle finance du Québec on the landscape and trends in the RI industry
- Opening panel of the NatureX conference (on the state of environmental markets), organized by Sustainable Market Strategies and the HEC Montréal Chair in Energy Sector Management
- 7th annual roundtable, organized by Millani and the Mining Association of Canada (MAC), on the evolution of shareholder engagement in the mining sector and its implications for investors
- CIRANO roundtable on AI governance for sustainable jobs, as part of a strategic France-Canada dialogue
- Panel on the 10th anniversary of the Paris Agreement at the Sustainable Investment Symposium of the Association de la retraite et des avantages sociaux du Québec (ARASQ)
- Panel at the Canadian Pension and Benefits Institute's (CPBI) Forum, in Vancouver, exploring how ESG considerations create sustainable value beyond risk and return management

Collaborative initiatives

In 2025, we continued our engagement in several initiatives tied to our broad sustainability themes, with the primary objective of deepening both our knowledge of these themes and their connection to portfolio management.

Broad sustainability theme	Collaborative initiative	Involvement
Transversal	PRI Principles for Responsible Investment	Signatory and involvement in the Nature Reference Group (DGAM)
	RIA	Member (DGAM)
	Sustainable Development Goals	Integration into RI approach (DGAM)
Transition to a low-carbon economy	Net Zero Asset Managers Initiative	Signatory (DGAM)
	Science Based Targets – Driving Ambitious Corporate Climate Action	Reference framework for the alignment of decarbonization targets (Desjardins Group)
	Climate Action 100+	Signatory and involvement in engagement initiatives (DGAM)
	Climate Engagement Canada	Founding member and involvement in engagement initiatives (DGAM)
	PPCA Powering Past Coal Alliance	Member (Desjardins Group)
Biodiversity and natural capital	FAIRR A Coller Initiative	Signatory and involvement in engagement initiatives (DGAM)
	Finance for Biodiversity Foundation	Pledge signatory, member of the foundation and involvement in five working groups (DGAM)
	Ceres	Involvement in the Food and Nature Working Group and the Food Emissions 50 initiative (DGAM)
	Nature Action 100	Signatory and involvement in engagement initiatives (DGAM)
Just, equitable and inclusive economy	30%+ Club Path to Parity	Signatory and involvement in engagement initiatives (Desjardins Group)
	advance	Signatory and involvement in engagement initiatives (DGAM)
	Canadian Investor Statement on Diversity Inclusion	Founding signatory to this RIA initiative (Desjardins Group)
Strong, honest and resilient governance	CCGG Canadian Coalition for Good Governance	Member and involvement in the Environmental & Social Committee (DGAM)
	Canadian Bond Investors' Association / Association canadienne des investisseurs obligataires	Member and involvement in ESG Committee (DGAM)

Education and awareness

In 2025, our RI team took part in several major conferences, including the PRI in Person conference in São Paulo, COP30 (United Nations Climate Change Conference) in Belém, Climate Week NYC, the annual SHARE Summit in Vancouver, and the GIIN Impact Forum in Berlin. It also devoted efforts to passing on its expertise to the next generation of investment professionals and to the broader financial community.

- Presentation at a panel for Desjardins Signature Service advisors on the differences between a responsible investment fund and a traditional fund
- Participation in the Indigenous Reconciliation Summit hosted by Scotiabank, focused on the role of Indigenous leadership in building sustainable economies
- Contribution to a workshop to validate the orientations of a white paper on sustainable real estate (available in French only) organized by HEC Montréal
- Contribution to a master's research project at UQÀM on the motivations and barriers to cooperative adoption of RI
- Interview given to Université Laval as part of a research project on the economic impacts of climate change on insurers and institutional investors
- Publication of a white paper on the integration of biodiversity and natural capital into our investment practices
- Publication of an article in *Avantages* magazine on decarbonization trajectories and portfolio management (available in French only)
- University partnership with PolyFinances and with the Fonds d'investissement étudiant de l'Université de Sherbrooke (FIEUS), which supports students in asset management and RI
- DGAM's Managing Director and Chief, Responsible Investment, chairs the CFA Montréal Sustainable Finance Committee and sits on the Advisory Council of the iA Financial Group HEC Montréal Chair in Sustainable Finance, as well as on the Steering Committee of the Desjardins Chair in Responsible Finance at the Université de Sherbrooke.

Sustainable strategies

Turning expertise into concrete solutions

In 2025, DGAM reached a major milestone in the roll-out of its sustainability-focused strategy offering. Supported by the development of its sustainability framework, a tool for qualifying sustainable assets across all asset classes, the team was able to convert years of research and learning into investment solutions tailored to the needs of clients seeking greater and more intentional exposure to sustainability. Anchored in DGAM's four broad sustainability themes and in recognized market practices, this framework serves as the common foundation for the two strategies presented below.

DGAM's sustainability framework

Revised in 2025, our sustainability framework provides a unified methodology for identifying and qualifying sustainable assets across all asset classes. Inspired by recognized international practices, including those of the International Capital Market Association (ICMA) and the Climate Bonds Initiative, as well as by the taxonomy of the Sustainable Development Investments Asset Owner Platform (SDI AOP), our framework is based on three pillars: the eligibility of sustainable activities under DGAM's criteria, consideration of the issuer's ESG risks, and compliance with client-specific exclusions and investment objectives. It is also anchored in our four broad sustainability themes, to which concrete economic activities are linked through targeted Sustainable Development Goals (SDGs).

The framework allows us to define and assess sustainable assets. It covers both labelled instruments and companies, organizations or projects with credible sustainability characteristics, enabling us to identify, analyze and integrate these assets while taking into account evolving sustainability practices. Designed to be adaptive, the framework allows DGAM to transform its knowledge into concrete opportunities and build tailored sustainable portfolios for its clients.

DGAM Systematic ESG World Equity Fund

Initiated in 2024, the evolution of the Systematic ESG World Equity Fund's sustainability profile continued throughout 2025. The goal: to invest in companies that align their activities or their product and service offerings with DGAM's broad sustainability themes, while mitigating negative impacts on the environment and communities. In 2025, the biodiversity and natural capital theme and the just, equitable and inclusive economy theme were integrated into the assessment framework, thereby joining the themes of transition to a low-carbon economy and strong, honest and resilient governance. Internal indices were also developed to better articulate the selection criteria and measure companies' alignment. A version adapted to emerging markets was also developed.

In July 2025, the Investi Fund selected DGAM's Systematic ESG World Equity strategy for its equity component, recognizing its innovative character, the rigour of the approach and its ability to combine financial performance and sustainability.

The strategy's sustainability profile, as determined by our analysis, is described in greater detail in the ESG Integration section.

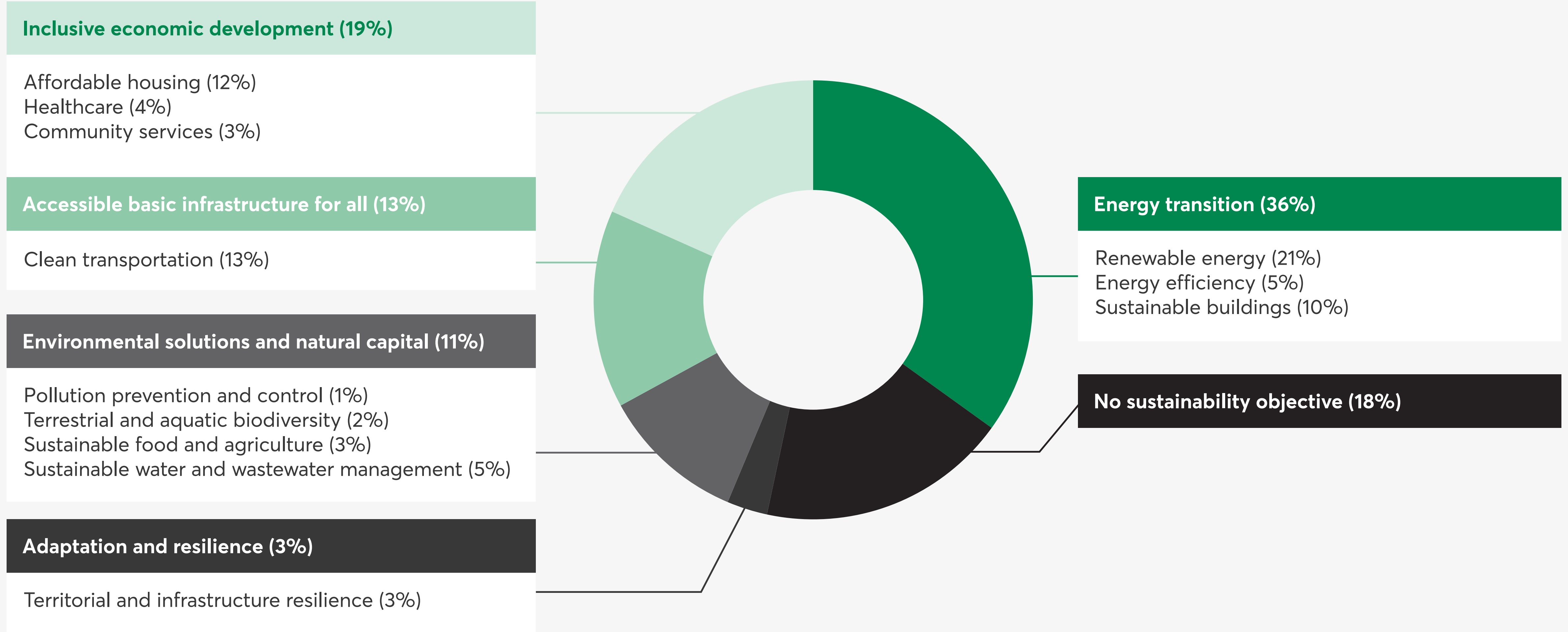
DGAM Sustainable Bond Fund

Preparatory work for the launch of the DGAM Sustainable Bond Fund took place in 2025. This strategy draws on DGAM's deep fixed income expertise and on close collaboration between the bond management and RI teams. The fund targets a minimum of 80% sustainable assets, split between labelled bonds (green, social, sustainable) and issuers whose activities are deemed sustainable under DGAM's framework. For each labelled bond, a proprietary analysis assesses the issuer's commitment, project selection, management of proceeds, and the quality of the tracking report. For non-labelled issuers, eligibility is based on a rigorous ESG risk assessment. With 25% of issuers classified as sustainable and 56% of issues labelled (as at March 31, 2026), this strategy demonstrates DGAM's ability to combine returns with measurable environmental and social outcomes.

Investing in assets that contribute to transforming the real economy by combining financial performance and lasting impact

Because sustainability is a structural condition for long-term performance, DGAM's sustainability themes are anchored in investment decisions that target activities driving transformation in the economy. The transition to a low-carbon economy is a lever of economic stability; companies that embrace the energy transition gain access to new sources of prosperity. Protecting biodiversity and natural capital is essential to sustainable economic development and societal stability. A just, equitable and inclusive economy strengthens the social cohesion without which sustainable growth is impossible. Finally, strong and honest governance frames economic transformations by reinforcing the resilience of organizations and the systems in which they operate.

Portfolio Allocation



Supporting the transition to a low-carbon economy

Protecting biodiversity and natural capital

Building a just, equitable and inclusive economy

Ensuring strong, honest and resilient governance

Source: DGAM, as at March 31, 2026

Decarbonization: supporting our clients through the transition to a low-carbon economy

DGAM possesses in-depth expertise in portfolio decarbonization, forged through years of research and analysis, the implementation of climate strategies for our clients, and collaboration with industry stakeholders. This expertise is based on an integrated framework covering the entire process: measuring the carbon footprint, setting targets, and implementing measures to decarbonize the targeted portfolios. Our team supports clients engaged in a transition journey by offering services tailored to their specific objectives and needs.

→ Desjardins Group is one of the only Canadian financial institutions whose decarbonization targets have been validated by the SBTi, with DGAM responsible for implementing them for the insurers' investments.

→ In 2025, DGAM renewed its commitment to the NZAM initiative.

→ DGAM sent a representative to COP30, held in Belém, Brazil.

MEASURING THE CARBON FOOTPRINT OF PORTFOLIOS

Financed emissions, defined as the portion of a company's greenhouse gas (GHG) emissions allocated to an investor based on their ownership stake, represent the primary source of the carbon footprint for institutional asset owners. DGAM provides its clients with expertise to measure the financed emissions of their investments, using recognized methodologies such as the Partnership for Carbon Accounting Financials (PCAF). We further support our clients, who are subject to new regulations[1], in implementing climate disclosure requirements related to investment portfolios.

SETTING DECARBONIZATION TARGETS

DGAM supports clients committed to the climate transition in establishing, monitoring, and revising decarbonization targets for their portfolios. Scenario analysis serves as a tool to help clients identify the targets best suited to their context as well as their climate and investment objectives.

The level of climate ambition is calibrated according to the client's priorities and can be implemented in several ways. Adopting climate targets—on a continuum ranging from conservative to highly ambitious targets—is one example of climate action that can be implemented within portfolios. These may include targets for deploying capital in the transition, engagement with issuers, and/or quantitative GHG emission reduction targets at the portfolio level. The scope of the targets is flexible (e.g., targets may cover one or more asset classes, issuers from one or more sectors within the portfolio, etc.).

With regard to quantitative GHG emission reduction targets at the portfolio level, these can take several forms:

- Reduction in financed emissions in absolute terms (e.g., in tonnes of CO_2 equivalent), an indicator measuring the portfolio's carbon footprint absolute performance.
- Reduction in financed emissions on an intensity basis (e.g., in tonnes of CO_2 equivalent per million dollars invested or another appropriate unit), an indicator measuring the evolution of the portfolio's carbon footprint relative to a comparison base, such as asset growth.
- Reduction in portfolio temperature scores (in °C), an indicator promoted by the Science Based Targets initiative (SBTi)[2], whose methodology provides a forward-looking view reflecting the level of implied global warming associated with the reduction targets of portfolio companies.

Once targets are established, DGAM monitors and reports on them on a regular basis, while integrating these targets into the management process for the targeted portfolios.

DECARBONIZING PORTFOLIOS

Our decarbonization framework relies on complementary RI levers tailored to each client's objectives:

- **ESG integration**: considering climate risks and opportunities in financial analysis.
- **Screening**: selecting or excluding issuers based on their climate performance.
- **Stewardship**: engaging in dialogue with issuers and exercising voting rights aligned with decarbonization.
- **Thematic investment**: directing capital toward green instruments, renewable energy, and certified assets.
- **Collaboration**: participating in investor initiatives and promoting public policies that support the transition to a low-carbon economy.

[1] The Autorité des marchés financiers' (AMF) Climate Risk Management Guideline and Guideline B-15: Climate Risk Management, issued by the Office of the Superintendent of Financial Institutions (OSFI).
[2] The SBTi is a global benchmark for ambitious and credible science-based GHG reduction targets.

About Desjardins Global Asset Management

A committed institutional partner for sustainable growth that counts

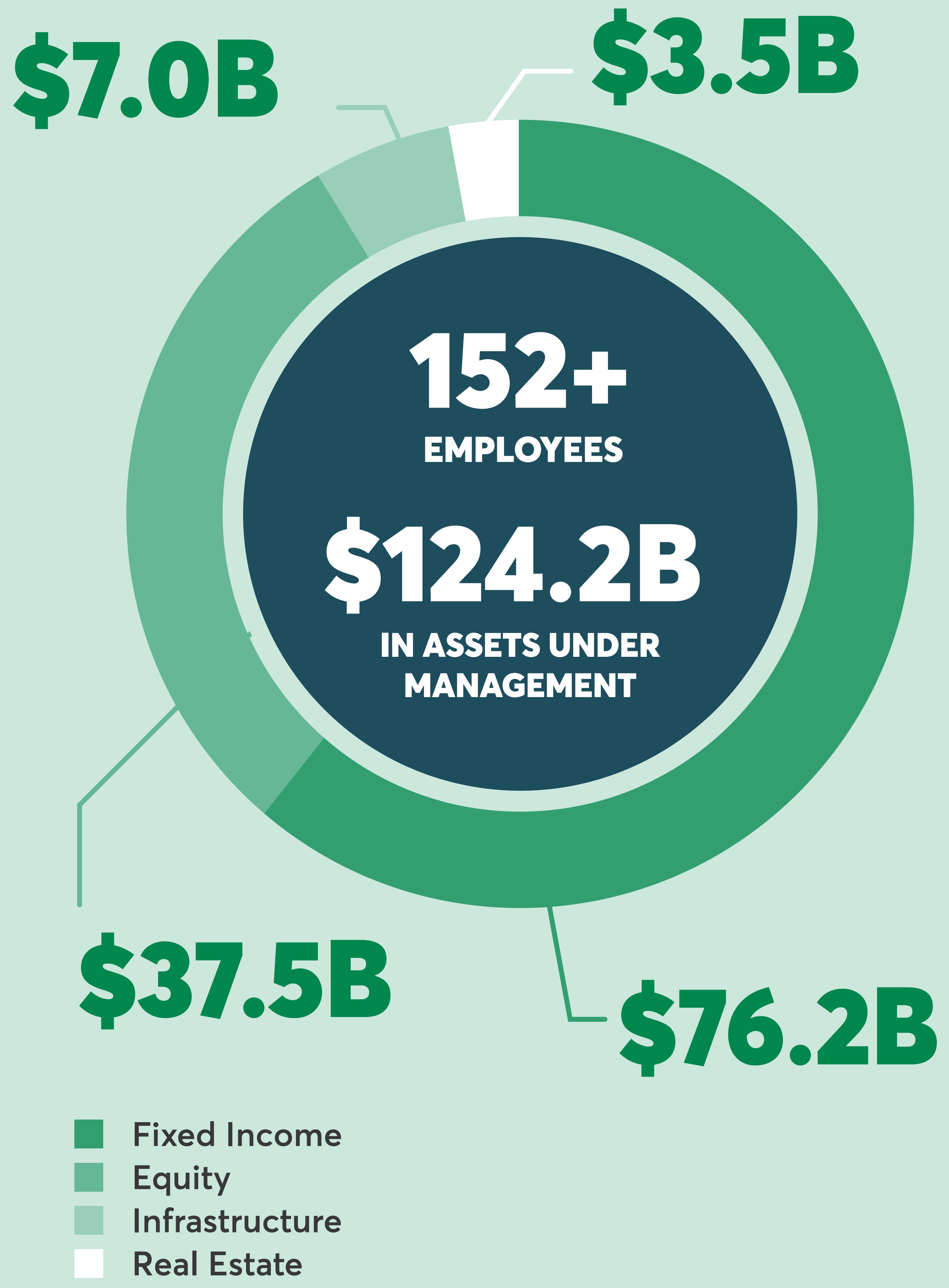
DGAM, founded in 1998, is the asset manager of Desjardins Group and one of the largest in Canada. Drawing on the expertise of more than 100 investment professionals and Desjardins' extensive business network, we oversee more than $124 billion in assets for various institutional mandates (as at December 31, 2025). Our team is recognized for its ability to design customized investment solutions and build portfolios across all asset classes.

Sustainability principles have driven us since our founding. Influenced by the initial mandates entrusted to us by the Desjardins Group—which led to our creation, notably the management of the Desjardins Environment Fund—we adopted these principles from the very beginning. Since then, we have been proud of our leadership within the RI ecosystem and the solid expertise our team has developed through a rigorous approach to integrating ESG criteria.

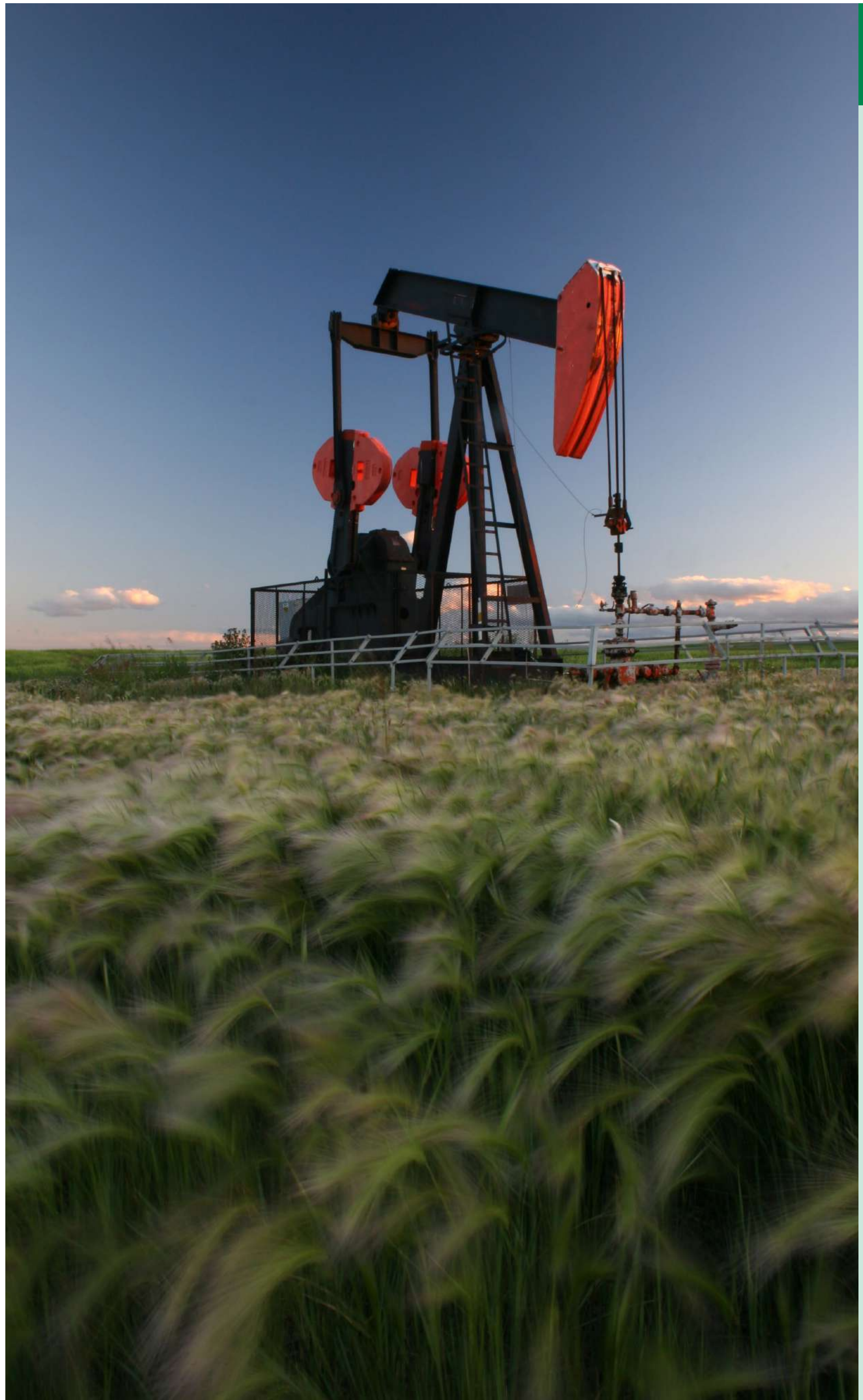
With this leadership, DGAM is positioning itself as a committed institutional partner, ready to deploy its expertise to support sustainable growth that counts, with performance and sustainability coexisting to create long-term value.

One of Canada's leading asset managers

Breakdown of DGAM assets



Source: DGAM, December 31, 2025.



CASE STUDIES – STEWARDSHIP

Climate-linked compensation and disclosure: when words are no longer enough

Through dialogues with companies in the Canadian energy sector, we observed that incentive compensation mechanisms remain explicitly tied to decarbonization objectives. However, we also noted that, in some cases, the disclosure that enables investors to understand the indicators, performance thresholds and award logic has clearly diminished. This follows the adoption of Bill C-59 in 2024, which amended the Competition Act to strengthen the framework for addressing greenwashing practices.

In our view, this combination — rewarding climate performance while withdrawing the underlying information — undermines the credibility of these programs and limits shareholders' ability to exercise informed oversight.

That is why we asked three Canadian energy sector issuers to restore a minimal but essential level of disclosure: the specific metrics used in compensation, the thresholds, the calculation method and external auditor verification. Without these elements, it becomes impossible to assess the alignment between compensation and sustainable value creation. If no improvements are made ahead of the next annual meeting, we plan to reconsider our vote on the compensation resolution.

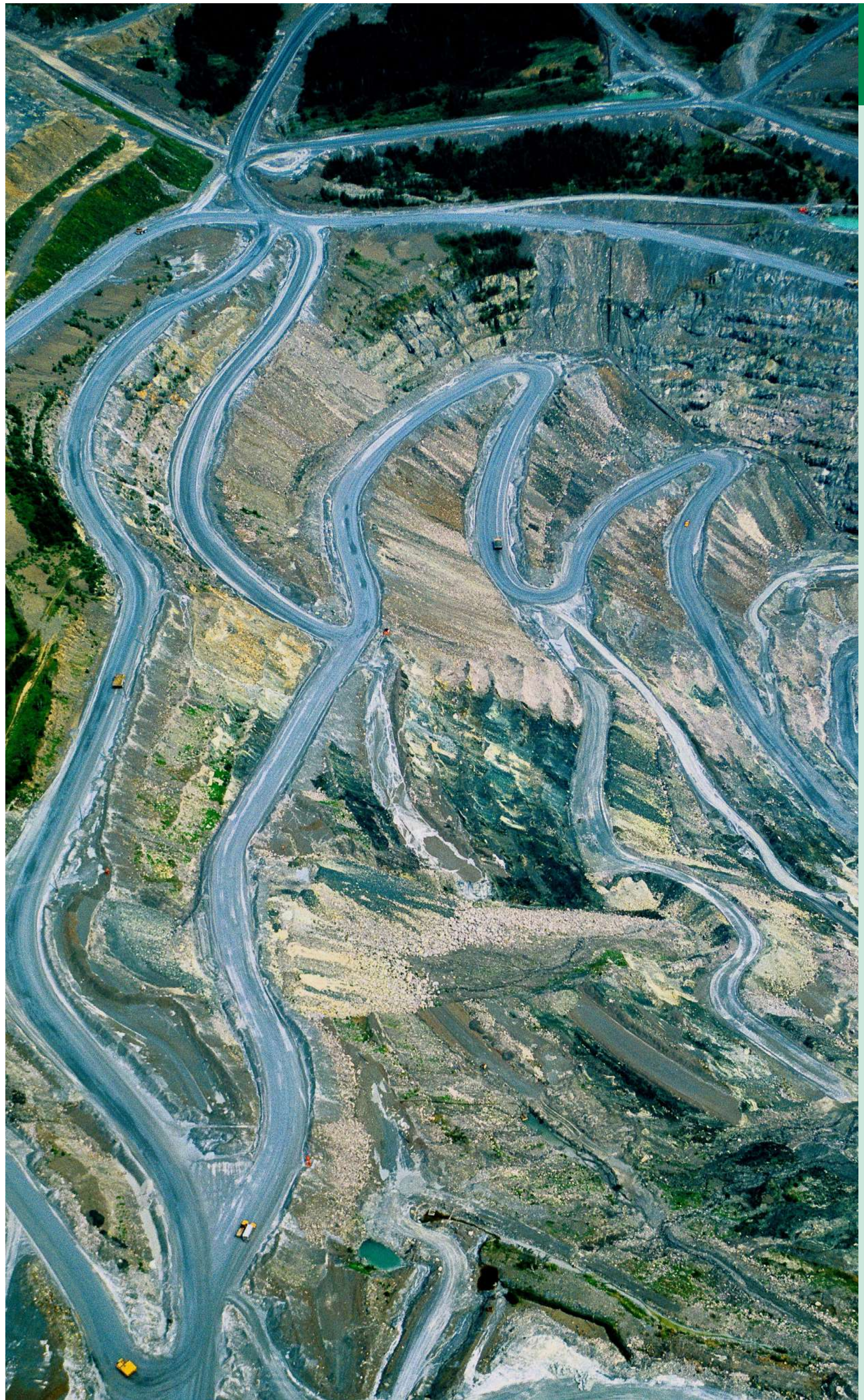
CASE STUDIES – STEWARDSHIP

Supporting a company in its first steps on nature

As part of the Nature Action 100 collaborative initiative, we initiated a first dialogue with a fast-food company to explore its impacts and dependencies related to nature and biodiversity.

The company recognized the issue's importance and confirmed that it is in the early stages of its deliberations. It has conducted a water risk assessment covering its operations and supply chain, the results of which will be published soon. On land use, work is underway to improve soil health among its beef suppliers, while deforestation remains a complex issue owing to a lack of traceability.

The company's growing engagement is reflected in the recent creation of a position dedicated to sustainable agriculture and animal welfare, and in its openness to progressively integrating the TNFD and SBTN frameworks into its strategy. The next step will be to translate this ambition into measurable indicators and reinforced transparency. We will continue to support the company in this process.



CASE STUDIES – STEWARDSHIP

From dialogue to action: Indigenous peoples' rights in the mining sector

Since 2023, we have been engaged in dialogue with a Canadian mining company active in several countries, as part of a collaborative initiative focused on human rights. Our discussions particularly cover relations with Indigenous communities and the process of obtaining free, prior and informed consent (FPIC).

Against a backdrop of intense social and political tensions in one of the countries where the company operates, we took the time to listen to the company, but also to consult with NGOs and representatives of local communities. Following these exchanges, we made several recommendations: to improve the human rights policy, strengthen related policies, and increase transparency in the monitoring of social initiatives.

The company welcomed these suggestions. Following our discussions, it signed memoranda of understanding with Indigenous communities to establish a formal framework for implementing FPIC. The openness and willingness to collaborate shown by this company are essential to successful engagement efforts. The dialogue continues.

CASE STUDIES – STEWARDSHIP

Climate disclosure in the insurance sector: voting to make it count

As part of a dialogue with a Canadian insurance and reinsurance company, we expressed our concern about the lack of disclosure regarding financed emissions, despite the fact that the organization already has this data. Although the disclosure regulations have been postponed, we stressed that this transparency remains essential, particularly in a sector highly exposed to climate risks.

We further discussed the organization's governance, which we see as a factor contributing to the slow pace of addressing climate issues. The company acknowledged that it lags its best-performing peers, an awareness we viewed as a positive signal.

Following this exchange, we supported a shareholder proposal calling for the disclosure of financed emissions across all material scopes, in absolute terms. The proposal received support from roughly 40% of common shareholders, a strong signal in favour of greater climate transparency.

CASE STUDIES – ESG INTEGRATION

70 York: a strategic acquisition amid Toronto's office market recovery

In 2025, the DGAM Canadian Private Real Estate Fund completed its first new acquisition. Through an off-market transaction, it acquired, in partnership with the Desjardins Group Pension Plan, the office building at 70 York Street in Toronto. This acquisition benefited from our new ESG due diligence process for properties. Based on the analysis of environmental and real estate reports, as well as the data gathered, the building demonstrated sound ESG integration.

This 17-storey, 210,000-square-foot building, fully renovated and well maintained, is located in the heart of Toronto's financial district and is accessible via the PATH underground network, just steps from Union Station. At the time of the transaction, its occupancy rate was 92.5%, with a weighted average lease term of 6.8 years. The building is LEED- and BOMA BEST Platinum-certified, the highest level of certification available under these programs.

The acquisition was the result of favourable dynamics. As Toronto's Class A office market was rebounding, particularly with the return to in-person work by major banks and the Government of Ontario, DGAM identified a rare opportunity in a long-overlooked market segment. This unique opportunity to acquire a prime asset in Canada's largest office market positioned DGAM as a significant player in the Canadian real estate market.

CASE STUDIES – ESG INTEGRATION

Acciona S.A.: sustainable infrastructure at the heart of the energy transition

Acciona S.A. is a global engineering and construction company specializing in sustainable infrastructure and renewable energy solutions. The company, which is part of the investment universe of the DGAM Systematic ESG World Equity Fund, develops, builds, operates, and maintains renewable energy facilities, particularly wind and solar. Beyond energy, Acciona is very active in water treatment, transportation infrastructure, and other essential services that support environmental resilience and sustainable urban development. The company meets several of our criteria and demonstrates strong alignment with our sustainability themes.

Climate change theme:

- Net-zero emissions target by 2040 for scopes 1 and 2, and by 2050 for scope 3.
- Science-based targets approved by the SBTi (-60% for scopes 1 and 2 and -47% for scope 3 by 2030, against a 2017 baseline).
- About 70% of its energy consumption comes from renewable sources.
- 50% of the company's revenues are linked to alternative energy and energy efficiency solutions.

Biodiversity theme:

- 3% of the company's revenues are tied to solutions aimed at improving water quality.
- The company maintains rigorous waste management practices. It actively promotes reuse, recycling, and recovery across all its activities. By the end of 2025, the company aims to halve non-recovered waste compared with 2020. It monitors and measures its waste and has launched numerous initiatives to reduce and recycle solid waste.

Acciona contributes to mitigating climate risks by supporting the acceleration of the energy transition through the large-scale deployment of renewable energy infrastructure and science-aligned climate targets. Its expertise in energy efficiency, electrification and the development of resilient infrastructure helps both reduce the environmental impacts of the infrastructure concerned and strengthen its adaptation to the effects of climate change. Its activities in sustainable water management and its rigorous waste management practices support the preservation of biodiversity and ecosystems, key elements in maintaining natural capital.

Source: DGAM, MSCI and company reports

CASE STUDIES – ESG INTEGRATION

Crown Holdings: toward a decarbonized value chain and responsible water management

Crown Holdings is a global leader in metal packaging, manufacturing beverage and food cans, closures, and aerosol containers. The company, part of the investment universe of the DGAM Systematic ESG World Equity Fund, also supplies protective packaging solutions and equipment for industrial logistics and supply chains. It has strongly committed to decarbonizing its entire value chain and applies sound water management practices.

Climate change theme:

- Net-zero emissions target by 2050.
- Science-based targets approved by the SBTi (-50% for scopes 1 and 2 and -27.5% for scope 3 by 2030, against a 2019 baseline).

Biodiversity theme:

- The company has set a goal of reducing its water consumption by 20% by the end of 2025. It aims to replenish 100% of the water consumed in areas experiencing high water stress (for example, Mexico and Greece). It complies with local wastewater standards wherever it operates.
- A new study by the company enabled it to increase the number of manufacturing plants located in areas experiencing high water stress, which will drive investment in water efficiency measures at these sites, in collaboration with local partners. Crown Holdings has signed the CEO Water Mandate, an initiative aimed at mobilizing companies around responsible water management.

Crown Holdings aligns with efforts to reduce climate risks by committing to a science-aligned decarbonization trajectory. Its commitments to water management, particularly in water-stressed areas, contribute to preserving ecosystems and biodiversity—essential to maintaining natural capital and the resilience of supply chains.

Source: DGAM and company reports

Glossary of acronyms

AMF:	Autorité des marchés financiers
ARASQ:	Association de la retraite et des avantages sociaux du Québec
BOMA	Building Owners and Managers Association
BEST:	Building Environmental Standards
CFA:	Chartered Financial Analyst
COP30:	30th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change
CPBI:	Canadian Pension and Benefits Institute
CSRD:	Corporate Sustainability Reporting Directive
DGAM:	Desjardins Global Asset Management
EDI:	Equity, diversity and inclusion
ESG:	Environmental, social and governance
ETF:	Exchange-traded fund
FAIRR:	Farm Animal Investment Risk and Return
FIEUS:	Fonds d'investissement étudiant de l'Université de Sherbrooke
FPIC:	Free, prior and informed consent
FSA:	Fundamentals of Sustainability Accounting
GHG:	Greenhouse gas
GRESB:	Global Real Estate Sustainability Benchmark
ICMA:	International Capital Market Association
ISSB:	International Sustainability Standards Board
LEED:	Leadership in Energy and Environmental Design
NZAM:	Net Zero Asset Managers
OSFI:	Office of the Superintendent of Financial Institutions
PCAF:	Partnership for Carbon Accounting Financials
PRI:	Principles for Responsible Investment
RI:	Responsible investment
SASB:	Sustainability Accounting Standards Board
SBTi:	Science Based Targets initiative
SBTN:	Science Based Targets Network
SDGs:	Sustainable Development Goals
SDI AOP:	Sustainable Development Investments Asset Owner Platform
TCFD:	Task Force on Climate-related Financial Disclosures
TNFD:	Taskforce on Nature-related Financial Disclosures
UN:	United Nations
UNGC:	United Nations Global Compact

LEGAL NOTICE

Source of all data: DGAM as at December 31, 2025, unless otherwise indicated.

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