



Principles for Responsible Banking

2023 annual disclosure



Principle 1: Alignment



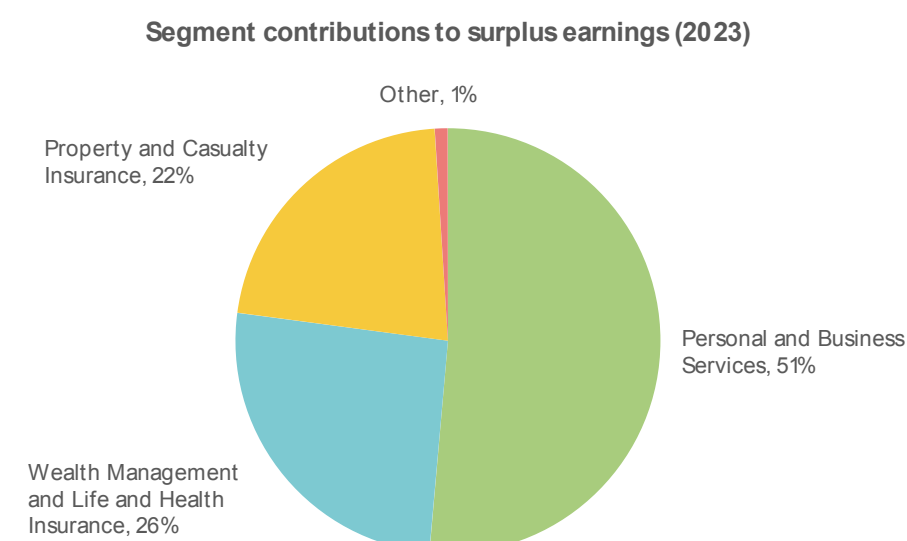
We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1 Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Desjardins Group is the largest cooperative financial group in North America. Through our Personal and Business Services, Wealth Management and Life and Health Insurance, and Property and Casualty Insurance business segments, we offer our 7.7 million members and clients across Canada a full range of financial services designed to meet their needs.



The Principles for Responsible Banking (PRB) report indicates our progress in terms of integrating environmental, social and governance (ESG) criteria into our banking activities (Personal and Business Services). We also track ESG integration in other reports. For investment activities, it's tracked in our Principles for Responsible Investment (PRI) reports, and for property and casualty insurance and life and health insurance activities, it's tracked in our Principles for Sustainable Insurance (PSI) report. For more information on the scope and distribution of our activities, see Desjardins Group's 2023 Annual Report.

Links and references

- See the following sections of the [Management's Discussion and Analysis](#):
 - Profile and structure (page 9)
 - Financial highlights (page 11)
 - Analysis of 2023 results (page 19)
- See the following sections of Desjardins Group's [Annual Report](#):
 - Our mission (page V)
 - 2023 key figures (page VII)
- See the following PRI reports on [PRI's data portal](#): Desjardins Global Assets Management, Desjardins Investment Inc., Régime de rentes du Mouvement Desjardins (Desjardins Group Pension Fund) and Développement international Desjardins (Desjardins International Development)
- See Desjardins Insurance's [PSI report](#)

1.2 Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

UN Global Compact

UN Declaration on the Rights of Indigenous Peoples

Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones:

Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: *Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada)*

None of the above

Response

As a cooperative financial group contributing to the development of communities, we give our members and clients the support they need to be financially empowered. That's our mission. To do this, we focus on always doing what's best for members and clients by offering a full range of quality products and services.

We also have a long and rich history of solidarity and commitment to communities, dating back more than 120 years. Being there for the communities we serve is important to us, as are the environmental efforts we've been making over the past several decades, which are supported by sound governance practices. Sustainable development has been a stated part of our strategic framework since 2016 and it's one of our priorities in our 2024–2027 strategic plan.



A committed cooperative financial group

We align our activities to be consistent with our cooperative values and the United Nations Sustainable Development Goals. We're guided by both external frameworks and our own frameworks, like our [Sustainable Development Policy](#), which we first adopted in 2005 and updated and expanded in 2020. In addition to this policy, which helps us consistently apply environmental, social and governance (ESG) criteria to our activities, we also draw on a number of other national and international frameworks:

- PRI Advance, a stewardship initiative for human rights and social issues – 2022
- Finance for Biodiversity Pledge – 2022
- Business Ambition for 1.5°C – 2021
- Statement by the Quebec Financial Centre for a Sustainable Finance – 2021
- Canadian Investor Statement on Climate Change – 2021
- Net Zero Asset Managers initiative – 2021
- Climate Engagement Canada – 2021
- Global Investor Statement to Governments on the Climate Crisis – 2021
- Tobacco-Free Finance Pledge – 2020
- Women's Empowerment Principles – 2020
- Powering Past Coal Alliance – 2020
- BlackNorth Initiative Pledge – 2020
- Canadian Investor Statement on Diversity & Inclusion – 2020
- Partnership for Carbon Accounting Financials – 2020
- Principles for Responsible Banking (PRB or the Principles) – 2019
- Principles for Sustainable Insurance (PSI) – 2019
- Principles for Responsible Investment (PRI) – 2010

In 2017, we made a commitment to support the Paris Agreement's goals and subsequently created a [climate action plan](#). We will be mobilizing everyone in our organization to help us achieve net zero carbon emissions for our defined scope (extended operations, lending activities and our own investments) by 2040.



Links and references

- See the following sections of our [Social and Cooperative Responsibility Report](#):
 - 1.3 Our mission (page 8)
 - 3. Environment and climate (page 25)
 - 4. Social (page 32)
 - 5. Governance (page 55)
 - Appendix 1 – United Nations Sustainable Development Goals (page 66)
- See the **Strategic orientations** section in the [Management's Discussion and Analysis](#) (page 14)



Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

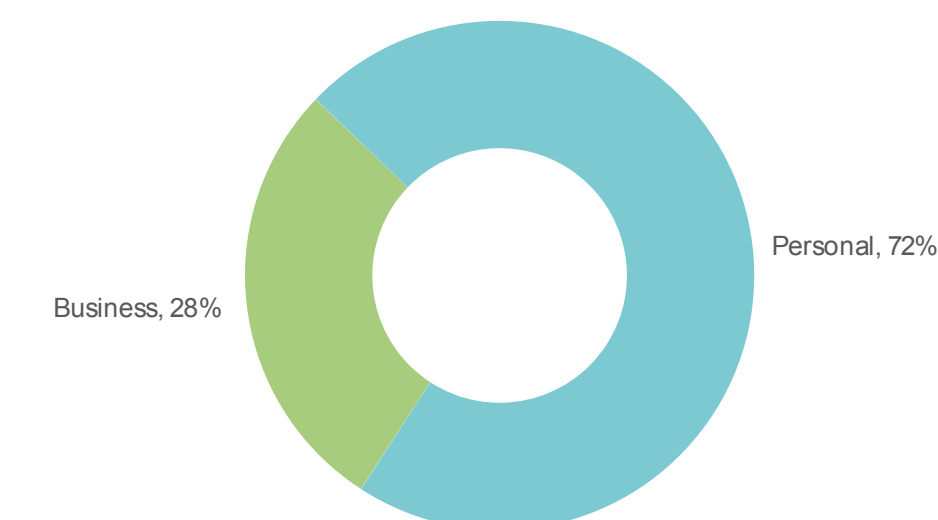
a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

For our impact analysis, we used the tools developed by the United Nations Environment Programme Finance Initiative's (UNEP FI) Positive Impact Initiative. We've included our lending activities to members and clients in the scope of our analysis and excluded banking products that don't involve financing, such as everyday and savings accounts. Our analysis includes all loans to businesses, regardless of their size or industry. For loans to individuals, our analysis focused on real estate financing and vehicle loans, which together make up 91% of our personal lending. We excluded other personal financing products, such as lines of credit and credit cards, from our analysis. This decision makes the impact analysis easier because the use of these products is clear (housing, transportation), because they make up a large part of our loan portfolio and because we have a significant share of Quebec's residential mortgage market, [estimated](#) at 38% last year. The geographic area that our analysis covers is Canada. In total, our impact analysis (business and personal lending) covers 94% of our total financing. We believe that this scope provides a sufficiently complete picture of our financing activities.

Loan portfolio allocation

Loans outstanding as at December 31, 2023



¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the Interactive Guidance on impact analysis and target setting.



b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

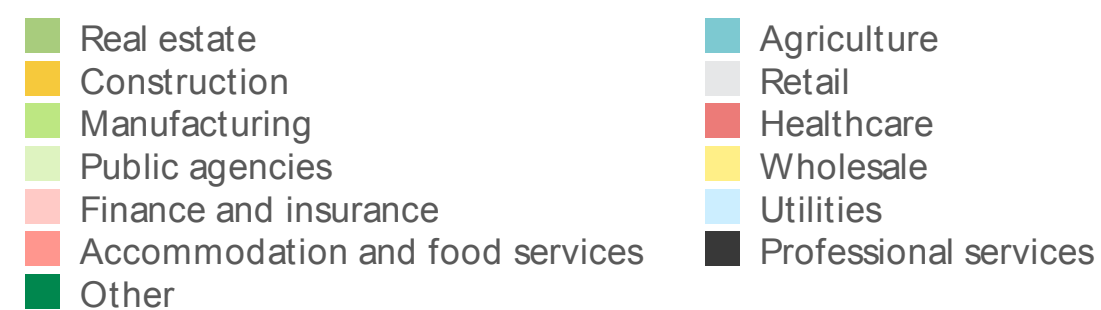
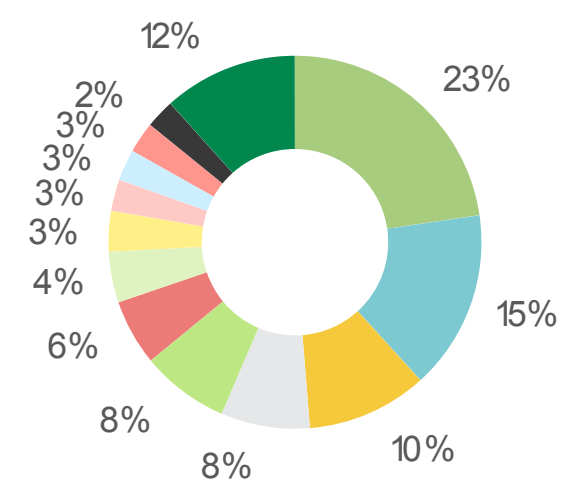
ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

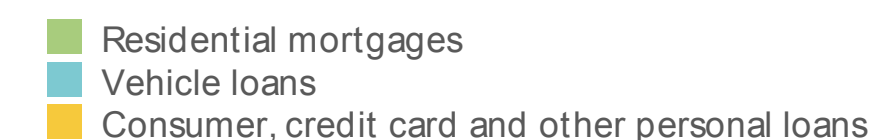
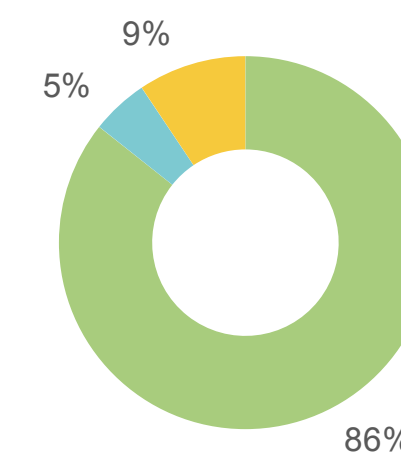
Response

Here's a breakdown of the portfolio by group.

Business loans by industry
Gross loans as at December 31, 2023



Personal loans by type
Loans outstanding as at December 31, 2023



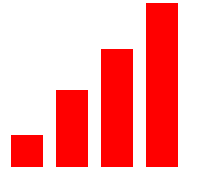
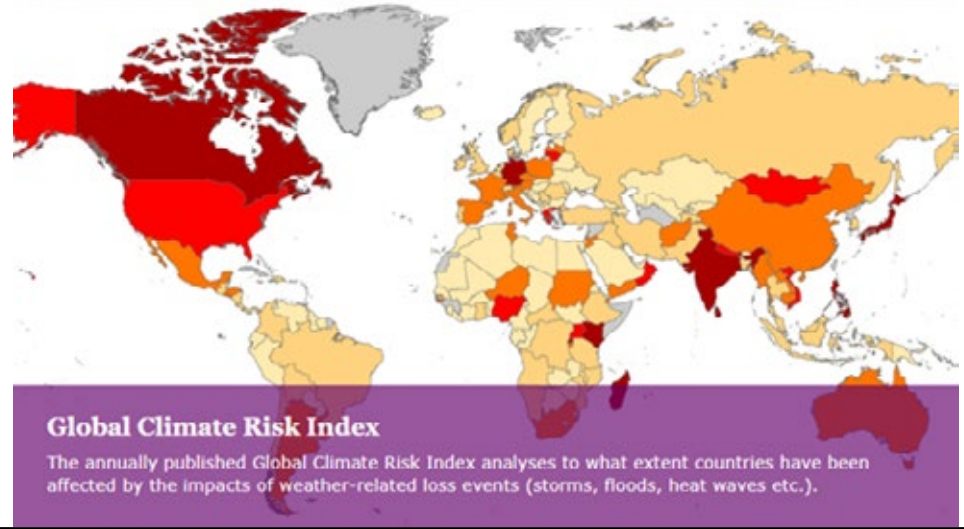
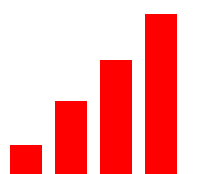
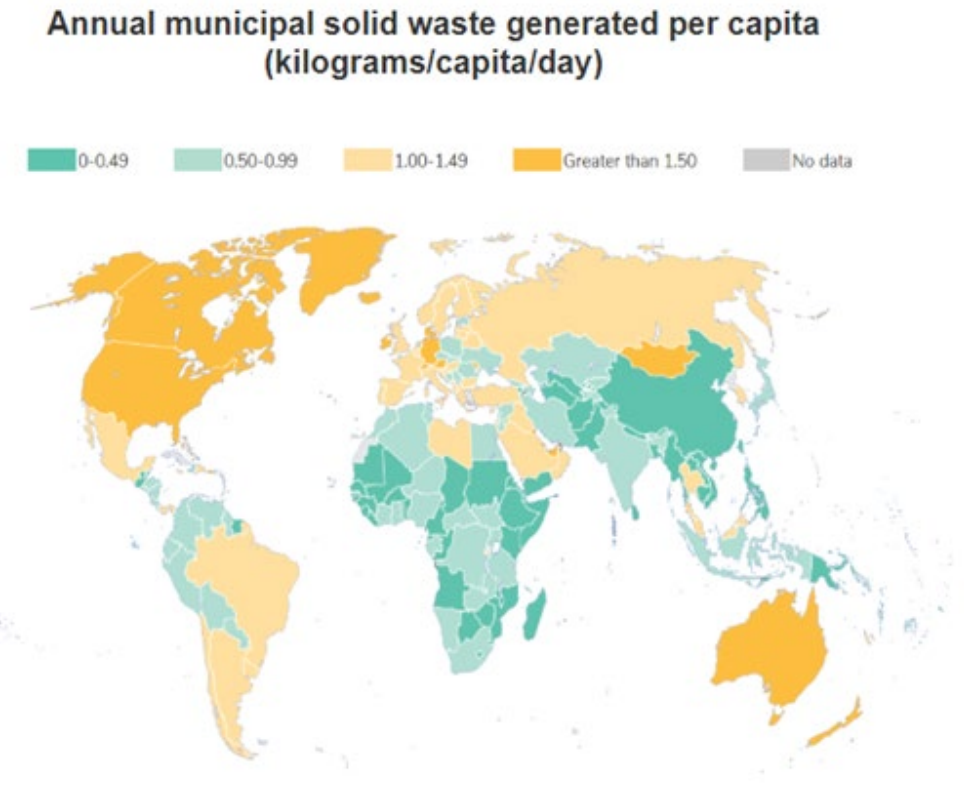
³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c 1) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

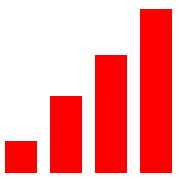
This step aims to put your bank’s portfolio impacts into the context of society’s needs.

Response

The potential impact areas identified in our analysis must be assessed according to Canada’s impact needs, and more specifically the needs of Quebec and Ontario, where most of our banking activities occur. We used the context analysis tool developed by UNEP FI (February 2023 version). Using a series of indicators, these national and regional needs are assessed on a 4-level scale from low to extremely high. The main impact needs for our context are set out in the table below.

Impact need	Level of need	Indicators
<p>Climate stability</p> <p>Climate stability</p>	<p>Extremely high</p> <p>Extremely high</p> 	<ul style="list-style-type: none"> The climate risk index is considered high (German Watch, 2020 – see map). Annual emissions per person are high (ninth in the world according to the World Bank, 2020). 
<p>Waste and resource use</p> <p>Waste and resource use</p>	<p>Extremely high</p> 	<p>We delved deeper into this issue in our 2023 analysis to include more details on efficient resource use.</p> <ul style="list-style-type: none"> Waste generation is more than 1.5 kg per day per person (World Bank, 2018 – see map). The waste diversion rate is low at 28% (Statistics Canada, 2020). Energy consumption per person is high in Canada compared to other countries (Energy Institute, 2022). The material footprint per person is very high in Canada at more than 37 tonnes per year, compared to an average of less than 23 tonnes for OECD countries (Vienna University of Economics and Business, 2022). This indicator measures the total amount of raw materials (metals, fuels, ore and biomass) extracted to meet a country’s demand. 

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Housing	<p>Extremely high</p> 	<p>Based on our 2023 analysis, the importance of this issue has increased from high to extremely high.</p> <ul style="list-style-type: none"> • Canada is doing well on baseline indicators (slums, overcrowding), but affordability issues remain and are growing, particularly in major urban centres. • In total, 35% of renters and 39% of low-income homeowners spend more than 40% of their disposable income on housing (OECD, 2020), which is higher than recommended by the Financial Consumer Agency of Canada. • Housing prices in Canada have risen particularly fast compared to wages since 2015 (International Monetary Fund, 2021). • Canada has one of the highest rates of people experiencing homelessness among countries in the OECD (2020).
Healthy eating	<p>High</p> 	<p>This issue was added to the list in our 2023 update.</p> <ul style="list-style-type: none"> • Canada has a favourable environment for healthy eating, with a low rate of malnutrition according to the Food and Agriculture Organization of the United Nations (FAO) and an enviable score for food security, according to the Global Food Security Index published by the Economist Intelligence Unit. • According to the World Obesity Federation, the prevalence of obesity in Canada is increasing and relatively high compared to other countries.

In 2023, we surveyed 3,000 Canadians. Our findings confirmed that the issues identified here are concerns for our members and clients, and for the larger Canadian population. Protecting the environment and climate action were both priority issues for over half of respondents.

c 2) Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

Response

Main potential impact areas identified

The activities we provide loans for generate positive and negative impacts. The impacts identified weren't measured quantitatively, but represent probable impact areas under the methodology described previously.

Main positive impacts

Employment

We provide financing to industries that include major employers in Quebec and Canada, including the industrial, agricultural and service sectors. A large portion of our lending is to small and medium-sized enterprises (SMEs), a group that represented over 83% of Canada's private sector jobs in 2022, according to [Statistics Canada](#). The financing and support we provide these businesses enable them to offer their employees productive and decent work at fair wages.

Housing

We lend to companies that design, build and renovate homes, increasing the number and quality of available residential units. Our mortgages enable individuals to purchase a home that meets their needs. Our financing offer helps people find adequate, secure housing where they can live with dignity.

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Inclusive, healthy economies

Financial products and services that meet the needs of individuals, entrepreneurs and SMEs—especially those that are underbanked or have low incomes—are essential to improve financial inclusion and help create a diversified, healthy economy. In particular, individuals in precarious financial situations and small or start-up businesses face financial constraints that sometimes seem insurmountable. According to the [World Bank](#), access to financing for these individuals and businesses is associated with increased innovation, job creation and economic growth. We offer a variety of [solidarity-based finance products](#) that are designed to meet the needs of members and clients. In addition to supporting a large number of SMEs, our financing activities support a wide range of companies in sectors that are essential to a healthy and inclusive economy: education, healthcare and social assistance services, public administration, technology and telecommunications.

Main negative impacts

Waste

Among the activities we finance, manufacturing and industrial activities, agriculture (including crops and livestock) and building construction and demolition are some of the main sources of waste in developed countries like Canada, according to the [OECD](#). Businesses in these sectors need to improve their waste management through control and treatment mechanisms and produce less waste by changing their processes and encouraging reuse and recycling.

Resource use

Many activities that make up a significant portion of our financing portfolio require the intensive use of natural resources, such as real estate, agriculture (crops and livestock) and transportation. Businesses in these sectors need to optimize how they use natural resources, especially non-renewable resources. We believe that the circular economy will create business opportunities to do just that.

Climate stability

All human activities generate greenhouse gas emissions, and the individuals and businesses we finance are no exception. Some sectors or activities emit more than others, however. The support we provide to the construction, housing, agriculture, livestock (especially cattle) and transportation sectors increases the carbon footprint of our lending portfolio. GHG emissions in the construction and housing sectors are generally attributed to the extraction and manufacturing of materials and then the building's energy consumption once complete. For the agricultural sector, the main causes are fertilizer, land use and methane released by ruminants. As an important sector in the value chain of most companies, transportation is also a major source of emissions in our portfolio, as it is for Canada, especially Quebec. Our vehicle loans also contribute to GHG emissions by helping our members and clients to buy personal vehicles, which are often gas vehicles.

A combined summary of the impact of our business and personal lending is provided in the table below.

Positive impacts		Negative impacts	
Main positive impacts	Main contributing sectors	Main negative impacts	Main contributing sectors
Employment	Loans to businesses in general	Waste	Loans to businesses in the manufacturing, industrial, agricultural and construction sectors
Housing	Loans to businesses in the real estate and construction sectors; residential mortgages	Resource use	Loans to businesses in the real estate, agriculture and transportation sectors
Inclusive, healthy economies	Loans to businesses in general, but especially SMEs; loans to individuals in general	Climate change	Loans to businesses in carbon-intensive sectors like real estate, construction, agriculture and transportation; loans to individuals to purchase vehicles

We've identified the significant impact areas on the next page.



d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex. If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Response

Significant impact areas

The table below is based on UNEP FI's Sector-Impact Map and the Banking Identification Module (February 2023 version). It shows the overlap between Canada's biggest needs and the main sectors of our lending portfolio that contribute to those needs, as identified in the previous section. This association is based on the activities enabled by our loans, but it does not necessarily reflect their real performance. Yellow and green squares indicate a significant overlap between the sector and need, pointing to the impact areas we should prioritize.

Overlap between main needs for our context and contributing sectors in our portfolio

We use this grid to determine our priorities based on our most significant impact areas. The yellow (negative) and green (positive) squares indicate a more significant overlap between the sector and need.

Main impact needs in Canada	Major contributing sectors – Business lending					Personal lending		Significant impact area for Desjardins
	Real estate	Agriculture	Manufacturing	Construction	Transportation	Residential mortgages	Vehicle loans	
Climate stability	GHG emissions (mainly outside Quebec) ⁶	Land use GHG emissions (including methane)	GHG emissions	GHG emissions	GHG emissions	GHG emissions (mainly outside Quebec) ⁶	GHG emissions	✓
Waste and resource use		Major source of waste (livestock and crops)	Major source of waste (especially food and plastic production)	Major use of natural resources Major source of waste production (construction and demolition)	Use of natural resources (oil, metals and critical minerals)			✓
Housing	Quality and availability of housing			Increase in available housing		Access to housing		✓
Healthy eating		Quality and availability of local food facilities						No – This issue has a limited impact on our financing activities.

According to our analysis, climate stability, waste and resource use, and housing are our most significant impact areas.

First impact area: Climate stability

We measured our performance via an evaluation of our financed emissions for certain asset classes according to the Partnership for Carbon Accounting Financials methodology. The results of this exercise are disclosed annually in our Climate Action at Desjardins report.

Second impact area: Waste and resource use

Our efforts to better understand our current performance—which depends on that of our members and clients and therefore that of the Canadian economy as a whole—are presented in section 2.2 of this report.

Third impact area: Housing

We plan to develop a better cross-functional understanding of this issue through the implementation of the actions presented later in this report.

⁶ Real estate is a greater contributor to GHG emissions in other Canadian provinces (outside Quebec) due to heating sources and the carbon intensity of electricity.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁷

Scope: Yes In progress No

Portfolio composition: Yes In progress No

Context: Yes In progress No

Performance measurement: Yes In progress No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

- Climate stability
- Waste and resource use
- Housing

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: No additional comment.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁸ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁹ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. You can build upon the context items under 2.1.

Response

First impact area: Climate stability

In April 2021, we announced that we'd be implementing an [ambitious action plan](#) to achieve net zero emissions by 2040 in our extended operations and in our lending activities and own investments in 3 carbon-intensive sectors: energy, transportation and real estate. We chose these sectors because they represent nearly three-quarters of all greenhouse gas (GHG) emissions in Canada. By reducing emissions in these sectors, we can help decarbonize the economy by 2050, in line with Canada's commitment. Our approach is consistent with the Government of Canada's [2030 Emissions Reduction Plan](#) and [Canada's Energy Future 2020](#) report.

This action plan builds on what we've already started—but it goes farther, fast-tracking our climate action and adaptation efforts.

To show how seriously we're taking this target, in October 2021, we became the first financial institution in Canada to join the [Business Ambition for 1.5°C](#) international campaign organized by the Science Based Targets initiative (SBTi), in partnership with the United Nations Global Compact and the We Mean Business Coalition. In doing so, we've committed to setting short- and medium-term science-based GHG emission reduction targets. The [targets](#) were published in January 2024. They were determined using SBTi's methodology and the Partnership for Carbon Accounting Financials' approach to assessing financed emissions.

This approach, combined with our efforts to consider climate-related risk and opportunities, clearly demonstrates our support for meeting the Paris Agreement's climate targets.

⁷ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

⁸ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁹ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.



Second impact area: Waste and resource use

Since the start of the industrial age, the global economy has been based on a “linear” model that uses a “take–make–waste” approach. This linear model requires constant economic growth and disregards the limited availability of resources.

The circular economy is one way we can move beyond this unsustainable economic model. It focuses on improving how we use resources and extending the life of products and the materials they’re made of.

In Canada, the circular economy movement is gaining momentum. In September 2020, the École de technologie supérieure opened the Center for Intersectoral Studies and Research on the Circular Economy (CERIEC). Desjardins provided \$2.1 million in funding to CERIEC to help launch an ecosystem of roughly 10 virtual circular economy acceleration labs over 5 years. These efforts reflect Canada’s ambitious targets, which include decreasing waste by 30% by 2030, and by 50% by 2040. According to a recent report on the [circularity rate in Quebec](#), only 3.5% of the province’s economy is circular. There’s a lot of work to be done.

We’re intensifying our efforts to support business owners as they make this necessary transition. In 2022, we joined Circular Economy Leadership Canada, a network working to connect Canada’s circular economy community and serving as a bridge to similar networks around the world. Our goal as a member of this network and its new Circular Finance in Canada Work Stream is to collaborate with other leading Canadian financial institutions and UNEP FI to better define our role in supporting the transition to a circular economy, including for key sectors and supply chains of critical importance to Canada’s economy. A [guide](#) for financial institutions was published in February 2024.

Some business owners are already taking action. For example, one of the projects we provide funding for is Coop Agri-Énergie Warwick, a cooperative that reuses agricultural waste. The co-op extracts methane from its members’ agricultural waste, purifies it to make renewable natural gas and injects it into the gas grid, replacing natural gas from fossil fuels. Digestate, a by-product of biomethanization, is then sent back to farms to fertilize crops, which completes the circular economy loop.

Producing biomethane enables farmers to diversify and increase their sources of income, participate in the energy transition, reduce odours from manure spreading and get high-quality digestate for farming purposes.

Biomethanization is one of the high-potential solutions identified by the Canadian government in its [methane management strategy](#).

Third impact area: Housing

Desjardins’s commitment supports the objectives of Canada’s [National Housing Strategy](#), which include:

- Create new housing supply (build new affordable housing)
- Modernize existing housing (renew or renovate existing affordable housing stock)

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

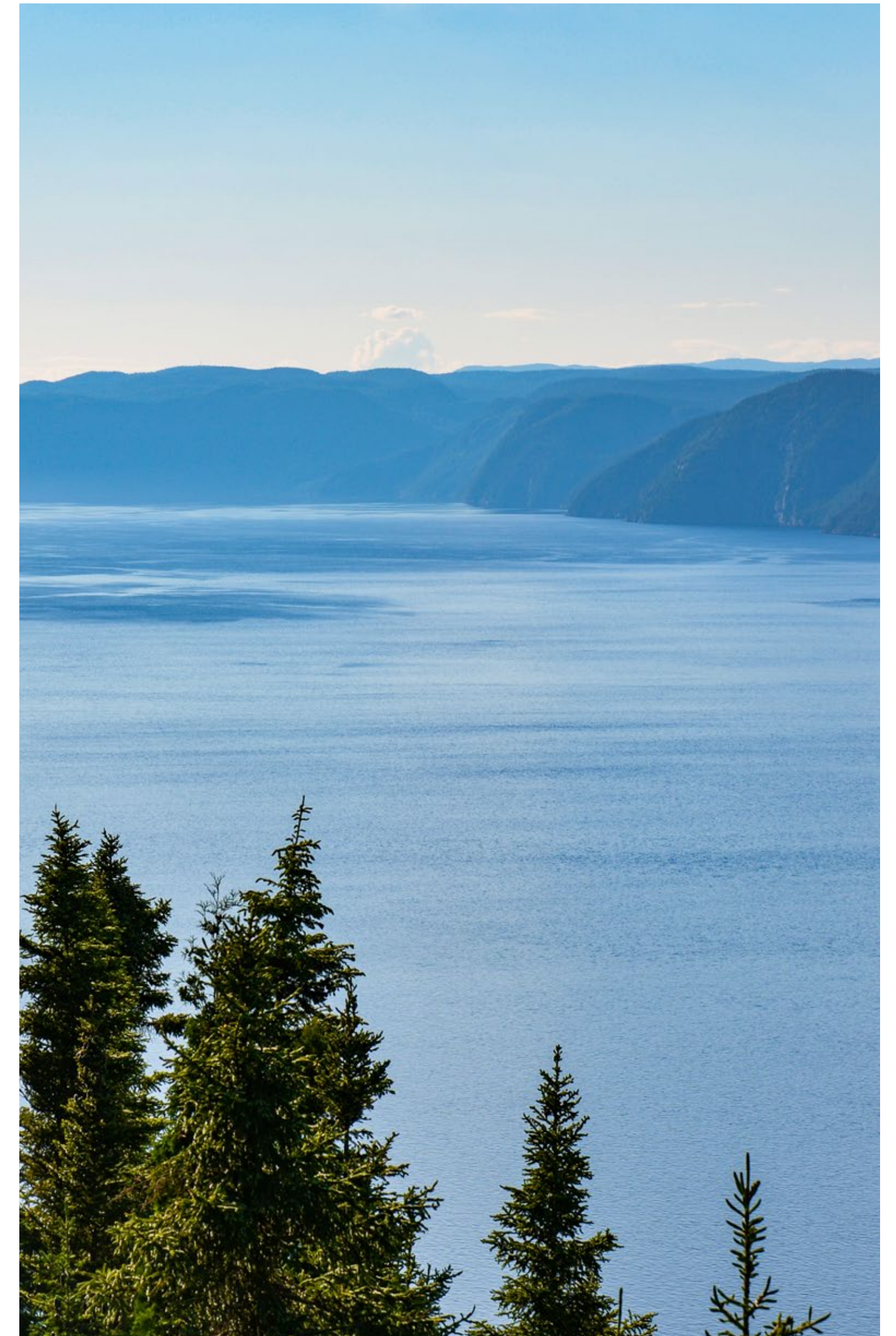
Response

First impact area: Climate stability

The reference year for our science-based targets is 2020.

We monitor the indicators below, which are recommended by the PRB, to assess our performance in this area.

Code	Indicator	Response
A.1.1	Climate strategy: Does your bank have a climate strategy in place?	Yes – See our 2040 climate ambition.
A.1.2	Paris alignment target: Has your bank set a long-term portfolio-wide Paris alignment target? To become net zero by when?	In progress – Our 2040 net zero climate ambition is broken down into sector-specific targets that are under development. Our first science-based targets have been validated by the SBTi.
A.1.4	Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	In progress – The emissions generated by a large part of our lending portfolio have been evaluated. See the GHG emissions from our financial activities section of the 2023 Climate Action at Desjardins report.
A.2.3	Sector-specific emission intensity (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sectors?	In progress – Financed emission intensity was evaluated for residential mortgages, individual vehicle loans and commercial real estate. See the Metrics and targets section of the 2023 Climate Action at Desjardins report.
A.3.1	Reduction of GHG emissions: How much have the GHG emissions financed been reduced?	In progress – The emissions generated by a large part of our lending portfolio are monitored on an annual basis. See the GHG emissions from our financial activities section of the 2023 Climate Action at Desjardins report.



Second impact area: Waste and resource use

The reference year for monitoring our target is 2019, when we signed the PRB. That's also the year we provided financial support to the Coop Agri-Énergie Warwick project, which helps [reduce GHG emissions](#) by 6,500 tCO₂e per year.

Third impact area: Housing

The reference year for our target is 2022.

We're the only Canadian financial institution that offers a full range of financing solutions for affordable housing under one roof. Our centralized model enables us to quickly set up the necessary financing package for this type of project, including loans, patient capital and contributions from government and community groups. This "one-stop shop" makes it easier for housing cooperatives and organizations to get their affordable housing projects off the ground.



c) SMART targets (incl. key performance indicators (KPIs)¹⁰): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response

Note: With some exceptions, the indicators identified have not been verified by a third party.

First impact area: Climate stability

Goal: Net zero emissions by 2040 in our financing and investments in 3 key carbon-intensive sectors (energy, real estate, transportation)

Key performance indicator: Proportion of financing for the renewable energy sector in our energy sector banking portfolio (%)

Target: Achieve at least 60% on this indicator by 2030 (2023 result: 59%)

We've committed to boosting the share allocated to renewables in our lending to energy corporations from 24% in 2020 to 60% in 2030. Our [position on the energy sector](#) includes additional targets specific to this sector. We continue to use and develop our current tools and practices to manage any negative impacts that our support of renewable energy (including biomethanization projects) may have on other ESG issues, such as social acceptability of projects and employee health and safety. These tools and practices include shareholder engagement with companies in our own investments, ESG assessment grids used during business financing granting and critical reviews of projects and positions.

In 2023, we developed additional targets that cover our operational GHG emissions and emissions related to our lending and investment activities. These science-based targets have been validated by the Science Based Targets initiative and [published](#). More specifically, here are the targets that were approved:

- Operational GHG emissions (Scopes 1 and 2): Absolute reduction of 50% from 2020 to 2030
- GHG emissions from our financial activities (Scope 3, category 15): [Targets](#) covering our portfolios of direct real estate investments, equities and bonds held by our own investments, our lending to large businesses and project financing in the electricity generation sector. These targets use the approaches for temperature alignment and sectoral decarbonization set out by the SBTi. They cover all asset classes required by the SBTi (4% of our total assets) and don't include the optional asset classes according to the SBTi methodology (52%) or those that fall outside it (44%).

A third party carried out a [limited assurance engagement](#) relating to operational GHG emissions and financed emissions for certain asset classes.

¹⁰ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Second impact area: Waste and resource use

Goal: Support the development of the circular economy

Key performance indicator: Number of projects to convert organic waste (largely from agriculture) into renewable energy (biomethanization) since reference year (2019)

Target: 6 biomethanization development projects supported by 2025 (2023 result: 2 projects)

Following the success of the Coop Agri-Énergie Warwick project, the first of its kind in Quebec, we've pledged to provide financial support to 5 more projects of this kind by 2025, for a total of 6. This target will increase the amount of funds directed toward circular economy projects and encourage dialogue with our agricultural business members about their business models.

Third impact area: Housing

Goal: Combat the housing crisis

Key performance indicator: Number of affordable housing units made available in 14 regions of Quebec since reference year (2022)

Target: 1,750 affordable housing units by 2025 (2023 result: 1,246 units in projects that obtained final approval from the program's steering committee)

We've committed to making over 1,750 affordable housing units available by the end of 2025. Of this number, 75% will be new builds and the other 25% will be existing units that are renovated and acquired by non-profit organizations to ensure the rent stays affordable.

The housing units will be spread across 14 regions in Quebec, including Montreal, Quebec City, Rivière-du-Loup, Drummondville and Outaouais.

In 2023, concrete plans were announced for a number of projects:

- 93 affordable housing units at Manoir Lafontaine, in the heart of Plateau-Mont-Royal in Montreal
- 56 affordable housing units in Sherbrooke
- 720 affordable housing units at Domaine La Rousselière in Pointe-aux-Trembles, in Montreal's east end

To complement this commitment, the GoodSpark Fund pledged [support to 5 organizations](#) (in French only) that help people experiencing homelessness.



d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response

First impact area: Climate stability

To learn more about our climate action plan, see section **3.1 Our climate ambition** of our 2023 Social and Cooperative Responsibility Report.

Second impact area: Waste and resource use

We're in the process of developing an action plan to achieve this target. Advisors from our business financing teams must first develop expertise in biomethanization projects. That's why we've identified opportunities to increase collaboration with the agricultural financing team, which is very familiar with the issues that people working in agriculture face, and with the energy transition financing team, which has experience with major renewable energy projects. We're therefore planning to provide training and awareness-raising content for them, as well as a tool for assessing this type of project. We've also identified opportunities to increase collaboration between the agricultural financing team, which is very familiar with the issues that people working in agriculture face, and the energy transition financing team, which has experience with major renewable energy projects. And finally, we intend to work with key partners in the field to leverage their business intelligence and understanding of the market.

Third impact area: Housing

Our plan to reach this target involves leveraging our extensive network of caisses and the expertise of Caisse d'économie solidaire to solicit developers, housing cooperatives, community organizations and municipal partners to accelerate the development of projects to create or renovate affordable housing. The aim is to promote the development and implementation of adapted financing tools for the construction, acquisition and renovation of affordable housing units, in conjunction with the government of Quebec and other partners. Mitigation measures for potential indirect impacts of the target have not yet been formally identified.

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... Climate stability	... second area of most significant impact: ... Waste and resource use	...your third area of impact: ... Housing
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

First impact area: Climate stability

We revised this target because we made faster progress toward our renewable energy financing indicator results than anticipated and we want to set medium-term targets (2030). In 2022, we reached the previous target set for 2025.

Second impact area: Waste and resource use

Since we set this target, we've had more and more discussions with entrepreneurs and businesses looking to implement biomethanization projects so we can support them. Since it's a new market, there will be longer wait times between project ideation and financing, but the progress is encouraging. The SMART target self-assessment for this issue has been adjusted from "Yes" to "In progress" to better reflect the organization's maturity level on the subject.

Third impact area: Housing

This is the first time we're reporting on this impact area, which was added following an update of our impact analysis in 2023.

Links and references

- See the following sections in our [Climate Action at Desjardins](#) report:
 - Metrics and targets (page 24)
 - GHG emissions from our financial activities (page 28)
- See the following section in our [Social and Cooperative Responsibility Report](#):
 - 3.1 Our climate ambition (page 26)





Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers¹¹ to encourage sustainable practices and enable sustainable economic activities¹². It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see Principle 2).

Response

The primary goal of any cooperative is to meet the needs of its members and clients. With that in mind, we've developed a lineup of responsible products for individuals: [Desjardins Solutions for a Sustainable Future](#). These solutions help our members and clients reach their goals, save on insurance, buy a hybrid or electric vehicle, renovate in an eco-friendly way, and more. With 74 responsible investment (RI) product options in total for clients, including group retirement savings and institutional clients, we're one of Canada's leaders in the field. As at December 31, 2023, we had almost \$13.8 billion in RI assets under management. At the end of 2023, 44% of Desjardins Funds unitholders held a SocieTerra Fund or Portfolio (RI), up from 42% at the end of 2022. Assets under management in SocieTerra Funds and Portfolios went up by 8% over the same period. To support our members in a just energy transition, our SocieTerra Funds and Portfolios are 100% oil production- and pipeline-free. We track the proportion of our members and clients who have chosen responsible products on a quarterly basis.

¹¹ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹² Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

In 2022, we created a dedicated team to support businesses with sustainable development. Last year, the team had over 700 ESG interactions regarding member/client files and our ESG product lineup for businesses. We also expanded that lineup last year by adding an ESG swap that encourages companies to invest based on ESG criteria. We also developed a specific strategy for the energy sector to help define our business relationships with energy companies and support them as they transition to a low-carbon economy.

For individuals and business owners who don't qualify for traditional financing, we offer solidarity-based finance and crowdfunding products so they can contribute to the economic vitality of their community. We pay special attention to making our advisory services accessible to everyone, and we promote financial literacy to boost our members' financial empowerment.

Lastly, we prioritize our members' and clients' well-being by offering [Desjardins Identity Protection](#), one of the best programs of its kind in Canada.

Links and references

- See the following sections in our [Social and Cooperative Responsibility Report](#):
 - 2.3 [Member/client experience](#) (page 18)
 - 2.4 [Responsible products and services](#) (page 22)
- See our [position on the energy sector](#)
- See our [position on thermal coal](#)



3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

We want to contribute to a just energy transition for our society, and we're doing that several ways: developing responsible finance products, being active shareholders, investing in and financing renewable energy projects, financing university programs that train skilled workers (especially in responsible finance and the circular economy), and bolstering electric transportation infrastructure by adding charging stations in the communities we serve in Quebec and Ontario.

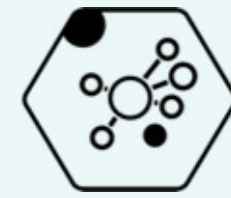
See section 3.1 of this report for an overview of our approach and the ESG products we offer our members and clients. The **Climate-related opportunities** section of our [2023 Climate Action at Desjardins](#) report also highlights business opportunities related to climate.

Links and references

- See the [Climate-related opportunities section](#) in the Climate Action at Desjardins report (page 14)



Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹³) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

Further to the materiality analysis we conducted in 2017 on our sustainable development priorities, we polled our members in 2021, most of whom (79%) said they expect us to be a leader in sustainable development. Over the past 2 years, we conducted additional polls of our personal and business members and clients to better understand their priorities and concerns regarding sustainability and responsible finance. Our 2023 survey of 3,000 Canadians gave us more information on how well Canadians understand sustainable development and responsible finance.

Surveying our stakeholders helped us establish what's most important to our members and clients. We've addressed these priorities in the [Listening to our stakeholders](#) section of the Social and Cooperative Responsibility Report. We work with all levels of government, regulators and other standard-setting organizations on a variety of issues, which are covered in the same section of our Social and Cooperative Responsibility Report.

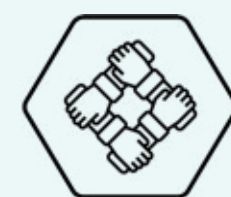
Through our many partnerships, we're committed to helping communities make the energy transition and take action against climate change and the loss of biodiversity. Our partnerships support university research and training, foster the development of real solutions for economic players, and promote climate education and engagement. To learn more, see the [diagram](#) of our environmental and climate action partners.

We also participate in a number of working groups set up by UNEP FI to support the implementation of the PRB and PSI. These working groups provide an opportunity to discuss and work on initiatives addressing ESG issues with other financial institutions from around the world.

¹³ Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of Indigenous population and non-profit organizations



Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Governance structure for implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/ is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

Since 2018, our ESG Steering Committee, made up of senior managers from our business sectors and support functions, has guided and advised our management committee, and ultimately our board of directors, on sustainable development and responsible finance issues. As the guiding force behind the application of ESG criteria at our organization, the ESG Steering Committee oversees many tasks. The committee's mandate and composition were revised in 2023 to better reflect Desjardins's evolving ESG maturity and the growing importance of ESG issues within the organization. Here's its updated mandate:

- Adopt an ESG plan and strategies that are in line with Desjardins's strategic plan, ESG vision and ambition
- Use ESG integration best practices to properly position Desjardins's strategies and spur innovation in the business sectors and support functions (BSSF) in these areas
- Ensure consistency between the organization's ESG commitments and policies and those of the BSSF
- Ensure that Desjardins meets ESG-related disclosure and strategy expectations in response to current regulations and in line with Desjardins's commitments, including the PRI, PSI and PRB
- Ensure coordination and consistency across Desjardins Group when implementing ESG strategies by clarifying the roles and responsibilities of each BSSF
- Establish ESG performance indicators and related targets for Desjardins and work with the BSSF to ensure they are met
- Support appropriate ESG risk management for BSSF activities while respecting the organization's risk appetite and staying consistent with the ESG Risk Factor Committee
- Coordinate with the BSSF to monitor the responsible finance offer, the sustainable bond program and related business opportunities

The ESG Steering Committee, chaired by our Chief Sustainability Officer, is a subcommittee of the Desjardins Group Management Committee. Its members meet monthly to discuss current ESG issues and monitor the organization's ongoing ESG initiatives, action plans and strategy.

To assess our progress, we've established 10 performance indicators that are presented quarterly to our ESG Steering Committee, which can implement corrective measures if required. The ESG Steering Committee's dashboard integrates the targets for the first 2 priority impact areas, namely climate stability and waste and resource use. A subset of this dashboard's indicators is presented regularly to the Desjardins Group Management Committee and the board of directors. Where relevant, the indicators and associated targets are included in the compensation structure of senior managers and employees. We've built an ESG component into the structure of our general incentive plan (bonus) for employees and managers. It's based on an independent third-party evaluation of our ESG performance compared to our peers.

Once the PRB report has been validated by the ESG Steering Committee, the Corporate Governance and Responsible Finance Commission then recommends it for adoption by the board of directors.



5.2 Promoting a culture of responsible banking

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g. capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

At Desjardins, responsible finance is part of who we are as a cooperative. We've dedicated an entire section to it in our Social and Cooperative Responsibility Report. We share our commitment to responsible finance with all our employees through the Desjardins Fundamentals learning path, which is a series of independent and group activities designed to bring employees together over what it means to be a cooperative. In 2022, we introduced mandatory training on sustainability and responsible finance, along with complementary training on climate change and other more specific topics like responsible investment and sustainable insurance. These complementary modules are part of training plans designed for several key jobs in the organization. For example, we launched training on ESG integration in 2023 to train and raise awareness among all our business advisors.

Our commitment is also reflected in our processes. For example, we have a process for assessing ESG factors for large business financing, which helps us identify and manage the environmental and social risks associated with our loan portfolio. For more details about our approach to responsible finance, see section [2.4 Responsible products and services](#) of our Social and Cooperative Responsibility Report.

In addition, our president and CEO, Guy Cormier, is a champion of responsible finance. We were a partner of the 2023 Sustainable Finance Summit in Montreal. Guy Cormier took part in a discussion with Mark Carney, former Governor of the Bank of Canada and the Bank of England, and UN Special Envoy on Climate Action and Finance. During the talk, they discussed the key role that financial institutions play in promoting sustainable finance and the transition to a sustainable economy. They also talked about the challenges and opportunities presented by sustainable finance, financial innovation and mobilization, and the importance of transparency and reporting.

As noted in section 5.1 of this report, we've built an ESG component into the structure of our general incentive plan (bonus) for employees and managers. It's based on an indicator that compares our ESG performance against our peers in North America, as evaluated by 4 ESG rating agencies.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹⁴

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

Our business practices are guided by modern, dynamic democratic governance, which is reflected in our internal policies and code of conduct. We have internal policies on:

- Information security
 - Personal information protection
 - Privileged information
 - Privacy and types of consent
 - Information security
 - Information security classification
 - Identity and access management
 - Security of information available to suppliers
- Our cooperative values
 - Sustainable development
 - Financial education
 - Regional decentralization
- Our business practices
 - Communications
 - Compliance
 - Complaint handling and dispute resolution
 - Sound commercial practices
 - Risk management in the caisse network
 - Acceptable use of technology
 - Professional conduct

For more information on the risk management processes used in our business practices, see the **Environmental, social and governance (ESG) risk** section of Desjardins Group's Annual Report.

Links and references

- See the **Environmental, social and governance (ESG) risk** section of [Desjardins Group's Annual Report](#) (page 90)

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

¹⁴ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.



Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer ?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

Response

PricewaterhouseCoopers LLP has completed a limited assurance engagement on the following items included in this disclosure:

- 2.1 Impact analysis
- 2.2 Target setting
- 2.3 Target implementation and monitoring
- 5.1 Governance structure for implementation of the Principles

See the report in the appendix.

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards
- TCFD
- Other: PSI, PRI

Response

See our [GRI index](#)

See our [SASB index](#)

See our [response to the CDP](#) questionnaire

See our [TCFD report](#) (Climate Action at Desjardins)

See our [PSI report](#)

See our [PRI reports](#): Desjardins Global Asset Management, Desjardins Investment Inc., Régime de rentes du Mouvement Desjardins (Desjardins Group Pension Fund) and Développement international Desjardins (Desjardins International Development)

¹⁵ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁶ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.



6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁵, target setting¹⁶ and governance structure for implementing the PRB)? Please describe briefly.

Response

In 2023, we put a lot of work into evaluating and considering the impact of our lending and investment activities. We can use our financial leverage to help people, businesses and communities adapt to the changing economy.

We're aware of the importance of transparency in disclosure reporting. This report summarizes the measures we're taking to apply the Principles and manage our impacts. The PRB build on our cooperative values and are helping us fast-track the inclusion of ESG factors in our business decisions. Over the next year, we'll be focusing on identifying what relevant ESG data we have and optimizing how we use it, especially when it comes to enhancing our lineup of responsible finance products and services to better support our members' and clients' sustainability efforts and the actions required to achieve our recently published science-based targets. This will involve further reflection on 2 key aspects of our 2040 climate ambition: first, financing for real estate (residential and commercial mortgages) and transportation (motor vehicles), and second, agriculture and agri-food financing. We'll also be doing a more in-depth analysis of the impact of our personal financing to support our Commitment to Financial Health and Inclusion pledge.

For more information on our goals and the measures we're taking to achieve them, see our [Social and Cooperative Responsibility Report](#) and our [Climate Action at Desjardins report](#).



6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question)

If desired, you can elaborate on challenges and how you are tackling these:

- Embedding PRB oversight into governance
- Gaining or maintaining momentum in the bank
- Getting started: where to start and what to focus on in the beginning
- Conducting an impact analysis
- Assessing negative environmental and social impacts
- Choosing the right performance measurement methodology/ies
- Setting targets
- Customer engagement
- Stakeholder engagement
- Data availability
- Data quality
- Access to resources
- Reporting
- Assurance
- Prioritizing actions internally
- Other: ...



Independent practitioner's limited assurance report on 2023 annual disclosure on the Principles for Responsible Banking (PRB) of Desjardins Group

To the Board of Directors and management of Desjardins Group

We have undertaken a limited assurance engagement of the following subject matter as presented in the 2023 annual disclosure on the Principles for Responsible Banking (PRB) of Desjardins Group for the year ended December 31, 2023.

Subject Matter

Subject Matter Information	Applicable Criteria
Desjardins Group's responses to the following Principles for Responsible Banking (PRB) developed by the United Nations Environment Programme Finance Initiative (UNEP FI): 2.1 Impact analysis 2.2 Target setting 2.3 Target implementation and monitoring 5.1 Governance structure for Implementation of the Principles	The criteria described in the Reporting and Self-Assessment Template for PRB Report published by UNEP FI in September 2022.

Other than as described in table above, which sets out the scope of our engagement, we did not perform procedures on the remaining information included in the 2023 annual disclosure on the Principles for Responsible Banking (PRB) of Desjardins Group, and accordingly, we do not express a conclusion on this information.

Management's responsibility

Management is responsible for the preparation of the subject matter in accordance with the criteria set out in the table above (together, the applicable criteria). Management is also responsible for such internal control as management determines necessary to enable the preparation of the subject matter that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the subject matter based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. These standards require that we plan and perform this engagement to obtain limited assurance about whether the subject matter is free from material misstatement.

PricewaterhouseCoopers LLP
1250 Rene-Levesque boulevard West, Suite 2500, Montreal, Quebec, Canada H3B 4Y1
T: +1 514 205-5000, F: +1 514 876-1502



A limited assurance engagement involves performing procedures (primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures) and evaluating the evidence obtained. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. The procedures are selected based on our professional judgment, which includes identifying areas where the risks of material misstatement, whether due to fraud or error, in preparing the subject matter in accordance with the applicable criteria are likely to arise.

Our procedures are based on the Guidance for Assurance Providers: *Providing Limited Assurance for Reporting – Version 2* (updated October 2022) published by UNEP IF in November 2022. These procedures only address the accuracy of the subject matter, rather than the assessment of the approach applied.

Our engagement included, among others, the following procedures performed:

- Obtained supporting evidence relating to the declarations made in the 2023 annual disclosure on the PRB of the Desjardins Group.
- Reviewed the accuracy of data relating to lending activities relating to the composition of the portfolio.
- Reviewed the disclosure relating to the method used to determine the priority impact areas of Desjardins Group.
- Reviewed of set targets that address identified priority impact areas and ensure that these targets are specific, measurable, achievable, relevant and time-bound.
- Examination of the accuracy of the disclosure made on the implementation of the actions described in the 2023 annual disclosure on the PRB of Desjardins Group.
- Examination of Desjardins Group organizational charts and meeting minutes, based on the information provided on the Desjardins Group governance structure for the implementation of PRB.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality management

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Desjardins Group' subject matter for the year ended December 31, 2023 is not prepared, in all material respects, in accordance with the applicable criteria.

Purpose of statement and restriction of use

The subject matter has been prepared in accordance with the applicable criteria to report to the Board of Directors and to the Management of the Desjardins Group. As a result, the subject matter may not be suitable for another purpose. Our report is intended solely for Desjardins.

We acknowledge the disclosure of our report, in full only, by Desjardins Group at its discretion. We make no representations or warranties of any kind to any third party in respect of this report.

PricewaterhouseCoopers LLP

Partnership of Chartered Professional Accountants

Montréal, Quebec

March 21, 2024