

## **Information on conflicts of interest**

It is important for DFSF to inform its members and clients about any existing or potential conflicts of interest that may arise in the course of business. A conflict of interest arises when the interests of different parties (such as those of a member or client and those of DFSF or one of its representatives) are incompatible or divergent. DFSF takes reasonable measures to identify any material conflicts of interest that exist or that it can reasonably expect to arise. It assesses the level of risk associated with each conflict and avoids any circumstances that involve a serious conflict of interest or that present too high a risk for its clients. A conflict of interest is considered material when it can be reasonably expected that one or both of the following will occur: it affects the client's decisions in the circumstances; it has an impact on the recommendations or the decisions of DFSF or its representatives in the circumstances.

DFSF ensures that reasonable and equitable policies and measures are put in place to effectively control any type of conflict of interest. The code of professional conduct and the compliance manual set forth as a guiding principle that client interest will always take precedence over those of DFSF and its representatives. Representatives must also disclose to DFSF any situation that can be reasonably expected to hinder them in the performance of their duties or in their capacity to give objective and impartial advice.

### **Conduct of DFSF representatives**

DFSF representatives must abide by strict professional standards. They must show discernment, impartiality and reasonable prudence, and conduct themselves with loyalty, integrity, honesty and fairness in all their interactions with members and clients, including disclosing any material conflicts of interest.

All representatives must have a licence to practise their profession, which is issued by the regulatory authorities after a background check and verification of their credentials. They are subject to ongoing oversight of their professional activities and a mandatory continuing education program.

In the normal course of their duties, DFSF representatives may find themselves in situations where their personal interests conflict with those of a member or client. The code of professional conduct and the compliance manual set forth standards that guide the conduct of DFSF representatives. For instance, these standards prohibit them from:

- Using confidential information acquired in the course of their duties or exploiting a situation for the purpose of obtaining an advantage of any kind
- Accepting or giving gifts, entertainment or compensation that could influence decisions to be made in the course of their duties
- Engaging in outside activities that could interfere or conflict with their duties
- Entering into financial transactions on a personal basis with DFSF clients
- Ordering transactions that they know conflict with the interests of DFSF clients
- Engaging in any activity, holding an interest in any business or participating in any partnership that could interfere or appear to interfere with the independence of their judgment as to the best interest of DFSF members and clients
- Having authority or total control over a client's financial affairs, except to the extent permitted

### **Exclusive Desjardins products**

As part of its activities, DFSF offers products manufactured by Desjardins Group exclusively to its clients, including securities from the issuing entities listed below. As a result, the suitability determination conducted by DFSF and its representatives will not consider the larger market for products that are not exclusive to Desjardins Group, and the fact that those non-proprietary products may be better, worse or equal in meeting the client's investments needs and objectives. However, DFSF's extensive product offering can meet the needs of every investor profile. Note that representatives may refuse to complete transactions on a product that does not match the investor profile.

## DFSF-related issuers

The following issuing entities may be considered related or connected to DFSF:

Desjardins caisses	Members of the Fédération des caisses Desjardins du Québec (the Federation).
Caisse Desjardins Ontario Credit Union Inc.	Formed on January 1, 2020, as a result of the merger of all Ontario caisses/credit unions (formerly the FCPO). Does business as Desjardins Ontario Credit Union.
Desjardins Capital Inc.	A wholly-owned subsidiary of the Federation, this company is responsible for issuing its own securities on capital markets and investing the proceeds in securities issued by Desjardins caisses or the Federation.
Capital régional et coopératif Desjardins (CRCD)	Investment company whose primary purpose is to promote investment in Quebec's resource regions and meet the capitalization needs of cooperatives. CRCD's operations, including its portfolio of investments impacting the Quebec economy and its portfolio of other investments, are managed by Desjardins Venture Capital Inc., a Desjardins Group company.
Desjardins Investments Inc.	Manager, promoter, agent in charge of recordkeeping and agent responsible for Desjardins Funds transfers. Desjardins Funds are reporting issuers.
Fédération des caisses Desjardins du Québec	Financial services cooperative of which Desjardins caisses are members. It is Desjardins Group's treasurer and financial agent on the Canadian and international markets. It offers financing, banking and international services to institutions and to large and medium-sized businesses.

## Dual duty

DFSF representatives, in addition to act in this capacity, carries out another income-generating activity as the employee of a caisse or Financial Institution. As such, he receives a salary. He may also receive an additional remuneration established through sales incentive formulas. These activities as a caisse of Financial Institution employee are separate from those performed by DFSF and therefore do not fall under its responsibility.

## Incentive compensation

In addition to their salary, representatives could receive or may also be rewarded with an incentive compensation in the form of a bonus after recommending or selling products manufactured or distributed by Desjardins Group. This is a common practice in the industry. Bonus programs are based on various criteria, including how profitable a product is for Desjardins Group and sales volumes. Representatives may be inclined to recommend a product to reach their sales goals even if it is not the best product to meet the members and clients' investments needs and objectives. Although this incentive compensation may potentially create a conflict of interest, DFSF and its mutual fund representatives are obligated to ensure that the recommendations and transactions they make are suitable for their members and clients. Bonus programs are also validated and approved by various sectors to ensure that a representative is not inclined to recommend a product that is not in members and clients' best interests, that the incentive is not based solely on sales volumes, and that actions are taken against a representative in the event of inappropriate conduct.

## Fee-based funds

Representatives have no incentive to sell or recommend fee-based funds instead of another category of funds. Their recommendations must be made based on member and client interests and needs.

## Outside professional activities

Representatives may conduct paid or unpaid professional activities outside DFSF. In such case, they are required to disclose them to DFSF before exercising it. DFSF will examine the nature of the activity and the representative's relationship with the outside organization, the compensation they may receive and any potential conflicts of interest that may arise. Then DFSF will issue a decision. If the outside professional activity is allowed, the representative must agree to not solicit DFSF clients or use the data or equipment they have access to when conducting that activity.

## Client referral agreement

DFSF has no client referral agreement.