Climate Action at Desjardins

2024 report on climate-related risks and opportunities

Desjardins
125 YEARS OF AMBITION

Desjardins

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Caution concerning forward-looking statements

Our public communications sometimes include written or spoken forward-looking statements, as defined by applicable securities legislation, particularly in Quebec, Canada and the United States. This document contains forward-looking statements that may also be incorporated in other filings with Canadian regulators or in any other communications. Desjardins Group representatives may also make spoken forward-looking statements to investors, the media or others.

All forward-looking statements in this document are made in accordance with applicable securities legislation in Canada and the United States and are subject to our caution concerning forward-looking statements as set out in the Caution Concerning Forward-Looking Statements section of the 2024 Desjardins Group MD&A.

Forward-looking statements in this document represent the point of view of management on the publication date only and may include, but are not limited to, statements with respect to our objectives, priorities, strategies, sustainability commitments and targets or actions that will be taken to achieve them, the regulatory environment in which we operate, the causes and potential impacts of climate change globally, our approach to identifying and managing climate-related risks and opportunities, and certain risks we face.

These forward-looking statements are typically identified by words or phrases such as "target," "objective," "timing," "outlook," "believe," "predict," "foresee," "expect," "intend," "have as a goal," "estimate," "plan," "forecast," "anticipate," "aim," "propose," "should" and "may," words and expressions of similar meaning in all their grammatical forms, and future and conditional verbs.

Such forward-looking statements are made to assist readers in understanding our vision, strategy and objectives related to sustainability and environmental, social and governance issues, and may not be suitable for other purposes. By their very nature, such statements involve assumptions, uncertainties and inherent risks, both general and specific. We caution readers against placing undue reliance on forward-looking statements, including the statements in this document, since a number of factors, many of which are beyond our control and the effects of which can be difficult to predict, could influence, individually or collectively, the accuracy of the assumptions, predictions, forecasts or other forward-looking statements.

Our ability to achieve our sustainability and environmental, social and governance objectives, priorities, and targets (including with respect to reducing our greenhouse gas emissions and reaching net zero emissions by 2040) is based on a number of assumptions and is subject to a number of factors. Many of these factors are beyond our control and their effects can be difficult to predict—including, among others, the speed and scale of the transition to a low-carbon economy and our ability to satisfy stakeholder expectations on environmental and social issues; the need for active and continued participation of stakeholders (including our employees, our clients, our members, our suppliers, governments, the communities in which we are present, etc.); the availability of comprehensive and high-quality greenhouse gas emission and other third party data; our ability to develop indicators to effectively monitor our progress; the development and release of new technologies and sustainable products; our ability to identify climate-related opportunities as well as assess and manage climate-related risks; the general economic environment, geopolitical uncertainty and the trade dispute with the United States; changes made to regulations that affect our business; the development of environmental, social and governance regulatory requirements; geopolitical and sociopolitical uncertainty; our ability to achieve our long-term strategies and key short-term priorities; our ability to recruit and retain key personnel in a competitive labour market; and possible impacts of major events affecting the local and global economies, including international conflicts, natural disasters, and public health crises, and measures responding to these events.

Note that the above list of factors that could affect future results is not exhaustive. Other factors could impact our ability to reach our objectives. Additional information on these and other factors is available in section 4.0 Risk Management of our 2024 annual MD&A and may be updated in subsequent quarterly MD&As.

In addition, the assumptions, data, metrics, measurements, methodologies, scenarios, and other standards used to develop our assumptions and estimates and to monitor our progress, believed to be reasonable at the time of preparing this document, may later turn out to be inaccurate. Many of these assumptions, data, metrics, measurements, methodologies, scenarios, and other standards continue to evolve and may differ significantly from those used by others, those we may use in the future or those that government or regulatory authorities or other standard setters may later mandate. Such evolution and changes could affect the assumptions and estimates we use and could affect the comparability of the information and data across industries or companies and from one reporting period to another, as well as our ability to achieve our objectives, priorities, strategies, sustainability commitments and targets.

In general, the quality of the data relied upon in climate-related planning and reporting is often not yet of the same standard as more traditional reporting.

Nothing in this document shall constitute, or form part of, an offer to sell or solicitation of an offer to buy or subscribe for any security or other instrument of Desjardins Group, the Fédération des caisses Desjardins du Québec or any of their affiliates, or as an invitation, recommendation or inducement to enter into any investment activity. No part of this document shall form the basis of or be relied upon in connection with any contract, commitment, or investment decision whatsoever.

We do not undertake to update any spoken or written forward-looking statements that could be made from time to time by or on our behalf, except as required under applicable legislation.

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Message from the chief sustainability officer

Building on our ESG goals

It's my great honour to present you with this seventh edition of the Climate Action at Desjardins report, which speaks to our determination to take action to fight climate change and adapt to its effects.

First, I want to acknowledge our teams' amazing collaborative effort. We've been able to adapt our processes and ways of working together to produce this report and respond to new regulatory requirements on climate disclosures.

2024 was the first year with an average global temperature that reached 1.5°C above the preindustrial era.[1] It was a year where the climate crisis took the form of large-scale weather disasters all across the world—including floods in Pakistan and Hurricane Helene in the US, to name just two—that killed thousands of people and caused massive property damage. Canadians suffered the effects of floods, fires and hailstorms. For the first time ever, we passed the $8 billion mark for insured damage caused by weather phenomena.[2] At the same time, we saw a turbulent political and social landscape, polarizing discourse and an increase in climate skepticism and anti-ESG sentiment … all factors that hamper efforts to achieve a quick, just and orderly transition.

Against this backdrop, we're determined to keep on raising awareness among our members and clients while providing solutions and advice that can help them stay financially empowered and seize the opportunities that the energy transition offers.

> After integrating an ESG-specific direction into the Desjardins Group strategic plan, we continued to implement our ESG program. It's a cross-sector project that helps us keep making our ESG data—including climate data—more robust, to better monitor our risks, and to ensure compliance with new regulatory requirements about disclosing and accounting for climate risk.

To that end, we modelled several different climate scenarios to better understand the potential consequences that evolving climate risks will have for Desjardins, our members and clients, and their communities.

We also continued to build out our plan for reaching our climate ambition,[3] including major work on our position to help reduce emissions in the real estate sector, which we plan to finalize in 2025. This cross-sector position will follow the one adopted for the energy sector in 2023.

I'm proud of the way Desjardins's diverse sectors have worked together to help define our positions, to deploy them in their work, and to operationalize our decarbonization targets.

I also want to highlight the extraordinary work our teams have done to accelerate renewable energy development. Their efforts have allowed us to reach our lending goal of $5 billion and our investment goal of $2 billion for this industry.[4]

Awareness is crucial to achieving our objectives. In 2024, we trained 1,394 more employees via the Climate Fresk, a three-hour workshop. That brings us up to a total of 2,028 employees who've done the workshop thus far. We're also continuing to implement job-specific training, particularly responsible investment training for personal finance advisors, as well as for employees who work with our business members and clients, so they can offer thorough support in the transition.

Gildas Poissonnier

Finally, while we're focused on our climate objectives, we're also acutely aware of the critical role of biodiversity, and how its preservation also supports the climate. That's why we've started working on Desjardins's biodiversity roadmap, along with continuing our work raising awareness of this issue within our decision-making bodies.

In 2025, we'll continue our roadmap deployment efforts, moving ever closer to the targets in our climate ambition. We know the challenges. But we also know the power of our collective intelligence—including over 55,200 Desjardins employees and our robust partner and stakeholder ecosystem—and the combined strength of our members and clients. Together, we can focus our efforts and move the needle toward a low-carbon economy, one where communities stand resilient in the face of a volatile climate.

Enjoy the report!

Gildas Poissonnier
Chief Sustainability Officer
Desjardins Group

1 Carbon Brief, "State of the climate: 2024 will be first year above 1.5C of global warming", November 7, 2024.
2 Insurance Bureau of Canada, "2024 shatters record for costliest year for severe weather-related losses in Canadian history at $8.5 billion," January 13, 2025.
3 For more information, see the Our Climate Ambition section (page 25).
4 For more information on progress toward our lending and investment targets, see the Summary of Our Climate-Related Metrics and Targets section (pages 36–39).

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About this report

This report, which we've published since 2017, shows how we're progressing toward our climate ambition. It includes not only what we're doing to reduce greenhouse gas emissions from our operations and our financed emissions, but also how we're disclosing, evaluating and thoroughly monitoring the multiple risks and opportunities of climate change.

Scope of this report

In this report, "Desjardins," "we," "us," and "our" refer to Desjardins Group. Desjardins Group comprises the Desjardins caisse network in Quebec and Caisse Desjardins Ontario Credit Union Inc. (the "caisses"), the Fédération des caisses Desjardins du Québec (the "Federation") and its subsidiaries, and the Desjardins Security Fund. Unless otherwise indicated, this report covers the activities of Desjardins Group.

Regulations and frameworks

The structure and content of this report are based on the following regulations, recommendations and standards:

- Climate Risk Management Guideline – Autorité des marchés financiers (AMF) – for more information, see the appendix on page 47 of this report.
- Guideline B-15 – Climate Risk Management – Office of the Superintendent of Financial Institutions (OSFI)
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Greenhouse Gas Protocol standards
- Partnership for Carbon Accounting Financials (PCAF) standards

Limited assurance report

PricewaterhouseCoopers LLP (PwC) completed an independent limited assurance engagement for some performance indicators. These are marked with a ☑ symbol in this report. The full report is available as an appendix on page 59 of this report.

Reference period

Unless otherwise indicated, the information and data appearing in this report is for the fiscal year that ended December 31, 2024, that is, the period from January 1, 2024 to December 31, 2024.

Currency

Unless otherwise indicated, all amounts shown are in Canadian dollars. $M and $B are used to designate millions and billions of dollars respectively.

About us

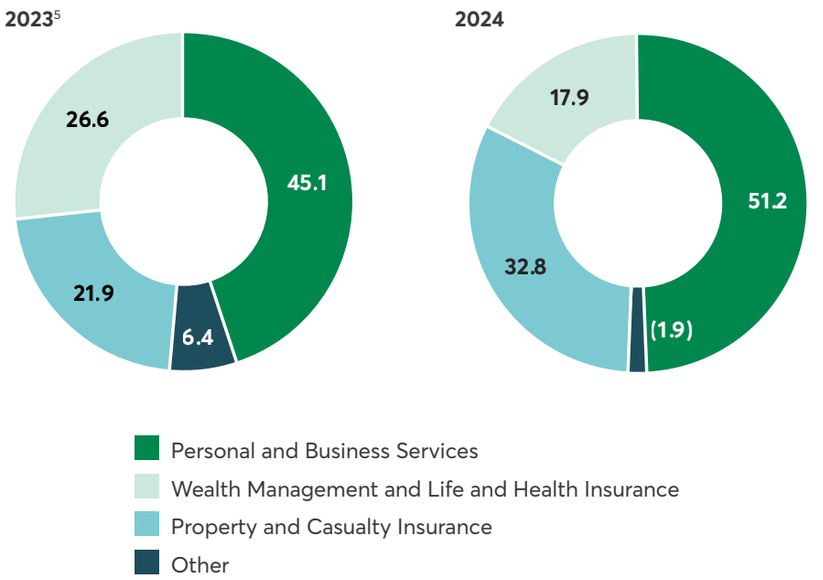
Desjardins Group is the largest cooperative financial group in North America, with assets of $470.9 billion. As at December 31, 2024, the organization included 203 caisses in Quebec and Caisse Desjardins Ontario Credit Union Inc., the Fédération des caisses Desjardins du Québec and its subsidiaries, and the Desjardins Security Fund. A number of our subsidiaries and components are active across Canada, and we maintain a presence in the United States through Desjardins Bank, National Association, and Desjardins Florida Branch.

We take pride in our cooperative nature because it provides the necessary leverage to always do what's best for our members and clients. The resulting mission and values are the driving force for our directors, managers and employees. They are echoed in our orientations and help us achieve our vision of sustainable prosperity within the communities we serve. Since the first caisse was founded in 1900 in Lévis, we have always been a key player in financial literacy, and we believe that the cooperative model is more relevant now than ever in today's rapidly changing world.

Through our Personal and Business Services, Wealth Management and Life and Health Insurance, and Property and Casualty Insurance business segments, we offer our members and clients a full range of financial services designed to meet their needs. As one of the largest employers in the country, we have over 55,200 skilled employees and more than 2,300 dedicated caisse directors.

We're continuing to make progress on implementing our commitments and concrete measures to integrate environmental, social and governance (ESG) factors into our business model and operations management, to take action against climate change and biodiversity loss, and to adapt to these new conditions. We do this through our financial literacy and solidarity-based finance efforts and through our lineup of products and services that cover the full range of our members' and clients' needs.

Figure 1 **Segment contributions to surplus earnings before member dividends** (as a percentage)



Assets of
$470.9 billion

204
caisses

Over
55,200
skilled employees

More than
2,300
dedicated caisse directors

[5] The data has been restated to conform with the current year's presentation.

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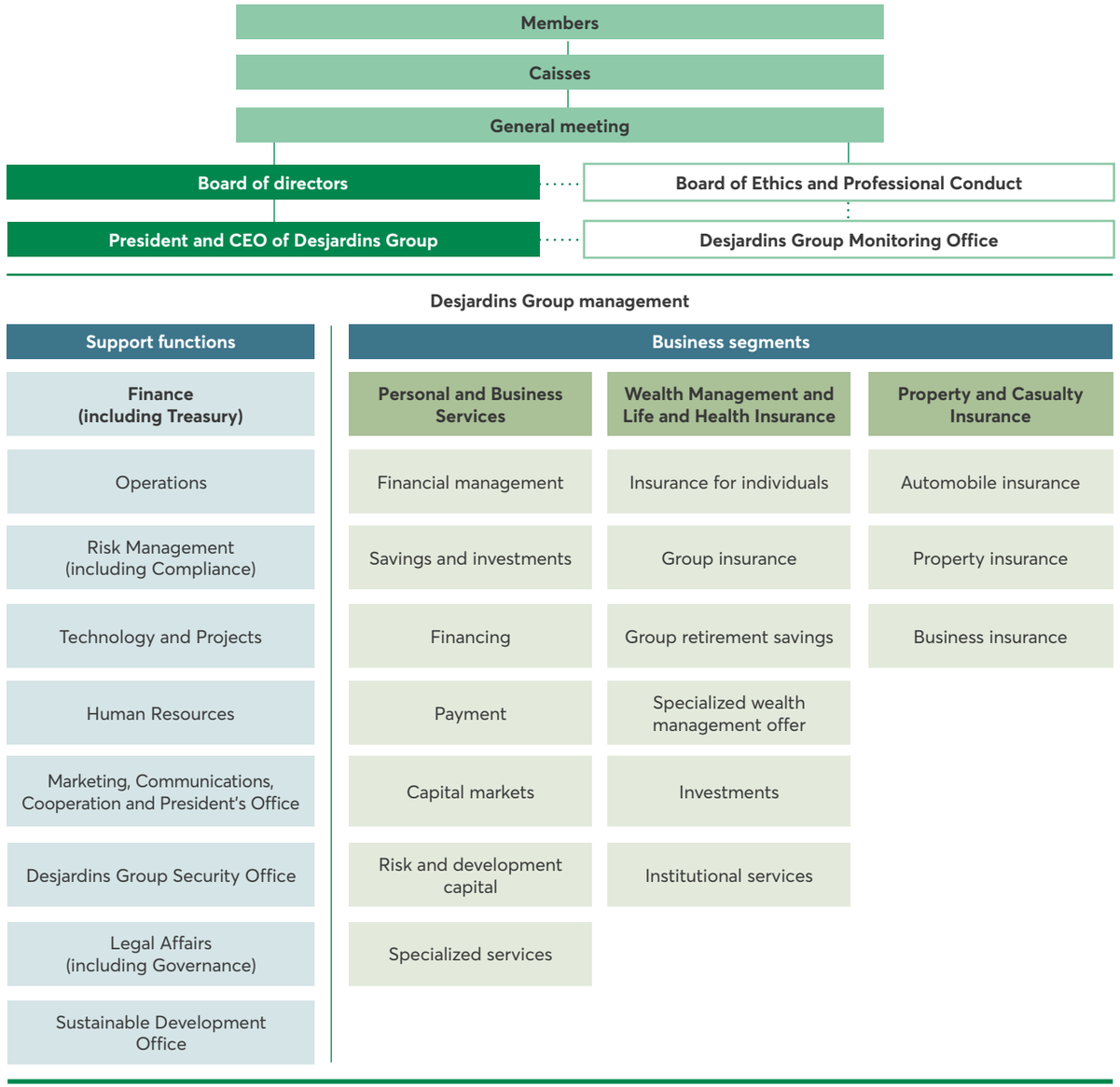
Structure of Desjardins Group

Figure 2 Structure of Desjardins Group



Our structure has been designed to take into account the needs of our members and clients, as well as the markets in which we operate. As a result, the Federation and its subsidiaries, the caisse network in Quebec and Caisse Desjardins Ontario Credit Union Inc. have the support of three main business segments (Personal and Business Services, Wealth Management and Life and Health Insurance, and Property and Casualty Insurance), which enhances their ability to build on their products and services.

Our climate action at a glance

Table 1 Strategy, operations, and lending and investment activities

Our strategy

2040 Target year for achieving our climate ambition of net zero emissions for our operations[1] and financial activities in three carbon-intensive sectors[2]

We've signed the following initiatives:[3]

SCIENCE BASED TARGETS

Net Zero Asset Managers Initiative

Our operations[4]

96%	Electricity consumption from renewable energy sources
88%	Share of renewable energy in our total energy consumption
-22%	Change in our Scope 1 direct and Scope 2 indirect GHG emissions in 2024[5]

Our lending and investment activities[4]

89%	Share of renewable energy in our lending for the electricity production sector
69%	Share of renewable energy in our lending for the energy sector
24%	Lending portfolio credit risk exposure at default[6] to carbon-related sectors
0.5%	Lending portfolio credit risk exposure at default[6] to the fossil fuel sector
+15%	Change in intensity of financed GHG emissions in our loan portfolios[7] from companies in the oil and gas sector[5]
-36%	Change in absolute financed GHG emissions in our loan portfolios[8] from the use of products sold by companies in the oil and gas sector[5]
-18%	Change in absolute financed GHG emissions in our insurers' listed equity and corporate bond portfolio[5] from the oil and gas sector overall
$6.1B	New lending portfolio commitments made since 2020 to support renewable energy and energy transition projects
$2.1B	Investments in renewable energy infrastructure[9]
$1.7B	Sustainable and green bonds issued in the Canadian and European markets since 2021, including an issue of 500 million euros in 2024
24.2	Ratio of renewable energy financing to fossil fuel financing compared to 2023

1 Buildings, business travel and supply chain.
2 Energy, real estate and transportation for our lending activities and our insurers' investments.
3 For a summary of our main commitments, see section 5.2 ESG Frameworks in the 2024 Social and Cooperative Responsibility Report.
4 For more information, see the Metrics and Targets section of this report.
5 Compared to 2020, our reference year.
6 Exposure at default in carbon-related sectors, based on the 2021 TCFD definition, which focused on the energy sector. For more information, see the Exposure to Carbon-Related Sectors and the Electricity Production Sector section of this report.
7 Financed direct (Scope 1) and indirect GHG emissions related to the use of electricity, steam and heating and cooling (Scope 2) from integrated companies (businesses operating throughout the value chain, from exploration to distribution of oil and gas to end users) and upstream companies (businesses in exploration and production), in physical intensity (tCO_2e/TJ).
8 From upstream companies, pipelines, refineries and integrated companies (tCO_2e calculated on a commitment basis).
9 As at September 30, 2024. Including $1.2 billion invested by our organization's main pension plan, the Desjardins Group Pension Plan (DGPP).

Governance

Supervision by the board of directors

Climate-related issues are supervised by Desjardins Group's board of directors, with support from the Corporate Governance and Responsible Finance Commission, the Risk Management Commission, the Human Resources Commission and the Audit and Inspection Commission. In 2024, climate change was a regular topic of discussion at meetings of these governing bodies, whose roles and responsibilities are detailed in Table 2. Further information about these bodies is available in the Corporate Governance section of the 2024 Desjardins Group Annual Report.

Upon recommendation by the Corporate Governance and Responsible Finance Commission, the board of directors adopts environmental, social and governance (ESG) positions and related targets. The Corporate Governance and Responsible Finance Commission receives regular reports on our commitments and targets. A quarterly review of Desjardins Group's performance is also submitted to senior management and the board of directors. This quarterly review includes an update on our progress toward our climate commitments, as well as the Rapport de mesure des risques Mouvement. This report covers climate change risks and biodiversity loss risks, among others.

The board of directors has a self-assessment process to take stock of its members' skills. Through this self-assessment, 58% of our board members (11 of 19 as at December 31, 2024) attest to having advanced or expert-level skills or knowledge in sustainable development and responsible finance. These board members have knowledge and experience in high-priority ESG issues, including climate change and its implications for us at Desjardins, ESG factors in corporate strategy and decision-making, and the impacts and opportunities that climate change presents for our business model. Additionally, our board members take part in multiple learning activities every year that deepen their understanding of their role and responsibilities, including with regard to ESG. For more information or the process to evaluate the skills of board members, see the Governance Structure section on pages 240, 242 and 263 of the 2024 Desjardins Group Annual Report.

Table 2 Desjardins Group ESG and climate governance bodies

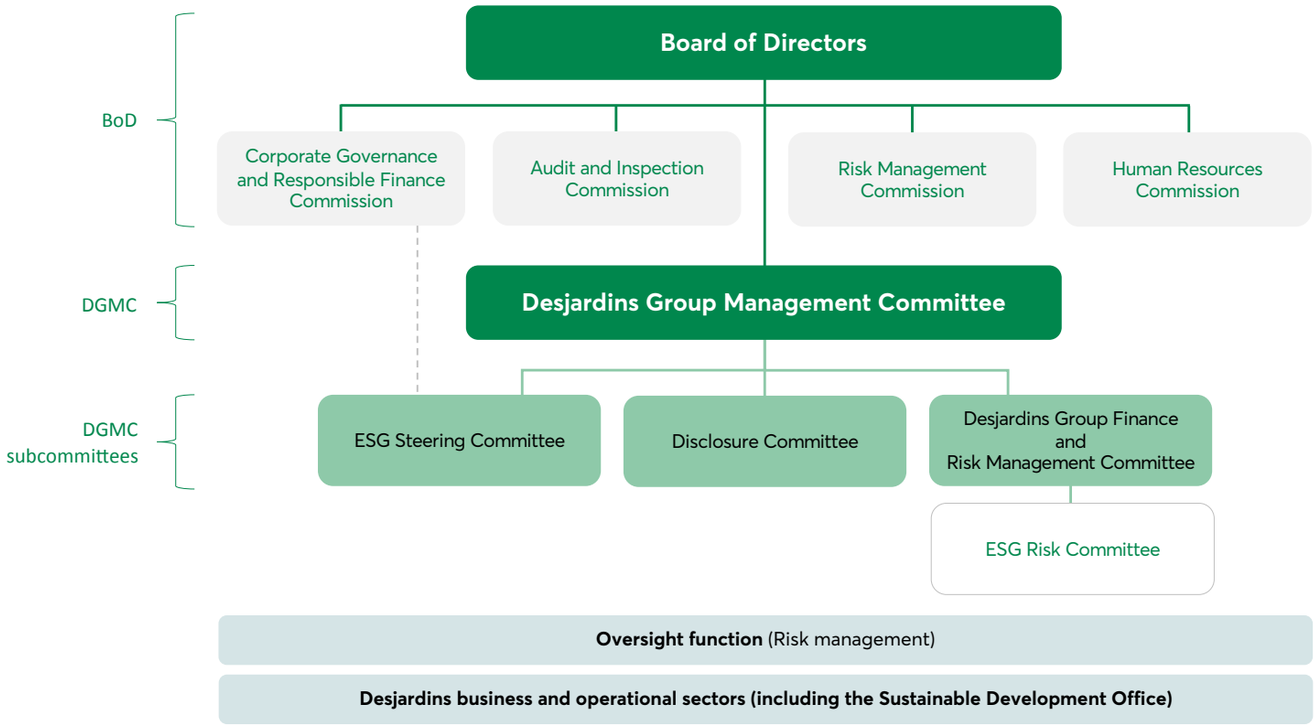
Governing body	Frequency[1]	ESG responsibilities	Examples of activities or topics covered
Board of directors	Annually	• Ensure that ESG factors, including climate change, are incorporated into Desjardins activities and track the factors • Oversee climate change-related files • Adopt Desjardins Group's strategic direction, including the climate strategy	Performance reviews, sustainable development policy, international commitments, ESG positions, monitoring
Corporate Governance and Responsible Finance Commission	Quarterly	• Recommend ESG positions to the board and receive regular reports • Track progress on the integration of ESG factors (including climate action and climate change adaptation) into our business model, and monitor both our performance and training for employees and board members • Monitor industry trends and practices in terms of governance and sustainable development (responsible finance)	Climate ambitions, ESG training, ESG indicators, observations of governance and sustainable development trends
Audit and Inspection Commission	Annually	• Supervise internal processes and controls to ensure the integrity, accuracy and reliability of climate-related data and indicators in financial information disclosures and in this report • Examine all climate-related disclosures in financial information disclosures, including this report • Recommend the approval of this report to the board of directors prior to publication	Climate Action at Desjardins report, including the disclosure process and related controls, watches and training
Risk Management Commission	Quarterly	• Incorporate and monitor ESG-related risks (including climate-related risks), in accordance with Desjardins's risk appetite and integrated risk management frameworks • Study risks associated with ESG strategies, initiatives and positions • Monitor market trends regarding control measures and integration of ESG-related risks (including climate-related risks)	Risk register, risk analysis, Climate Action at Desjardins report, watches and training
Human Resources Commission	Semi-annually	• Oversee equity, diversity and inclusion strategies and employee health and wellness strategies and monitor their integration into HR management practices • Oversee integration of ESG factors into compensation programs, including employee benefits, in accordance with Desjardins Group's strategic directions, objectives and priorities • Receive all relevant reports from the Equity, Diversity and Inclusion Office and the Respect in the Workplace Office	General incentive plan, which includes an ESG indicator (for more information, see the Compensation section of this report)

[1] Minimum frequency of updates on climate action or climate-related issues by governing bodies.

The boards of our insurance subsidiaries, supported by their own committees, take responsibility for climate risk and other ESG factors that pertain to their own specific environments and missions as Desjardins Group components. In particular, they ensure that Desjardins Group's ESG-related directions and goals are met, that ESG risks are included in overall risk management frameworks, and that major ESG risks are monitored and considered in strategies and decisions.

The Integrated Risk Management Framework related to ESG factors and climate change is based on an established risk management governance structure that reflects the organizational reality of Desjardins Group, as illustrated in the following figure.

Figure 3 **Desjardins Group ESG and climate change governance**



Management's role

The Desjardins Group Management Committee is supported in its duties by the Finance and Risk Management Committee, the Disclosure Committee, the ESG Risk Committee and the ESG Steering Committee. Table 3 details the Desjardins Group ESG and climate governance committees and their ESG-related responsibilities.

Table 3 **Desjardins Group ESG and climate governance committees**

Committee	Members[1]	Frequency[2]	ESG responsibilities
Desjardins Group Management Committee	• President and Chief Executive Officer • SEVP and Chief Operating Officer • All executive VPs from Desjardins Group's business segments and support functions	Monthly	• Approve Desjardins Group's sustainable development positions, particularly the integration of ESG factors into Desjardins's business model and climate action • Adopt Desjardins Group's ESG strategies, including managing climate-related risks and opportunities, with support from the ESG Steering Committee • Adopt ESG targets, including Desjardins's climate ambition targets, and track progress toward those targets
ESG Steering Committee	• Office of the Chief Sustainability Officer • Some VPs from Desjardins Group's business segments and support functions who have ESG-related responsibilities	Monthly	• Establish an ESG plan and strategies that are in line with Desjardins's strategic plan, vision and ESG ambition • Establish ESG performance indicators and related targets for Desjardins and work with the business segments and support functions to ensure they're met • Support appropriate ESG risk management for their activities while respecting the organization's risk appetite and staying consistent with the ESG Risk Committee • Coordinate with the business segments and support functions to monitor the responsible finance offer, the sustainable bond program and related business opportunities
Desjardins Group Finance and Risk Management Committee	• SEVP and Chief Operating Officer • EVP, Finance and Chief Financial Officer • EVP, Risk Management • EVP, Business Services • VP, Investments • Chief Compliance and Privacy Officer • Chief Security Officer • Chief Legal Officer	Monthly	• Regularly review the risks, including climate-related risks, to which Desjardins Group is exposed • Support the ESG Steering Committee in establishing ESG positions
ESG Risk Committee	• Some VPs, directors and managers from Desjardins Group's business segments and support functions who have ESG-related responsibilities • Office of the Chief Sustainability Officer	Every six weeks	• Monitor ESG risks, including climate-related risks, to which Desjardins Group is exposed
Disclosure Committee	• President and Chief Executive Officer • SEVP and Chief Operating Officer • EVP, Finance and Chief Financial Officer • EVP, Risk Management • Chief Compliance and Privacy Officer • Chief Monitoring Officer • Chief Treasury Officer • Chief Legal Officer	Quarterly	• Ensure that all systems, processes and controls required for financial disclosures and for this report have been implemented and are effective • Examine all climate-related and financial information disclosures, including this report, prior to publication

[1] SEVP: senior executive vice-president; EVP: executive vice-president; VP: vice-president.
[2] Minimum frequency of updates on climate action or climate-related issues by governing bodies.

In addition to the governance structure at the Desjardins Group level, our main business segments have developed their own management structures for integrating ESG criteria and responsible finance into their operations and for taking climate change into consideration. That includes a sustainable development steering committee within the Property and Casualty Insurance segment, a responsible investment and responsible insurance steering committee supported by a community of practice in the Wealth Management and Life and Health Insurance segment, and a working group dedicated to integrating ESG factors and sustainable development in the Personal and Business Services segment.

The teams within our organization that focus on considering ESG issues and climate change are staffed by professionals in this field. These teams continued to develop and strengthen in 2024.

In addition to these committees and governing bodies, our senior management team also shares responsibility for managing certain aspects of ESG and climate risks and opportunities. Table 4 presents their roles and responsibilities.

Table 4 **Desjardins Group senior management ESG and climate-related roles and responsibilities**

Position	ESG and climate change roles and responsibilities
President and CEO of Desjardins Group[1]	• Take ESG factors and climate change-related issues into account in carrying out their duties, which are defined in the Federation's Governance Policy, and: – Define Desjardins Group's vision, directions and strategic objectives and have them approved by the board of directors – Ensure that any Federation standards and policies and regulatory guidelines that apply across Desjardins Group are correctly interpreted and enforced
Senior Executive Vice-President and COO	• Ensure that ESG factors are incorporated into business strategies and practices • Set up monitoring mechanisms for measuring progress and adjust strategies accordingly • Oversee implementation of ESG policies and initiatives • Grant annual ESG-related budgets and allocate the financial resources required to reach our ESG goals • Supervise the implementation of the climate transition plan and ensure that it's aligned with our sustainable development goals
Chief Sustainability Officer	• Develop our ESG strategy and positions, support their implementation, and follow up in collaboration with our business segments and support functions • Ensure that climate action plans are cohesive across Desjardins Group • Serve as an internal advisor on climate change and climate risk management
Chief Monitoring Officer	• Play an essential role in evaluating and continually improving our ESG disclosure processes—internal audits cover mainly the reliability of ESG data, the integration of ESG factors in our operations, and the effectiveness of internal controls • Be an observer on ESG risk and project committees to ensure independent oversight and contribute to sound governance of sustainable development initiatives
Executive Vice-President, Human Resources	• Integrate ESG criteria into compensation models for all Desjardins Group employees, including senior management
Executive Vice-President, Risk Management and Chief Risk Officer	• Oversee and monitor environmental risk management and report on these risks both separately and as an integral part of other risk categories
Executive Vice-President, Finance and CFO	• Take responsibility for internal processes and the application of controls to ensure the integrity, accuracy and reliability of climate-related data and indicators in financial information disclosures and in this report • Examine all climate-related information in financial information disclosures, including this report
Executive vice-presidents of business segments	• Monitor environmental risks within their scope of responsibility • As the first line of defence, work together with business segments and support functions to take responsibility for identifying, assessing, understanding and mitigating their risks using appropriate processes and controls, which are evaluated on performance and efficiency, and report the risks, upon request, to the second line of defence • Identify, assess and develop climate change-related opportunities in their business segment

[1] Since May 2024, the role of chair of the board has been separate from the role of president and CEO. The responsibilities of the president and CEO guide Desjardins's approach, particularly in terms of defining our ESG vision and strategic direction, establishing our governance model, and supporting decision-making bodies in applying ESG criteria. That includes clarifying each body's roles and responsibilities regarding implementation of ESG initiatives and establishing clear and measurable targets for greenhouse gas emissions reductions.

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Compensation

Our compensation model for managers, employees and executives includes a variable pay component connected to climate considerations.

The variable compensation amount is determined by the general incentive plan, which is an annual bonus that's conditional on achieving set objectives. One of the 12 indicators monitored under the plan is the ESG Rating Agencies indicator. This indicator tracks our ESG performance as assessed by four external extra-financial rating agencies and organizations (MSCI, Sustainalytics, S&P Global CSA and Moody's ESG Solutions[1]), and evaluates our ESG performance as compared to our peers. This indicator covers environmental, social, and governance criteria, including climate change-related factors. For example, it assesses our governance of climate-related considerations, our management of climate risks and opportunities, and our greenhouse gas emissions reduction targets. For more information about variable compensation, please see the Statement of the Federation's Executive Officer Compensation in the Federation's 2024 annual information form, on pages 35–59.

[1] In 2024, Moody's entered into a partnership with MSCI and terminated its own extra-financial rating activities. Source: *Environmental Finance*, Moody's to close ESG Solutions business following MSCI tie-up, July 2, 2024.

Strategy

Climate-related risks

We understand how important it is to identify and evaluate the risks and opportunities related to the physical impacts of climate change and the transition to a low-carbon economy. The long-term repercussions of climate change are complex and unpredictable. As a result, our forecasts vary depending on the climate scenario being considered and our business segments. We continue to invest in growing our understanding and developing our analysis of climate-related risks so we can be proactive. In 2023, we integrated ESG risks into our Integrated Risk Management Framework. We also updated the Desjardins Group risk register to better reflect climate-related risks (including biodiversity-related risks) using a taxonomy that includes physical and transition risks. In 2024, we continued our efforts by further refining our methodologies to better integrate risks related to environmental, social and governance (ESG) factors into our decision-making.

In addition to working on climate-related risks, we identified many climate-related opportunities and came up with different initiatives to act on them. You can read more about them in the Climate-Related Opportunities section of this report.

To advance our understanding of these risks and opportunities, we identified three time horizons, each with specific implications for our activities and strategy. The horizons are short term (0 to 4 years), medium term (5 to 10 years) and long term (10 to 30 years or longer).

Table 5 Environmental risk taxonomy – Climate chang

Risks		Definition	Potential events	Time horizon	Potential financial consequences[1]
Physical risks	Acute	Risks arising from climate change that can be linked to events, including increased severity of extreme events	• Increase in the number and severity of: – Heat waves – Floods – Storms – Wildfires	Short and medium term	• Drop in the value of business and household assets contributing to an increase in expected credit losses • Drop in the market value of businesses as a result of supply chain disruptions • Increase in property and casualty insurance loss ratios due to the increased frequency of extreme events
	Chronic	Risks arising from climate change that can be linked to longer-term changes in climate models	• Increase in average temperature • Increase in the number and severity of droughts • Change/variability in the precipitation regime	Medium and long term	
Transition risks	Policies and regulations	Risks related to new regulations designed to reduce the negative effects of climate change or promote adaptation	• Change in energy policy • Change in economic and other incentives • Change in disclosure requirements and greenwashing risks	Short and medium term	• Higher operating costs (for example, higher compliance costs) • Increase in the frequency of litigations and associated costs
	Technological change	Risks arising from the development and use of emerging technologies designed to ease the transition to a low-carbon economy	• Change in energy production, storage and distribution • Improved energy performance and energy savings • Accessibility and efficiency of low GHG-emitting modes of transportation	Medium and long term	• Reduced profitability of businesses due to the increased costs of adopting new technologies • Reduced competitiveness and financial soundness due to the late adoption of emerging technology • Technological advances likely to affect individuals, processes and systems
	Member, client and investor behaviour	Risk related to change in offer and/or demand for certain products and services as climate-related risks and opportunities are taken into account	• Shift to climate finance • Stigmatization of GHG-emitting industries and polluting companies	Medium and long term	• Reduced demand for products and services due to changes in consumer preferences • Change in the composition and sources of revenues, resulting slower growth

[1] We've provided qualitative data on current and expected financial consequences given the high level of uncertainty surrounding the quantitative data.

Desjardins

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Climate-related opportunities

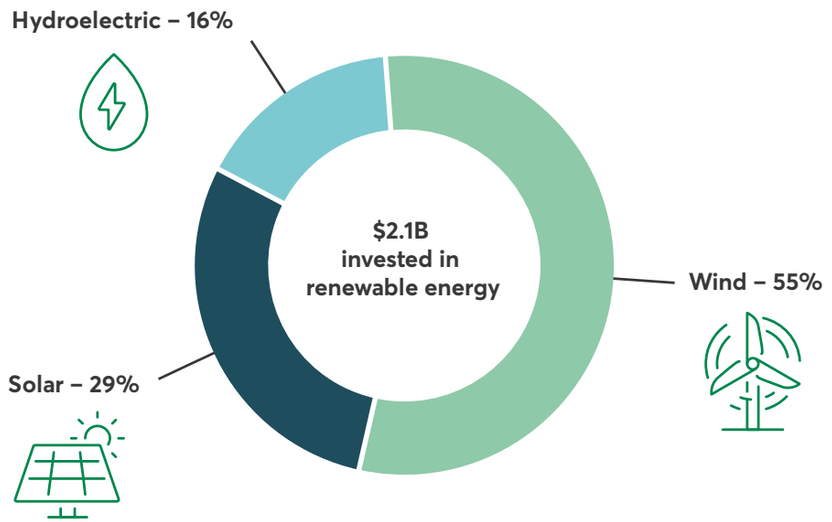
At Desjardins Group, we believe that climate change also provides opportunities for certain sectors of the economy and the institutions that work with them. Climate-related opportunities are identified and managed by our business segments using a decentralized process. Our business segments are responsible for the following activities to capitalize on these opportunities: monitoring, benchmarking and analyzing markets to identify opportunities; developing products and services together with marketing and integration teams; and tracking the performance of responsible products and services. As an organization, we also work to raise awareness and establish partnerships to develop a market for our new products and services.

We want to be a part of a just energy transition for our society, and we're doing that in several ways: developing responsible finance products, ensuring shareholder engagement, 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 electric vehicle charging stations in the communities we serve in Quebec and Ontario.

We're a leader in Canada for our responsible investment (RI) product lineup with 76 RI solutions representing nearly $14.6 billion in assets under management as at December 31, 2024. Desjardins Sustainable Funds and Portfolios are some of our main products. They aim to offer attractive return potential while using specific RI approaches, such as excluding certain fossil fuel activities. Since June 2020, our 29 Desjardins Sustainable Funds and Portfolios have excluded producers and specialized transporters of fossil fuels.

Together with the Desjardins Group Pension Plan, we have a sizable infrastructure portfolio. Our infrastructure investments are concentrated in the renewable energy sector, which accounts for 41% of this portfolio. Our renewable energy investments continue to grow. Together with the Desjardins Group Pension Plan, our portfolio totalled $2.1 billion as at September 30, 2024 (see Figure 4), up 70% from September 30, 2020.

Figure 4 **Breakdown of renewable energy investments by energy source (wind, solar and hydroelectric energy)**



$1.7 billion in green and sustainable bonds

After our first two issues of sustainable bonds in 2021 and 2023, totalling $1 billion, we launched an issue of green bonds in 2024, this time for 500 million euros on the European market. The issue will be used to fund projects in several of the eight environmental categories in the Desjardins Sustainable Bond Framework, including renewable energy, energy efficiency and clean transportation. Moody's Ratings, an independent firm, gave our framework their highest rating, "Advanced."[2] The very positive market response to these bond issues creates value for our members and clients and speaks to our high standards and the relevance of our approach. For more information, see the 2024 Sustainable Bond Report and the Desjardins Sustainable Bond Framework.

[2] Refer to the independent assessment of the Desjardins Sustainable Bond Framework. Note that Vigeo Eiris was acquired by Moody's Investors Service (now Moody's Ratings) and renamed Moody's ESG Solutions after the assessment was completed.

Our initiatives

For 20 years, we've been implementing initiatives in our business segments to put our climate strategy into practice. These initiatives help us reduce our GHG emissions, support our members' and clients' resilience, and help them learn about the transition to carbon neutrality. Here's an update on our initiatives for 2024.

Table 6 **Initiatives within Desjardins business segments**

Desjardins Group business segments	Initiatives
Personal and Business Services	• The Sustainable Home Program offers loans to purchase a new home that meets Novoclimat, ENERGY STAR® or LEED® Canada criteria, and for eco-friendly renovations that meet the criteria of the Rénoclimat program. The offer includes cash back (up to $2,000), discounts on home insurance and free access to our Home Assistance service. • The Desjardins Auto Loan – Electric and hybrid option provides our individual members with a financing solution and provides dealerships with a slightly higher commission than a regular auto loan. • In 2024, we acted as the sole lender and sole arranger for a $95 million ESG swap for Boralex's 52 MW Témiscouata II wind farm in Quebec. Our ESG swap is a derivative financing product linked to key performance indicators related to sustainable development goals. This transaction and other renewable energy financing arranged in 2024 are proof of our role as a leader in the renewable energy ecosystem in Quebec and across Canada. • In 2024, we used our partnerships to roll out several initiatives designed to raise awareness among our members, clients and service delivery teams. We provided business members and clients with resources to help speed up their green transition. • This year also, Desjardins Securities offered advisory services for implementing and distributing 20 green, social and sustainable financial products. • Also in 2024, Desjardins Securities helped distribute over $13.9 billion of green, social and sustainable bonds.
Property and Casualty Insurance	• In 2024, Desjardins Insurance worked with the Insurance Bureau of Canada and the federal government to develop the National Flood Insurance Program. The program offers affordable flood insurance coverage to Canadian households in high-risk areas not currently covered by private insurance. • We improved our ability to quantify climate-related risks at Desjardins Insurance by integrating catastrophe models into our tools. • Three resilient reconstruction measures following a loss are now part of Desjardins Insurance policies as part of our efforts to support members and clients. In Alberta, these measures include siding ($1,000 per side to replace vinyl siding with hail-resistant siding) and roof repairs ($2,500 for replacing damaged standard shingles with Class 4 impact resistant shingles following an insured loss, for 69 high-risk municipalities). Desjardins Insurance also provides $1,000 for devices to mitigate water damage following a loss caused by sewer backup. • Training was developed in 2024 on the effects of natural disasters in Canada and on insurance coverage. We're currently rolling the training out to our insurance agents.
Wealth Management and Life and Health Insurance	• In life and health insurance, a great deal of work has been done in recent years to better understand the impacts of various physical risks (heat waves, poor air quality, and vector-borne diseases). A training on the Principles for Sustainable Insurance has been available to employees since 2022. The training includes a module specifically about the impact of climate change on the health of Canadians. • Desjardins Investments Inc. is part of the Net Zero Asset Managers (NZAM) initiative, in line with its ambition of net zero emissions for Desjardins Funds and Portfolios by 2050. • A training video on climate change and a webinar on the path to net zero for Desjardins Funds and Portfolios were made available to caisse network advisors. • Desjardins Global Asset Management Inc. (DGAM) is the asset manager for our insurers. DGAM continues to work on decarbonizing and aligning the listed equity and corporate bond portfolio and the direct real estate investment portfolio (insurers' investments) with the requirements of the Science Based Targets initiative. • As part of its climate strategy, DGAM is also involved in several initiatives, such as NZAM, Climate Engagement Canada and Climate Action 100+.

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Impact of climate-related risks on the business model and value chain

With climate change having an increasingly pronounced effect, we're committed to proactively and prospectively assessing the potential effects of climate change on our activities and key parties, notably our partners, members, clients and investors. One of the ways we do this is through qualitative and quantitative assessments. For more information, see the Climate Scenarios section on pages 28–30. We completed a qualitative evaluation of climate-related risks, which provides a better understanding of our vulnerabilities, whether related to physical or transition risks. This analysis was completed with the help of representatives of our main business segments. Based on this analysis, we were able to rank risks according to likelihood and the direct or indirect impact on our organization.

This process fosters alignment in our strategic decisions on environmental issues and makes it easier to identify related opportunities. It also enables us to identify the activities and economic sectors that are most vulnerable to climate-related physical and transition risks, as shown in Tables 7 and 8 below. In Table 8, investment activities are shown based on the total value of our insurers' investment portfolio, while lending activities are shown based on exposure at default (EAD). For more information on EAD, see section 4.2.3 Credit Risk of Desjardins Group's 2024 Management's Discussion and Analysis.

Methodological considerations of the qualitative evaluation of climate-related risks (Tables 7 and 8 below): This table came out of the qualitative analysis of climate-related risks updated in 2023. We enhanced our analysis methodology in 2023 by integrating a more detailed climate-related risk taxonomy. The analysis was completed with the help of more than 20 representatives from our main business segments. Their input helped us evaluate the likelihood of climate-related risks occurring and their impacts on affected business segments. The evaluation was conducted on an inherent risk basis, using the knowledge of the specialists we met with. The materialization of a physical or transition risk can vary widely from one event to the next, for example as a result of variations in the severity of the event, the affected region or the industry in question. The impacts we evaluated in the analysis relate to our direct operations and direct procurement processes with our members and clients.

Table 7 **Qualitative evaluation of climate-related risks –** Insurance activities

		Physical risk factors							Transition risk factors							
		Acute				Chronic			Policies and regulations			Technological change			Member and client behaviour	
Desjardins activities most likely to be affected	Economic sectors most likely to be affected	Increase in the number and severity of heat waves	Increase in the number and severity of **floods**	Increase in the number and severity of **storms**	Increase in the number and severity of **wildfires**	Increase in **average temperature**	Increase in the number and severity of **droughts**	Change/variability in the **precipitation regime**	Change in **energy policy**	Change in **economic and other incentives**	**Disclosure and greenwashing**	Change in **energy production, storage and distribution**	Improved energy **performance and energy savings**	Accessibility and efficiency of **low GHG-emitting modes of transportation**	Shift to **climate finance**	Stigmatization of **GHG-emitting industries**
Property and casualty insurance	Auto															
	Business															
	Property insurance															
Life and health insurance	Group benefits and retirement savings – populations in vulnerable positions															
	Individual insurance – populations in vulnerable positions															

Legend:
Low Moderate High

Table 8 **Qualitative evaluation of climate-related risks** – Investment and lending activities

				Physical risk factors							Transition risk factors							
				Acute				Chronic			Policies and regulations			Technological change			Member and client behaviour	
Desjardins activities most likely to be affected	Economic sectors most likely to be affected[3]	Investments Q4 2024 ($M)	Investments Q4 2024 (%)[4]	Increase in the number and severity of heat waves	Increase in the number and severity of **floods**	Increase in the number and severity of **storms**	Increase in the number and severity of **wildfires**	Increase in **average temperature**	Increase in the number and severity of **droughts**	Change/variability in the **precipitation regime**	Change in **energy policy**	Change in **economic and other incentives**	**Disclosure and greenwashing**	Change in **energy production, storage and distribution**	Improved energy **performance and energy savings**	Accessibility and efficiency of **low GHG-emitting modes of transportation**	Shift to **climate finance**	Stigmatization of **GHG-emitting industries**
Insurers' investments	Energy	1,508	3.4%															
	Finance and insurance	5,854	13.2%															
	Industrials	1,469	3.3%															
	Infrastructure	1,710	3.9%															
	Real estate	5,866	13.3%															
	Utilities	2,164	4.9%															

[3] Only Desjardins Group segments that have been identified as most vulnerable to climate-related risks are presented in this table.
[4] Value of our insurers' investments in the economic sector compared to the total value of our insurers' investments, which is $44 billion.

Legend: Low – Moderate – High

Table 8 **Qualitative evaluation of climate-related risks** – Investment and lending activities (cont.)

Desjardins activities most likely to be affected	Economic sectors most likely to be affected[5]	Exposure at default (EAD) Q4 2024[6] ($M)	Exposure at default (EAD) Q4 2024[6] (%)[7]	Physical risk factors: Acute: Increase in the number and severity of heat waves	Physical risk factors: Acute: Increase in the number and severity of floods	Physical risk factors: Acute: Increase in the number and severity of storms	Physical risk factors: Acute: Increase in the number and severity of wildfires	Physical risk factors: Chronic: Increase in average temperature	Physical risk factors: Chronic: Increase in the number and severity of droughts	Physical risk factors: Chronic: Change/variability in the precipitation regime	Transition risk factors: Policies and regulations: Change in energy policy	Transition risk factors: Policies and regulations: Change in economic and other incentives	Transition risk factors: Policies and regulations: Disclosure and greenwashing	Transition risk factors: Technological change: Change in energy production, storage and distribution	Transition risk factors: Technological change: Improved energy performance and energy savings	Transition risk factors: Technological change: Accessibility and efficiency of low GHG-emitting modes of transportation	Transition risk factors: Member and client behaviour: Shift to climate finance	Transition risk factors: Member and client behaviour: Stigmatization of GHG-emitting industries
Lending (individuals and businesses)	Agriculture	10,993	2.4%															
	Oil and gas	679	0.2%															
	Utilities	4,548	1.0%															
	Construction	5,606	1.2%															
	Manufacturing	6,211	1.3%															
	Retail	4,315	0.9%															
	Transportation	1,990	0.4%															
	Commercial and residential real estate	243,865	52.9%															
	Healthcare	879	0.2%															
	Accommodations	574	0.1%															

[5] Sectors are determined based on the North American Industry Classification System. Only Desjardins Group segments that have been identified as most vulnerable to climate-related risks are presented in this table.
[6] For more information on EAD, see section 4.2.3 Credit Risk of Desjardins Group's 2024 Management's Discussion and Analysis.
[7] Value of exposure at default (EAD) in the economic sector compared to our total EAD of $461 billion.

Legend: Low – Moderate – High

Following the qualitative evaluation of physical and transition risks, we concluded that we had low to medium exposure to climate-related risks. We also noted the following observations:

Physical risks

- The physical risks related to flooding, storms, drought, and variability of precipitation regimes are considered higher for the agriculture sector and, to a lesser extent, the utilities, oil and gas, construction, retail trade, manufacturing, and accommodation sectors. In property and casualty insurance, the business and property insurance sectors are exposed to moderate to high risks related to storms and flooding.

Transition risks

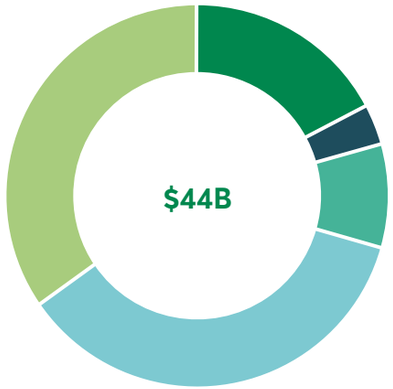
- The oil and gas sector and the energy sector came out as the most likely to be affected by transition risks, particularly as a result of changes in energy policy, the shift to climate finance, and the stigmatization of GHG-emitting industries.

- Lesser impacts are likely to be felt by the utilities, transportation, agriculture, construction and manufacturing sectors. Those impacts are related to costs caused by carbon prices and, in some cases, the stigmatization of activities with higher GHG emissions. The residential and commercial real estate sector and the infrastructure sector will also need to be monitored in the near future.

Investment and lending portfolios' vulnerability to climate-related risks

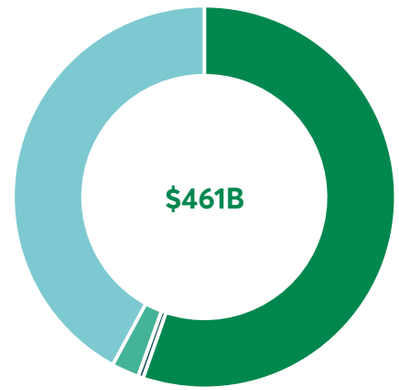
As revealed by the qualitative analysis process and described in Table 8 below, our lending and investment portfolios are exposed to climate-related risks in different ways. As shown in the graphs below, the real estate sector is more exposed to physical risks, while sectors connected to extractive industries, particularly the energy sector and the oil sector and gas sector, are more exposed to transition risks. Some sectors, such as utilities, are exposed to both risk categories. These risk exposures represent potential vulnerabilities for these sectors.

Figure 5 **Exposure to climate-related risks in insurers' total investment portfolio**
(as at December 31, 2024)



Physical risks	**17.2%**
Real estate	13.3%
Infrastructure	3.9%
Transition risks	**3.4%**
Energy	3.4%
Physical and transition risks	**8.8%**
Utilities	4.9%
Industrials	3.3%
Materials	0.6%
Low vulnerability	**36.1%**
Finance and insurance	13.2%
Communication services	2.9%
Consumer discretionary	2.3%
Consumer staples	1.3%
Information technology	1.1%
Health services	0.5%
Other	14.8%
Currently being assessed	**34.5%**
Sovereign bonds	34.5%

Figure 6 **Exposure to climate-related risks of the lending portfolio, according to EAD[8]**
(as at December 31, 2024)



Physical risks	**55.3%**
Commercial and residential real estate	52.9%
Agriculture	2.4%
Transition risks	**0.2%**
Oil and gas	0.2%
Physical and transition risks	**2.5%**
Manufacturing	1.3%
Utilities	1.0%
Mining	0.2%
Low vulnerability	**42.0%**
Retail client exposures	11.5%
Public sector entities	8.9%
Finance and insurance	4.9%
Construction	1.2%
Retail	0.9%
Wholesale	0.6%
Transportation	0.4%
Healthcare	0.2%
Accommodations	0.1%
Other	13.3%

In addition to the qualitative analysis of climate-related risks, we've begun a similar process to assess our impacts and dependencies on nature and biodiversity with respect to our insurers' investments and to Desjardins Sustainable Funds and Portfolios. For more information, see the Protection of Biodiversity and Natural Capital section on pages 28–30 of the Desjardins Global Asset Management Responsible Investment Activity Report and the Assessment of the Impact of the Desjardins Sustainable Funds on Biodiversity section on pages 28–29 of the Desjardins Funds 2024 Annual Report on Responsible Investment.

[8] For more information on EAD, see section 4.2.3 Credit Risk of Desjardins Group's 2024 Management's Discussion and Analysis.

Exposure to carbon-related sectors and the electricity production sector

The indicator for exposure to carbon-related sectors uses the methodology recommended by the TCFD (2021). It includes four sectors: transportation; materials and buildings; agriculture, food and forest products; and energy. The energy sector includes public utilities but excludes water utilities, independent power producers and renewable energy producers. These sectors represent a total potential exposure corresponding to 23.9% of our lending portfolio's credit risk exposure at default (EAD) (excluding repostyle transactions, over-the-counter derivatives). The portfolio's exposure is concentrated in businesses in the materials and buildings sector (17.8%) and the agriculture, food and forest products sector (4.4%). We have less exposure to the transportation (1.2%) and energy sectors, with 0.5% of our EAD concentrated in fossil fuel production or electricity produced from fossil fuels.

As at December 31, 2024, and as illustrated in the graph below, our exposure to carbon-related sectors was $99 billion, which represents 23.9%[9] of our lending portfolio's exposure to climate-related risks.[10]

A detailed analysis of our lending portfolio, specifically with respect to the electricity production sector, shows that only 9.6% of the portfolio is related to production from fossil fuels, representing about $394 million. It's important to point out that exposure or vulnerability to a given sector will not necessarily translate into a concrete risk for all members and clients of that sector. It depends on the location of the assets and their specific circumstances, such as risk mitigation measures.

As at December 31, 2024, and as illustrated in the graph below, our exposure to the electricity production sector[11] was $4.1 billion, which represents about 1% of our lending portfolio's exposure to climate-related risks.[10]

Figure 7 Exposure to carbon-related sectors

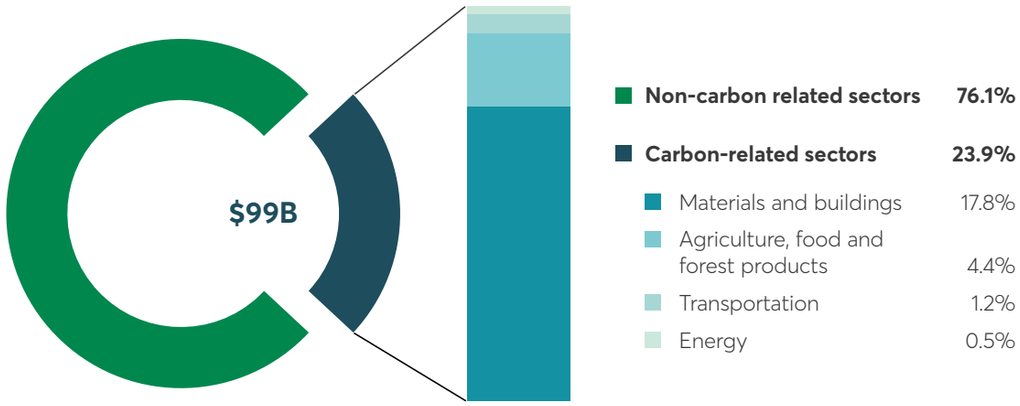
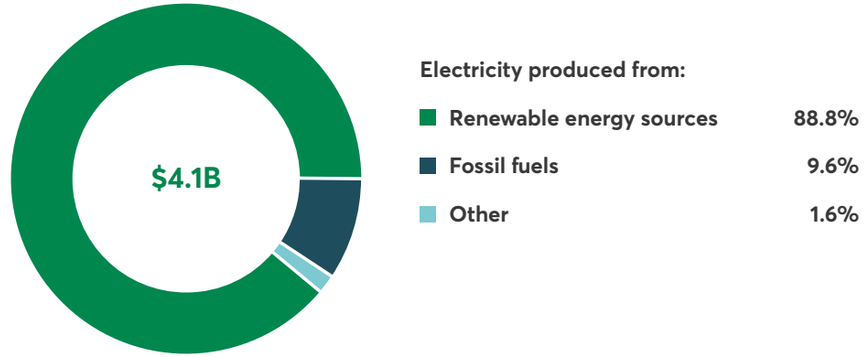


Figure 8 Exposure to the electricity production sector



[9] This percentage is calculated by dividing the $99 billion in exposure at default (EAD) for carbon-related sectors by the lending portfolio's total EAD to climate-related risks, excluding repo-style transactions and over-the-counter derivatives. For more information on EAD, see the Credit Risk section on pages 39–81 of the Desjardins Group 2024 Pillar 3 Report.

[10] Equivalent to the lending portfolio's total exposure to climate-related risks (lending) of $461 billion, excluding $41 billion in repo-style transactions and $7 billion in over-the-counter derivatives. For more information, see page 76 of the Desjardins Group 2024 Pillar 3 Report.

[11] This percentage is calculated based on the EAD of companies in the electricity production sector. Each company is weighted based on the amount of electricity produced in GWh.

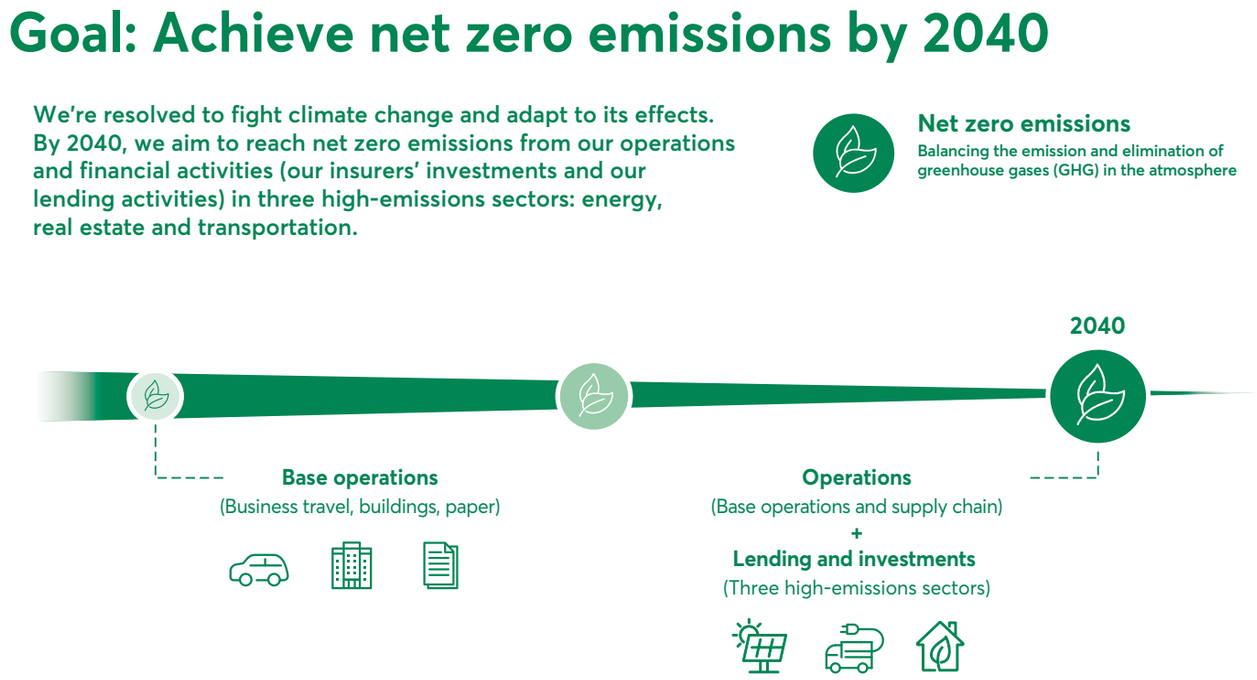
Our climate ambition

By 2040, we aim to reach net zero emissions from our operational activities (buildings, business travel and supply chain) and financial activities (our insurers' investments and our lending activities) in three high-emitting sectors: energy, real estate and transportation. The assets included in the scope of our climate ambition make up 47.4% of our total assets, which stood at $470.9 billion as at December 31, 2024. Our climate ambition is part of our commitment to the Business Ambition for 1.5°C campaign. It includes interim targets (between 2025 and 2030) that are detailed in the Metrics and Targets section of this report.

Our climate ambition is backed by existing projects and strategies, such as setting decarbonization targets for our insurers' investments and investments held by the Desjardins Group Pension Plan, making major investments in and offering financing to the renewable energy sector, and gradually integrating ESG criteria into our activities, with the support of senior management. For more information, see our 2024 Social and Cooperative Responsibility Report.

Our climate strategy now includes emissions from sources we don't directly control, meaning significant changes are required to our practices. These changes involve setting up short- and medium-term targets and initiatives for our financial activities, as laid out in Table 12 of the Metrics and Targets section. The targets include supporting renewable energy, guiding carbon-intensive sectors and drafting a position on the energy sector. These targets and initiatives also involve reducing the carbon footprint of our operations (science-based targets and quantification of our supply chain's GHG emissions). We're also continuing to work on training our employees on sustainable development concepts.

Figure 9 **Climate ambition**



Our pillars

We've made some changes to our business model to help us achieve our climate ambition. We've also made direct and indirect efforts to mitigate and adapt to climate change, which are presented below.

Table 9 **Direct and indirect mitigation and adaptation efforts**

Pillars	Initiatives	Targets
Operational activities – Base operations	• In April 2022, we launched the Cooperating for the Climate Challenge. This internal initiative targets all of our business segments and support functions. The challenge aims to get everyone involved in achieving our operational targets for reducing GHGs by focusing on five main areas: – Paper consumption – Business travel – Energy consumption of buildings – Supply chain – Education and engagement • As part of the Cooperating for the Climate Challenge, we invite our employees to attend Climate Fresk workshops. For more information, see the Climate Change Training for Our Employees section on page 27.	• Achieve our operational GHG reduction target of 50% for 2030 (including our science-based target for Scope 1 and 2 emissions).
Operational activities – Supply chain	• In May 2024, as part of our efforts to reduce the carbon footprint of our supply chain, we became a member of CDP's Supply Chain program to improve the quality of climate data and boost engagement among our 100 largest suppliers. • In a similar vein, the assessment of the calculation methodology of our supply chain's GHG emissions done in 2024 will be used to strengthen our monitoring processes to achieve this goal.	• Achieve our target of net zero by 2040 for our operational activities, including the supply chain.
Lending and investments	• In 2020 and 2023, we adopted two positions to support the transition to a low-carbon energy sector, aligned with the objectives of the Paris Agreement. These positions reflect our detailed analysis work and continuous efforts to measure our exposure, identify investment and financing opportunities, and support our members and clients as well as the companies we invest in as part of the transition. • We're working on our position on the real estate sector to support the transition to a resilient, low-carbon economy.	• Uphold our position on coal. • Achieve the targets in our position on the energy sector. • Fund 6 biomethanization projects (5 more compared to 2020) by 2025. • Reach our science-based targets for our lending activities and insurers' investments, according to SBTi requirements, by 2030. For more information, see the Metrics and Targets section on pages 36–39.

The graphs below show the evolution of activities included in the scope of our climate ambition in absolute emissions since 2020 and in millions of dollars financed or invested in the energy, transportation and real estate sectors. For details on operational and financed emissions, see the Metrics and Targets section of this report.

As shown in Figure 10, at the end of 2024, operational and financed GHG emissions that fall within the scope of our climate ambition totalled 2.1 million tCO_2e. Our absolute emissions have remained stable (-2%) since 2020, despite a significant increase in our total assets included in this scope, which rose from $162 billion to $223 billion (+38%) (see Figure 11). Despite this increase, we achieved a significant reduction (29%) in the carbon intensity of our investment and financing portfolios.

Figure 10 **Target GHG emissions in our climate ambition ($ktCO_2e$)**

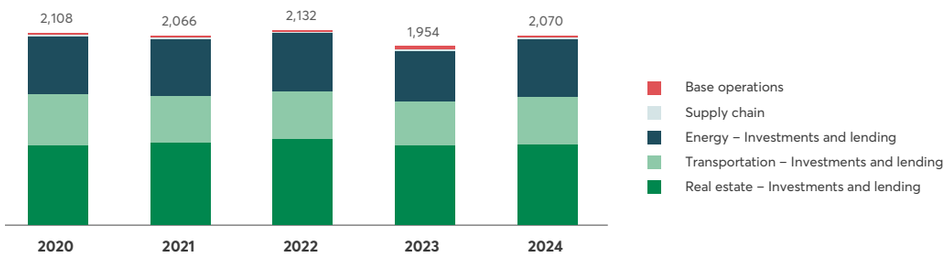
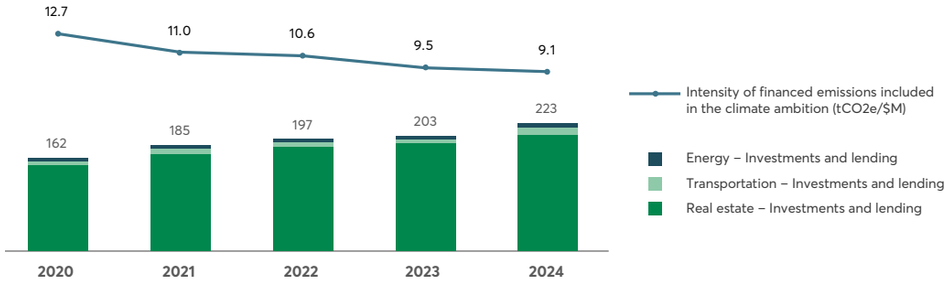


Figure 11 **Outstanding amount of lending and investments included in our climate ambition ($B)**



Monitoring our climate ambition is currently very complex due to challenges related to the availability of real, specific, granular data, particularly in the real estate and transportation sectors. We're constantly working to improve the data used for these calculations. We've created a multi-year program to define and implement a cross-sector approach to ESG data collection and valorization so that we can monitor our ESG performance, manage risk and meet the expectations of stakeholders and regulators, including in terms of reporting.

Climate change training for our employees

One way to help reach our target is to raise awareness and educate our employees on the issues and effects of climate change. We provide training in a number of ways:

- We developed a 30-minute training video on the key concepts of sustainable development for all employees across all components. As of December 31, 2024, 94% of our 55,290 employees had completed this mandatory training. This means we've surpassed our goal of training at least 85% of our employees on the principles of sustainable development.
- We developed topic-specific and job-specific training:
  - We rolled out a mandatory responsible finance training program for all business services employees. The program aims to improve how we incorporate ESG factors into our business strategies and to provide more tailored, effective support for our members and clients.
  - We created a responsible investment learning path, based on employees' roles and responsibilities. It includes an introduction to the Principles of Responsible Investment and specific training for employees providing investment advice or overseeing asset management. Some of the training was developed in-house and the rest comes from well-known organizations (CSI, Responsible Investment Association, Sustainability Accounting Standards Board, CFA Institute, etc.). By the end of 2024, more than 3,600 employees from the Wealth Management and Life and Health Insurance business segment and the caisse network had taken this training.
  - We developed training on the Principles for Sustainable Insurance and how to incorporate them into our operating and decision-making procedures. The training includes a module on climate change issues and how they affect the health of Canadians to help us anticipate the changing needs of our members, clients and partners.
- We also offer voluntary programs and activities that provide education on climate issues:
  - Climate School is a comprehensive training program that includes both general content on climate change and specialized content for people working in real estate management or risk management.
  - Climate Fresk offers collaborative three-hour workshops hosted by our 89 specially trained employees. Some of the workshops are voluntary, while others are held as part of mandatory team activities. Since 2022, 2,028 of our employees have participated in at least one Climate Fresk workshop.

Climate scenarios and our strategy's resilience

In 2024, we continued our efforts to quantify the potential impacts of climate-related risks on our organization through two climate scenario exercises: one using standardized scenarios and another using internal scenarios specific to Desjardins. The Autorité des marchés financiers (AMF) and Office of the Superintendent of Financial Institutions (OSFI) have requested that deposit-taking institutions and insurers under their authority complete a standardized climate scenario exercise (SCSE). According to the regulators, the main goals of SCSEs are to raise financial institutions' awareness of climate-related risks, build their capacity and establish a standardized quantitative assessment of climate-related risks. We also carried out an initial internal climate scenario exercise in line with the baseline scenarios set by the Intergovernmental Panel on Climate Change (IPCC) and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS). We did this to help fully incorporate the results of climate scenarios into our risk management framework and our business, strategic and decision-making processes. Personalizing these scenarios to reflect our reality at Desjardins and adding more granularity, in terms of quantifying both physical and transition risks, will help us reach the objectives described above at maturity. Our internal scenarios also aim to raise awareness, build our climate risk capacity and help us better understand our vulnerabilities toward these risks. Table 10 below provides an overview of the two scenario exercises. It details their respective scopes and how they complement one another.

We used the cross-sector expertise within our organization, covering the majority of our activities, to develop internal scenarios that build on our existing stress testing process. This meant we had established, robust governance in place to ensure the credibility and relevance of the exercise over the long term. The initiative will also be integrated into the next internal capital adequacy assessment process (ICAAP) and own risk and solvency assessment (ORSA) cycles for our lending and insurance activities. Since the internal scenarios can change and this is the first exercise, we remain cautious about interpreting and using the results. We're focused on prioritizing the areas for improvement identified during the exercise, particularly with respect to the definition and scope of scenarios, data quality and methodology.

Participating in the SCSE and developing internal scenarios are a natural extension of the work we've carried out in recent years. This work includes conducting initial stress tests to help us assess the impact of climate change on our insurance activities (physical risks) and our investments (transition risks). In addition, in order to coordinate the latest industry developments into a worldwide approach, we've participated in a number of pilot projects, working groups and training sessions with the United Nations Environment Programme Finance Initiative (UNEP FI) since 2018. The fields covered by these initiatives are varied and include climate-related risk analysis tools, external climate-related risk analysis platforms, climate stress testing approaches and climate-related risk data.

We've started and will continue to fully integrate climate scenario exercises and their results into our business, strategic and decision-making processes, specifically by improving the availability and quality of internal data and fine-tuning our models and scenarios. That being said, the 2024 scenario exercises still helped us better understand our exposure to climate-related risks. These exercises also helped advance our internal expertise, as did our participation in external initiatives like UNEP FI. We achieved the goals we'd set for the exercises and will be able to use the 2025 climate scenario exercise to continue to improve and create value for our members and clients by ensuring sound, forward-looking climate-related risk management.

Table 10 Analysis of climate scenarios

		Scenario description	Scope	Time horizon	Metrics
SCSE (AMF and OSFI)	Transition	The transition risk analyses consider three different scenario narratives, each of which captures different degrees of transition risks: • Below 2°C immediate – an immediate policy action toward limiting average global warming to below 2° by 2100. • Below 2° delayed – a delayed policy action toward limiting average global warming to below 2° by 2100. • Net-zero 2050 (1.5°) – a more ambitious immediate policy action scenario to limit average global warming to 1.5° by 2100 that includes current net-zero commitments by some countries. The three scenario narratives are benchmarked against a baseline scenario.	Credit risk • Corporate bonds • Preferred shares and corporate or commercial lending exposures that fall under IFRS 9 expected credit loss Market risk • Corporate bonds and preferred shares • Common shares Real estate • The transition risk exposure assessments include loan portfolios secured by immobile assets (residential properties, non-residential properties, land, etc.) and immobile assets held by the institution for its own use or investment purposes.	2050	Credit risk • Expected credit losses adjusted for the climate Market risk • Market value of common shares, preferred shares and corporate bonds adjusted for the climate Real estate • Value of the exposure (outstanding amount for lending and market value for real property held) categorized by heating and energy sources
	Physical	The physical risk module helps us better understand our exposure to certain physical hazards. It does not attempt to measure financial impacts. Instead, the module is a foundational exercise that may be used to inform future climate scenario analysis work. The physical risk exposure assessments are limited to exposures in Canada and include two physical hazards: • Riverine and coastal flooding: – Baseline climate scenario based on recent historical climate conditions using a one in five-year return period – Future climate scenarios using a stochastic approach that captures a range of Representative Concentration Pathway (RCP) scenarios as of 2050 and a one in one-hundred-year return period • Wildfire: – Baseline scenario according to fire weather for the period of 1971–2000 – Future scenario based on the mean ensemble statistic using the RCP 4.5 climate scenario for the period 2041–2070	Real estate Physical risk exposure assessments include: • Loan portfolios secured by immobile assets (residential properties, non-residential properties, land, etc.) and immobile assets held by the institution for its own use or investment purposes • Exposures related to property and casualty insurance activities	Floods: 2050 Wildfire: 2041–2070	Exposure amount according to: • Flood depth of the projected scenario and the baseline scenario • The Buildup Index(1) and fire season length (in days) (1) The Buildup Index is a numeric rating of the amount of fuel available to burn under specific conditions. It takes into account humidity, and the distribution and availability of fuel for a fire.

Table continued on the next page

Table 10 Analyse des scénarios climatiques (cont.)

		Scenario description	Scope	Time horizon	Metrics
Internal climate scenarios	Transition	As a result of maintaining current policies and annual emissions through 2030, a transition takes place that limits global warming to the goal of 2°C by the end of the century (delayed transition). To achieve this, binding policies are put in place and 80% of countries with a net zero policy meet their commitments, resulting in economic disruption. The scenario was developed based on the projections for the disorderly scenario (delayed transition) from the NGFS Phase IV scenarios. We then refined this approach to include specific predictions for each region and additional variables to reflect our unique business context.	Credit risk • Corporate bonds, business loans and financing, credit cards for businesses Market risk • Corporate bonds and common shares Desjardins Group Pension Plan (DGPP) • Investment portfolio	2050	Credit risk • Expected credit losses adjusted for the climate Market risk • Market value adjusted for the climate DGPP • Change in market value of plan assets in 2050 compared to the baseline scenario • Change in asset classes' expected return compared to the baseline scenario
	Physical	Global emissions continue to rise throughout the 21st century, resulting in global temperatures rising by an average of nearly 4°C in 2100 (RCP 8.5). The physical risk exposure assessments include the physical hazards of flooding (riverine, coastal and pluvial flooding combined).	Real estate • Lending: Exposures to lending tied to immobile assets (residential properties, non-residential properties land, etc.) • Insurance: Exposures related to property and casualty insurance activities • DGPP: Investments in infrastructure and real estate	2050	Quantification of the direct impacts of flooding as a result of the defined climate trajectory of our activities Credit risk • Expected credit losses adjusted for the climate • Change in loan-to-value ratio Property and casualty insurance • Insurance losses adjusted for the climate DGPP • Change in market value of plan assets in 2050 compared to the baseline scenario • Change in asset classes' expected return compared to the baseline scenario

How we're protecting biodiversity

Biodiversity refers to all living beings and the ecosystems they inhabit. It's our planet's wealth. Climate change and the increasing loss of biodiversity endanger our quality of life and the economic development of our societies. The World Economic Forum ranks biodiversity loss and ecosystem collapse as the second biggest risk to the world over the next decade. According to this organization, nearly 50% of the world's total GDP is moderately or highly dependent on nature. The remaining 50% is also dependent, but to a lesser extent.[1]

In the financial sector, considering nature and biodiversity is an important, albeit emerging, issue. In 2024, we continued to develop organizational knowledge and capacity in this area.

Making commitments and sharing knowledge

In 2022, Desjardins Global Asset Management Inc. (DGAM) and Desjardins Investments Inc. signed the Finance for Biodiversity Pledge. The goal of this commitment is for the signatory organizations to consider biodiversity restoration and protection.

In 2023 and 2024, representatives from our organization attended several presentations on this topic at conferences, including those of the Principles for Responsible Investment, the Responsible Investment Association and the Investment Industry Association of Canada. Along with Desjardins International Development, we also took part in events tied to the 16th Conference of the Parties (COP16), which was held October 21 to November 1, 2024, in Cali, Colombia.

Our teams were also part of many working groups—like the Principles for Responsible Investment Nature Reference Group—to develop our knowledge on incorporating biodiversity into our activities. The group of 70 PRI members aims to advance investors' knowledge of nature-related impacts, dependencies, risks and opportunities. It provides a forum for sharing information, research, best practices and solutions, and for discussing relevant reporting tools and frameworks.

In addition, DGAM has been a member of the FAIRR (Farm Animal Investment Risk & Return) Initiative since 2021 and, in 2023, joined Nature Action 100. These two initiatives facilitate collaboration between investors on biodiversity-related issues, including plastic pollution, waste management and water use.

Incorporating nature and biodiversity considerations into our activities

In 2024, in addition to building knowledge alongside our financial sector peers, we continued to work on incorporating biodiversity into our organization and subsidiaries in a number of ways.

Consideration for risks related to the degradation of the natural world is specifically covered in the Environmental Risk Management Directive, which applies to our entire organization. We've begun work to structure our approach to biodiversity. The Desjardins Group Management Committee and the board of directors' Corporate Governance and Responsible Finance Commission have received training on this topic.

Since signing the Finance for Biodiversity Pledge, DGAM has incorporated biodiversity and natural capital considerations into its responsible investment and proxy voting policies. DGAM also carried out a study on the impacts of its portfolios (on a sector basis) on biodiversity and its dependencies on biodiversity using the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool.[2] In addition to collaboration initiatives, DGAM continues to establish dialogues with the companies in its portfolio, particularly regarding incorporating and understanding biodiversity-related risks. More information is provided in the Protection of Biodiversity and Natural Capital section of the Desjardins Global Asset Management Responsible Investment Activity Report.

In 2023, Desjardins Investments adopted a stewardship approach based on three priority themes: climate, nature and human rights. As our fund manager, Desjardins Investments shares in the responsibility to consider these three issues that could have negative effects on the long-term value of security holdings and a systemic impact on communities and the planet. To learn more, see the Desjardins Funds Stewardship Policy. In addition, Desjardins Investments conducted an assessment of the potential negative impacts of Desjardins Sustainable Funds on biodiversity, based on the ENCORE tool, to identify the industries with the greatest negative impacts on biodiversity and the nature of these impacts. More information is provided in the Our Approach to Nature and Biodiversity section on pages 26–30 of the Desjardins Funds 2024 Annual Report on Responsible Investment.

Lastly, our carbon offsets support the conservation of forests and their ecosystems. One of the biodiversity-focused projects in our offset portfolio is the Great Bear Forest Carbon Project in British Columbia. The project is devoted to conserving and managing the world's largest temperate rainforest (14 million acres). The abundant resources in this forest are invaluable to First Nations, environmental groups, logging companies and governments, who have adopted a collaborative ecosystem-based management approach that values the forest as a balanced system that supports biodiversity and communities.

[1] World Economic Forum, The Global Risks Report 2025, January 2025; World Economic Forum, Half of World's GDP Moderately or Highly Dependent on Nature, Says New Report, January 19, 2020.
[2] Exploring Natural Capital Opportunities, Risks and Exposure.

Risk management

Integrating climate-related risks into our Integrated Risk Management Framework

Climate-related risk management framework

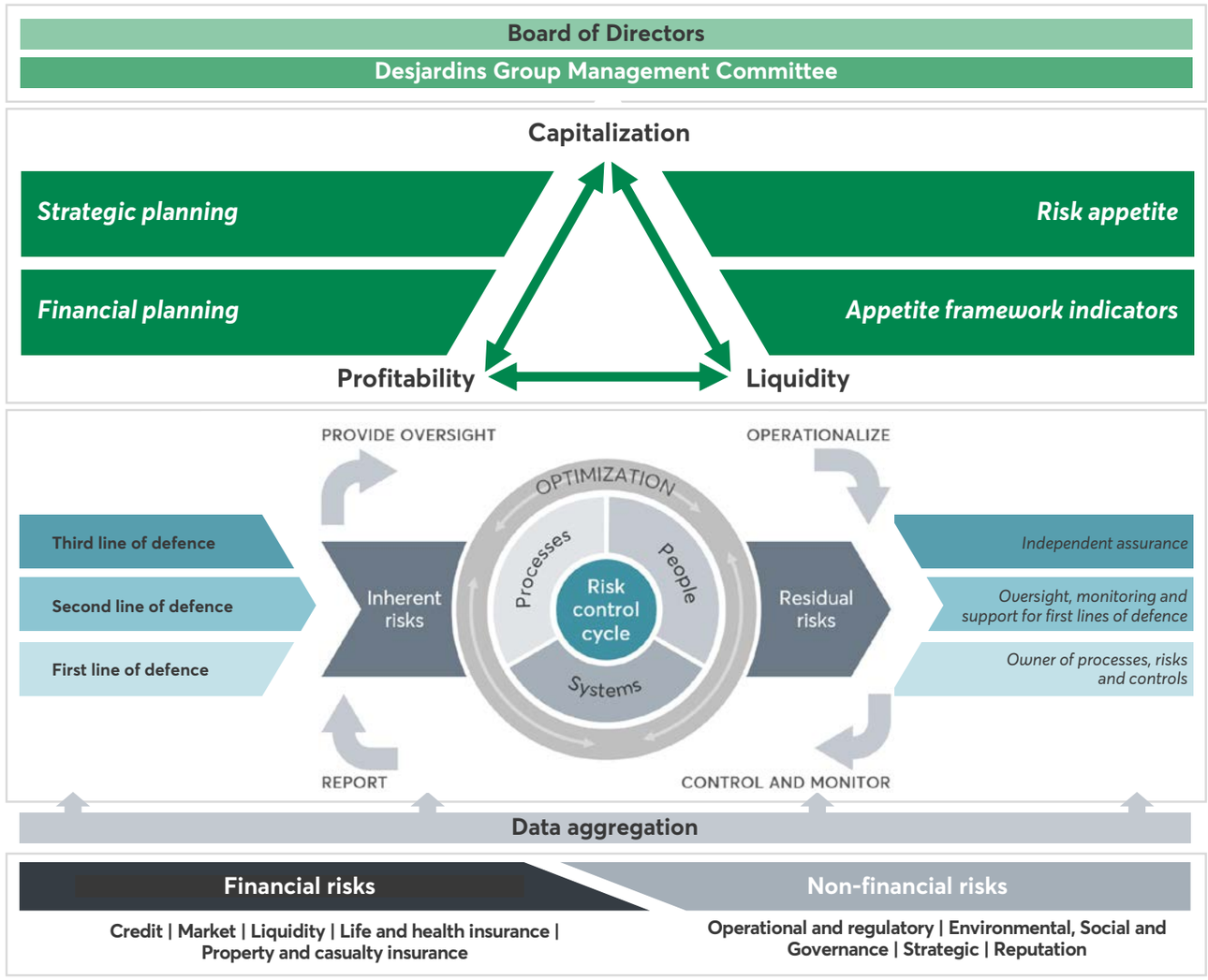
ESG risks are an integral part of our Integrated Risk Management Framework and are governed by the Desjardins Group Policy on Environmental, Social and Governance Risk Management. The Environmental Risk Management Directive, which stems from this policy, defines environmental risks (including climate-related risks), details their risk control cycle, and identifies the roles and responsibilities of each segment involved in managing these risks. Implementing these policies and procedures enables our business segments and support functions to integrate ESG risk-related criteria into their decision-making, strategic and business processes.

These frameworks are accompanied by a risk appetite model designed to support decision-making and ensure compliance with regulatory requirements. Our risk appetite is used as a guide for business decisions. It defines the type and level of risks that we are prepared to take to achieve our strategic objectives. This appetite is applied through a risk-taking philosophy and an appetite statement. By setting our appetite for climate-related risks, we're confirming our role as a socioeconomic leader in the development of a low-carbon economy, while ensuring sound, forward-looking management of these risks for the benefit of our members, clients and other stakeholders. The appetite framework is complemented by an indicator that tracks our progress in achieving our net zero target. For more information about this target, see the Our Climate Ambition section of this report (page 25).

Three lines of defence model

In keeping with the three lines of defence model, the Integrated Risk Management Framework (see Figure 12 below), and our policies and procedures, our business segments act as the first line of defence and own the risks that originate from their activities. That means that they're responsible for identifying and assessing climate-related risks in their operations, ensuring the related controls are effective, mitigating risks that surpass our risk appetite, and taking advantage of the opportunities they may present. Sound climate-related risk management requires every business segment to implement policies and procedures, and integrate ESG risk criteria directly into their processes to be able to make decisions that respect our organization's risk appetite. Our business segments work continuously to reach this objective, with support from the risk management function. In the past year, some climate-related risk criteria were integrated into the attestation process for third-party agreements. They are currently being integrated into the risk assessment process for signing new agreements. Finally, we continue to work with the business segments to raise awareness about best practices for managing climate-related risk. A specialized team from the Sustainable Development Office supports them in managing these risks, and also compiles and coordinates cross-sector initiatives for all of Desjardins.

Figure 12 Integrated Risk Management Framework



The risk management function, as the second line of defence, oversees and monitors climate-related risks through its specific monitoring program. In addition, considering the cross-functional nature of climate-related risks, the ESG risk management approach is designed to integrate climate-related risks into risk management activities for other specialized risks, such as credit, market and insurance risk. By developing climate scenarios, which our regulators require, we can monitor these risks and bolster our resilience. The risk management function also contributes to quarterly reporting on our climate risk profile, including by producing the Rapport de mesure des risques Mouvement for senior management and the board. The ESG Risk Committee, a subcommittee of the Desjardins Group Finance and Risk Management Committee, helps senior management and the Risk Management Commission carry out their mandates by providing a cross-sector view of Desjardins's exposure to ESG risks and monitoring those risks. More specifically, the ESG Risk Committee oversees the implementation of ESG initiatives and reports situations that could compromise related objectives to the appropriate bodies. It also oversees the implementation of action plans and ensures that we meet all regulatory requirements for disclosure and risk management, including regularly monitoring our risk profile.

Finally, as the third line of defence, the Desjardins Group Monitoring Office makes sure that everything required for proper climate-related risk management is or will be implemented in the planned and appropriate time frame and is proven to be effective. After an initial audit on the implementation of the Desjardins Group Sustainable Development Policy by our business segments in 2019, we did a second audit in 2022 that covered the integration of ESG factors (including risks) into our business model and operations. We're currently carrying out the action plans that came out of the Desjardins Group Monitoring Office's observations. This work will continue into 2025.

Process for identifying, assessing and managing climate-related risks

Risk management process

We understand how important it is to thoroughly manage our risks and measure their current and future impacts. That's why we continued deploying our climate risk management framework and related policies and procedures in 2024. And that's how we make sure that climate-related risk criteria are woven directly into the fabric of our decision-making, strategic and business processes. This step is critical for identifying, assessing, monitoring and reporting climate-related risks in a uniform way across our organization.

Climate risk management process

Risk identification

Risk identification starts with regular monitoring of the development of climate-related risks and emerging risks. These watches are conducted continuously so that we can spot risks the organization is or may be exposed to and make sure our risk management practices are always up to date. The main findings of this risk monitoring are communicated to the relevant board commissions and to the Desjardins Group Management Committee as necessary.

The work of identifying climate risk also happens within business segments when major projects kick off, as part of large transactions, when developing new products, and as part of developing positions. The business segments use the Desjardins Group risk register as the starting point for identifying risk.

Evaluation and prioritization

Once identified, risks are assessed and prioritized using a scale that rates probability and the impact on Desjardins. This scale is the authoritative standard for evaluating all of our risk categories. There are several targeted quantitative and qualitative analyses that inform and support our assessment of climate-related risks.

Management and monitoring

When a risk exceeds our risk appetite, subject and sector experts examine what's required to mitigate the risk and keep it contained within the limit. If, even after control and mitigation measures, the risk still exceeds our appetite, or if required by the decision-making process, a reporting mechanism is triggered so that the appropriate governing bodies are informed and can make a decision on behalf of the organization. After these bodies receive analyses from the business segments and recommendations from risk experts, they can approve measures to mitigate or transfer the risk, or they can choose to accept the risk.

Finally, through its oversight as the second line of defence, the risk management function also helps ensure that our organization's risk appetite is respected. This function's work includes cross-sector monitoring of climate-related risk management practices. Every year, we develop a plan that includes critical reviews of risk assessments, control effectiveness assessments, specific monitoring mandates, and monitoring of our risk appetite indicator.

Reporting to governing bodies

The business segments are also responsible for reporting their full set of climate-related risks to their own governing bodies, and to the ESG Risk Committee as needed. The risk management function is responsible for reporting to the ESG Risk Committee and, as needed, to any relevant committees and commissions of the management committee and board. And finally, the internal audit team reports directly to the management committee and the board on its comfort level with the effectiveness of risk management within the organization.

Impact of climate risks on our main risk categories

At Desjardins, we understand and thoroughly consider the potential wide-reaching impacts of climate-related risks on our traditional risks, as described in Table 11 below. That's why it's essential that we incorporate these impacts into our Integrated Risk Management Framework, as well as guidelines, policies and procedures supporting the management of other specialized risks. Here we present our approach for integrating them into guidelines based on the processes described above.

Table 11 Impact of climate risks on our main risk categories

Main risk category	Climate-related impacts	Risk management strategies
Credit risk	Climate events and transition risks, including decarbonization-related regulatory changes and changes to consumer preferences, may impact borrowers, the value of their assets, and their operations, which could in turn impact their repayment capacity or cause their collateral to lose value. These factors could ultimately affect the probability of default and loss given default.	We evaluate exposure to climate change-related default risk using several control and monitoring mechanisms, including a qualitative analysis of loan portfolio vulnerability across all our lending activities; a climate scenario analysis that estimates expected credit losses; and an assessment of concentration risk in our financing portfolio to ensure that there aren't significant climate-related impacts. We also monitor an exposure indicator for carbon-related sectors to assess our exposure at default for credit risk.
Liquidity and market risk	Climate events and decarbonization-related regulatory changes could affect the value of our financial assets and generate uncertainty in our investment portfolios.	We use a range of methods to measure the extent of the potential impacts of climate-related risks. These include varied climate scenarios across short- and long-term time horizons and regular assessments of our assets to reduce the risk of devaluation. Taking an investment approach that's oriented toward sustainable and responsible assets and aligned with our strategic commitments to decarbonizing our investment portfolios is another way we're mitigating the impacts of climate-related risks on our liquidity and market risks.
Legal and regulatory risk	The rapidity with which climate regulations are developing and the growing data requirements to meet disclosure and regulatory obligations could result in significant repercussions in case of non-compliance, such as: • Financial penalties and fines that could undercut profitability • Reputational impacts • Limited access to funding and investment sources • Legal impacts	We've adopted an integrated risk management approach via a proactive management strategy that includes multiple controls and monitoring mechanisms to ensure regulatory compliance. We also continually monitor the regulatory landscape and regularly review our guidelines and processes to make sure they comply with all applicable laws and regulations.
Reputation risk	Examples of reputational impacts that could hurt our credibility, appeal and competitiveness because of strategic misalignment with our climate ambitions include: the loss of trust of members and clients; deterioration of our image in the eyes of investors and partners; negative portrayal in the media; and diminished reputation in the eyes of regulators.	To minimize the reputational risks of climate change, we've adopted an integrated approach through Desjardins Group's risk management mechanisms. Assessment of environmental criteria is considered in a wide range of processes, including communication about climate risks in our reports, risk analysis for major projects and capital transactions.
Operational risk	Our operational risks could be exacerbated by climate change-related events and generate losses due to property damage or service interruptions.	The impacts of climate risks are closely connected to operational resilience, especially business continuity management, incident and crisis management and third party risk management. Business continuity management consists of setting up processes and mechanisms for identifying major incidents or operational events that could threaten our financial institution. It also includes implementing the capacity to respond to these kinds of events, such as by measuring climate-related impacts on our priority processes and activities and by identifying necessary mitigation measures. We've developed various mitigation measures to ensure we can keep critical operations going. These measures are documented in our business continuity plans. We also conduct appropriate planning exercises and create contingency plans. We manage climate-related third party risk though a risk management and monitoring program. This program aims to ensure that third parties are adequately equipped to withstand climate-related events and to limit repercussions for our members and clients.
Insurance risk	The impacts of physical and transition risks could influence insurance claims, exceeding the insurance company's forecasts and potentially resulting in an increase in insurance losses.	This kind of risk management is based on a combination of several control and monitoring measures, including: reinsurance, which mitigates climate-related risk impacts; qualitative and quantitative analysis using climate scenarios to evaluate our exposure to these risks; and governance processes that cover climate risks.

Metrics and targets

Summary of our climate-related metrics and targets

As explained in the Strategy section of this report, we've set a number of targets to track our performance toward our 2040 climate ambition and other climate-related commitments. We also have targets on accounting for climate-related risks. The targets are listed below in Table 12.

We developed our targets using prescribed or accepted methodologies for our commitments, such as the Science Based Targets initiative (SBTi), the Net Zero Asset Managers initiative, and baseline climate transition scenarios aligned with the goal of limiting global temperature increases to 1.5°C or less than 2°C by the end of the century. We've also taken into account observed and expected trends in the areas where we operate, as well as the business context of affected portfolios and the resources available to us to implement our targets.

We monitor these targets at least annually and revise them where necessary, such as when we reach a target or when there are significant changes to the underlying assumptions or methodologies used. For example, we will need to update some of our science-based targets by 2028, as required under the SBTi *Financial Sector Science-Based Targets Guidance* V1.0 (February 2022) document, which we use to set our SBTi-approved targets.

Our science-based targets are essential pillars of our climate ambition. They were submitted in 2023 and then validated by the SBTi. The targets cover our operational GHG emissions (see target 14 below) and emissions related to our lending and investment activities (see targets 3, 4, 5, 12 and 13). These targets use the approaches set out by the SBTi for temperature alignment and sectoral decarbonization. They cover all asset classes required by the SBTi (representing 4% of our total assets in 2020) and don't include the optional asset classes (representing 52% in 2020) or those that fall outside the scope covered by the SBTi methodology. Detailed targets by asset class and key elements of the implementation strategy are available online on the SBTi's website.

Table 12 **Summary of our climate-related metrics and targets**

Activity		Metric	Target	Progress		Value for the base year
Insurers' investments	1	Amount invested in renewable energy (our investments and the Desjardins Group Pension Plan's investments).	$2 billion in 2025.	**$2.1B (Q3 2024)**	●	**$1.2B (2020)**
	2	Absolute financed direct (Scope 1) and indirect GHG emissions related to the use of electricity, steam, heating and cooling (Scope 2) from companies in the oil and gas sector in the listed equity and corporate bonds portfolio.	Reduce absolute emissions 50% by 2030 from a 2020 base year (tCO_2e).[5]	**-18%**	●	**204,484 tCO_2e (2020)**
	3	GHG emissions from the direct real estate investment portfolio.[1]	Reduce intensity 54% per square metre by 2030 from a 2020 base year (SBTi's Sectoral Decarbonization Approach).	**+20%**	●	**0.02 tCO_2e/m^2 (2020)**
	4	GHG emissions from the electricity production sector in the listed equity and corporate bonds portfolio.[1]	Reduce intensity 75.8% per MWh by 2030 from a 2020 base year (SBTi's Sectoral Decarbonization Approach).[5]	**-53%**	●	**191 g CO_2e/kWh (2020)**
	5	Temperature score by invested value in sectors other than electricity production for the listed equity and corporate bonds portfolio.[1]	For Scopes 1 and 2: Align from 3.0°C in 2020 to 2.4°C by 2028. For Scopes 1, 2 and 3: Align from 3.2°C in 2020 to 2.5°C by 2028 (SBTi temperature alignment method).	**2.6°C and 2.9°C**	●	**3.0°C and 3.2°C (2020)**

Legend: ● Target met or under control | ● Target needing attention | ● Target at risk

Table continued on the next page

Table 12 Summary of our climate-related metrics and targets (cont.)

Activity		Metric	Target	Progress		Value for the base year
Financing	6	Ratio of renewable energy financing to fossil fuel financing[2]	Minimum ratio of 3:1 between 2023 and 2030.	**24.2**	●	**N/A**
	7	New lending commitments made since 2020 to support renewable energy and energy transition projects.[3]	$5 billion by 2030.	**$6.1B**	●	**$0.3B (2020)**
	8	Share of lending to the renewable energy sector in our energy sector portfolio.[4]	60% in 2030.[6]	**69%**	●	**28% (2020)**
	9	Total biomethanization projects financed.	6 projects by 2025.	**3**	●	**1 (2020)**
	10	Oil and gas: Financed direct (Scope 1) and indirect GHG emissions related to the use of electricity, steam and heating and cooling (Scope 2) from integrated and upstream companies, in physical intensity (tCO_2e/TJ).	Reduce physical intensity 35% to 45% by 2030 from a 2020 base year (tCO_2e/TJ, calculated on a commitment basis).	**+15%**	●	**8.5 tCO_2e/TJ (2020)**
	11	Oil and gas: Financed indirect GHG emissions related to the use of sold products (Scope 3, category 11) by upstream companies, pipelines, refineries and integrated companies.	Reduce absolute emissions 25% by 2030 from a 2020 base year (tCO_2e, calculated on a commitment basis).	**-36%**	●	**7,845,397 tCO_2e (2020)**
	12	Emissions intensity of the electricity production project finance and business loans portfolio.[1]	Maintain at 41 g CO_2e/kWh or below from 2020 through 2030 (SBTi Sectoral Decarbonization Approach).[5]	**105.7[7] g CO_2e/ kWh**	●	**41 g CO_2e/kWh (2020)[5]**
	13	Temperature score by loan commitment value in sectors other than electricity production.[1]	For Scopes 1 and 2: Align from 2.9°C in 2020 to 2.3°C by 2028. For Scopes 1, 2 and 3: Align from 3.0°C in 2020 to 2.4°C by 2028 (SBTi temperature alignment method).	**2.6°C and 3.0°C**	●	**2.9°C and 3.0°C (2020)**

Legend: ● Target met or under control | ● Target needing attention | ● Target at risk

Table continued on the next page

Table 12 Summary of our climate-related metrics and targets (cont.)

Activity		Metric	Target	Progress		Value for the base year
Operations	14	Scope 1 direct and Scope 2 indirect GHG emissions (tCO_2e)[1]	Reduce absolute emissions 50% by 2030 from a 2020 base year (tCO_2e).	-22%	●	7,647 tCO_2e (2020)
	15	Scope 1 direct and Scope 2 and 3 indirect GHG emissions (tCO_2e).	Reduce absolute emissions 50% by 2030 from a 2020 base year (tCO_2e).	-16%	●	22,677 tCO_2e (2020)

Legend: ● Target met or under control | ● Target needing attention | ● Target at risk

[1] SBTi-approved target.
[2] Ratio calculated by comparing 2024 loan commitments in renewable energy (wind, solar, hydro, biomethanization, battery energy storage systems) with loan commitments in fossil fuels (natural gas, oil, coal). Loans for nuclear energy and financial intermediation activities are excluded from this indicator.
[3] Renewable energy and energy transition projects include renewable energy generation projects (like wind, solar, hydro and biomethanization), renewable energy storage and distribution projects (like battery energy storage systems and low-carbon transmission lines) and energy efficiency projects (like district heating).
[4] Percentage calculated as at December 31, 2024, by dividing loan commitments in renewable energy (wind, solar, hydro, biomethanization, battery energy storage systems) by total loan commitments in the energy sector portfolio, which includes renewable energy, fossil fuels (natural gas, oil, coal) and nuclear energy. Financial intermediation activities are excluded from this indicator.
[5] We re-evaluated the data to improve accuracy, coverage and comparability. For targets 2 and 4, this revision resulted in an increase in the coverage ratio from roughly 85% to nearly 100% in 2024. For target 12, the base year's GHG emissions intensity rose from 39 g CO_2e/kWh to 41 g CO_2e/kWh.
[6] The target on our share of lending to the renewable energy sector in our energy sector portfolio was previously 35% by 2025. Since we significantly exceeded the target, we replaced it with a more ambitious target for 2030. We announced the new target when we published our position on the energy sector.
[7] Since the data needed to calculate this target wasn't available at the time of publication, we've presented the data in the table as at December 31, 2023.

Generally speaking, we monitor the performance of the set targets based on targets met or under control and targets that need attention:

- The majority of targets for the renewable energy sector (targets 1, 6, 7 and 8) have been or are in the process of being met, which reflects the work done by our investment and lending teams to make the transition to a low-carbon economy. One target (target 9) is considered more at risk. For more information, see below.
- Targets for our insurers' investments:
  - The temperature alignment metrics for the listed equity and corporate bonds portfolio, excluding electricity production companies (target 5), are progressing as expected toward the target temperature for 2028.
  - The sectoral decarbonization metric for the electricity production sector is progressing more quickly than expected (target 4), mainly thanks to our exclusion position on thermal coal.
  - The physical intensity of our direct real estate investments increased from 2020 to 2024. As a result, the related sectoral decarbonization target is categorized as needing attention (target 3). We're working on a decarbonization roadmap for this portfolio, but the impacts aren't yet observable.
- Targets for our business loans:
  - The temperature alignment metrics (target 13, corporations excluding the electricity production sector, needing attention) is progressing appropriately toward the target temperature alignment for 2028. Progress toward the target for Scope 1, 2 and 3 emissions of businesses in our lending portfolio lagged slightly, due to the low number of companies that set significant decarbonization goals for their value chain.
  - The sectoral decarbonization target for the electricity production sector (target 12) is currently considered at risk, because we've surpassed the initial maximum threshold set. We went over the threshold because of a small number of companies in the lending portfolio that use natural gas to produce electricity. We're continuing with our plan to transition this portfolio. The plan includes providing transition support for companies that are implementing GHG-reduction practices and developing renewable energy projects. We will also increase lending to companies working on renewable energy projects. Our efforts to transition the lending portfolio will put us on track to reach the target in the coming years.

- Our business loan sector targets also include a project finance target for biomethanization (target 9, at risk) and two targets from our position on the energy sector with respect to decarbonizing loans in the oil and gas sector (targets 10 and 11).

  Our project finance target for biomethanization (target 9) is intended to support renewable energy development as part of our climate ambition. Reaching this target is challenging given the limited number of quality projects and their development timelines. We will continue to work to identify and support meaningful projects to bring us closer to achieving this target.

  The target for reducing the physical intensity of Scope 1 and 2 GHG emissions for integrated and upstream sectors (target 10) is categorized as needing attention due to an increase in the carbon intensity of companies included in this target, reflecting the challenges inherent in this sector. The target reduction in absolute Scope 3, category 11 (use of sold products) GHG emissions by upstream companies, midstream companies (pipelines), refineries and integrated companies (target 11) is moving in the right direction (-36% compared to 2020), since we exceeded the target threshold (-25%) again this year. However, keeping up this positive performance depends on many factors, including changes in the value of the total commitment, the value of companies and their hydrocarbon production.

- Our operational targets (targets 14 and 15) are applied internally through the Cooperating for the Climate Challenge, which promotes initiatives to reduce GHG emissions and provides resources for employees in our business segments. Our engagement efforts resulted in a 22% reduction in Scope 1 and 2 emissions in 2024 compared to 2020. Reducing our Scope 3 emissions (categories 1 and 5 for paper consumption and category 6 for business travel) remains a challenge in the post-pandemic context, particularly for business travel. As a result, our target to reduce our operational footprint for Scopes 1, 2 and 3 (-16% between 2020 and 2024) needs attention. We plan to step up our efforts in the coming years to reduce Scope 3 emissions. Each year since 2017, we've been offsetting our Scope 1, 2 and 3 operational emissions (categories 1 and 5 for paper consumption and category 6 for fossil fuel consumption from business travel) and emissions associated with our direct real estate investments (Scope 3, category 15, insurers' direct real estate investments) by purchasing verified carbon credits to support projects that promote climate action. In 2024, we purchased 32,845 carbon credits to offset 32,845 tCO_2e for 2023, at an average price of \$20/tCO_2e.

Greenhouse gas (GHG) emissions from our operations and carbon neutrality – Scopes 1, 2 and 3 (categories 1, 5 and 6)

We measure and offset the carbon footprint of our operations including emissions from our buildings, business travel and paper consumption. Our calculations were prepared in compliance with the principles and requirements in *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (2015 revised edition) and in *The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard* (2013). For more information on the calculations, see the Methodology section in the appendix on page 52 of this report.

Table 13 shows changes in Scope 1, 2 and 3 GHG emissions from our operations, plus the associated intensity and carbon neutral metrics. The following operational categories of Scope 3 GHG emissions are included:

- Category 1: Purchased goods and services: Paper consumption
- Category 5: Waste generated in operations: Paper consumption
- Category 6: Business travel: Fossil fuel consumption from business travel
- Other Scope 3 categories, except category 15, which is included in Table 14: Certain Scope 3 emissions are not disclosed if, for example, the available data is considered to be lacking in terms of quality, accuracy or reliability.

Table 13 **Greenhouse gas (GHG) emissions from our operations and carbon neutrality**

Metric	2024		2023[1]	2022[1]	2021[1]	2020[1]
Direct GHG emissions (Scope 1, tCO2e)[2, 5]	**4,443**	☑	4,920	5,397	5,601	5,905
Indirect GHG emissions (Scope 2, tCO_2e)[3, 5]	**1,520**	☑	1,242	1,341	1,323	1,742
Indirect GHG emissions (Scope 3, tCO_2e)[4, 5]	**13,012**		14,016	13,246	9,625	15,030
• Paper (Scope 3, categories 1 and 5)	**6,013**	☑	7,039	8,298	7,989	11,553
• Business travel (Scope 3, category 6)	**6,999**	☑	6,977	4,948	1,636	3,477
Total emissions (tCO_2e)[5]	**18,975**		20,178	19,984	16,549	22,677
Emissions intensity (Scopes 1 and 2, $kgCO_2e/m^2$)[6]	**4.3**		4.4	4.5	4.7	5.1
Energy intensity (Scopes 1 and 2, GJ/m^2)[7]	**0.69**		0.72	0.76	0.78	0.84
Renewable energy purchased (GWh and %)	**254 (96%)**		266 (95%)	277 (95%)	280 (95%)	294 (95%)
Share of energy mix from renewable energy (%)	**88%**		88%	88%	86%	85%
Internal carbon price ($/$tCO_2e$)	**$20/$tCO_2e$**		$20/t éq. CO_2	$16/$tCO_2e$	$15/$tCO_2e$	$14/$tCO_2e$

☑ PwC conducted a limited assurance engagement on these indicators. For more information, see the report in the appendix on page 59 of this report.

1 Scopes 1, 2 and 3 GHG emissions were reviewed to reflect more accurate or additional information. Based on this review the emissions reported in 2023, 2022, 2021 and 2020 were adjusted by 784, 972, 152 and 62 tCO_2e, respectively. This review was not part of the PwC limited assurance engagement. For more information, see the Methodology section in the appendix on page 52 of this report.

2 The direct emissions (Scope 1) sources included are for fossil fuel consumption in buildings under our operational control, refrigerant leakage (ODS), and the fuel consumption of our vehicle fleet and the Desjardins shuttle.

3 Indirect emissions (Scope 2) include electricity and steam consumed in the buildings that we occupy (as an owner or tenant). Gases included in the CO_2 equivalent (CO_2e) calculations: CO_2, CH_4 and N_2O. All emissions are calculated using the location-based method. GHG emissions from electricity consumption (Scope 2) went up between 2023 and 2024 due to an increase in emissions factors used and the fact that comparative data was not restated. For more details, see the paragraph explaining the changes in the buildings (Scopes 1 and 2) category below.

4 Other indirect emissions (Scope 3) include business travel made with rental and personal vehicles and by carpooling, as well as business travel made by plane and train. GHG emissions from paper consumption are calculated using the Environmental Paper Network's Paper Calculator.

5 The data covers all of our components and subsidiaries, with the exception of refrigerant leakage, which is only calculated for the head offices (Complexe Desjardins in Montreal and Cité Desjardins de la coopération in Lévis). As explained in the About This Report section, in addition to Desjardins Group, the operational GHG emissions report includes data for Desjardins International Development, the Desjardins Foundation and the Desjardins Group Pension Plan. Gases included in the CO_2 equivalent (CO_2e) calculations: CO_2, CH_4 and N_2O.

6 GHG emission intensity is measured by dividing total emissions (Scopes 1 and 2) by the total area of buildings in the operational scope.

7 Energy intensity is measured by dividing the total energy consumption calculated (Scopes 1 and 2) by the total area of buildings in the operational scope.

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The data in Table 13 above show that operational emissions decreased by 3% for Scopes 1 and 2 and 6% for Scopes 1, 2 and 3 (categories 1, 5 and 6) in 2024, compared to 2023. In addition, operational emissions decreased by 22% for Scopes 1 and 2 and 16% for Scopes 1, 2 and 3 (categories 1, 5 and 6) in 2024, compared to 2020. The targets for reducing these emissions are also shown in Table 12 (targets 14 and 15). The reasons behind these changes depend on the category of operational emissions included in the climate ambition:

- Business travel[1] (Scopes 1 and 3): 79% increase in operational emissions compared to 2020, mainly due to the COVID-19 pandemic. All business travel was suspended in 2020 and work-from-home was mandatory for over 90% of employees. However, as activities resumed and we returned to in-person meetings, our business travel and associated GHG emissions increased. We will keep a vigilant eye on the increases we've observed and have identified measures to reverse the trend in the coming years.

- Buildings[2] (Scopes 1 and 2): 25% decrease in operational emissions compared to 2020 mainly due to hybrid work arrangements, which have had a positive impact on the total energy footprint of our buildings. They have reduced our space requirements and also, to a lesser extent, lowered the energy consumption of our buildings. With respect to GHG emissions from electricity consumption (Scope 2), they went up between 2023 and 2024 due to an increase in emissions factors used, as published in Canada's inventory report[3], and the fact that comparative data was not restated. This change in emissions factors led to an increase of 322 tCO_2e, or 27% of Scope 2 emissions for 2024.

- Paper (Scope 3): 48% decrease in operational emissions compared to 2020 due to lower total paper consumption. The ongoing efforts of our procurement teams and business segments to reduce printing and promote the use of 100% recycled paper led to significantly lower emissions.

[1] Including business travel (by rental or personal vehicle, carpooling, plane or train), our vehicle fleet and the Desjardins shuttle.
[2] Including buildings under our operational control, refrigerant leaks (ODS) and buildings that we occupy (as an owner or tenant).
[3] Environment and Climate Change Canada, National Inventory Reportaire national 1990-2023: Greenhouse Gas Sources and Sinks in Canada (Part 3), 2025. The comparative data was not restated and is based on the 2024 version.

Greenhouse gas (GHG) emissions from our financial activities – Scope 3, category 15

Under the GHG Protocol, Scope 3 emissions are divided into 15 categories. Category 15 includes financed and insurance-associated emissions.

In 2020, we joined the Partnership for Carbon Accounting Financials (PCAF) to adopt and promote an international standard for measuring the GHG emissions of our lending and investments. For more information on the calculations, see the Methodology section in the appendix on page 52 of this report.

Since 2021, our teams have been active participants in PCAF working groups. They have applied methodologies from *the Global GHG Accounting and Reporting Standard for the Financial Industry Part A (second edition, 2022) for financed emissions and Part C for insurance-associated emissions.*

The graphs below show the changes in some of our financed emissions since 2020. As set out in the Caution Concerning Forward-Looking Statements section, the results published in this report are based on the best available information and the methodology deemed most appropriate for our portfolio. The metrics for financed emissions are based on internal data, provided by our members and clients or sources outside of our organization. The metrics we calculated may be affected by data-related challenges, including but not limited to:

- The availability and quality of real data (for example, specific to a company or asset) or the granularity and representativeness of generic values used as a substitution
- The accuracy of data (such as the precision and reliability of GHG emissions reported by a company), when data was updated and consistency in time periods between data sources (for example, year of reported GHG emissions compared to the year of a company's financial statements)
- The variability of certain key data from one year to the next (for example, volatility in the business value used to calculate the attribution factor for financed GHG emissions)

Any calculation change or update resulting from a change in methodology or addition of new data that produces significantly different results from what has been published will be addressed and corrected in future publications.

Figure 13 **Change in financed GHG emissions ($ktCO_2e$)**

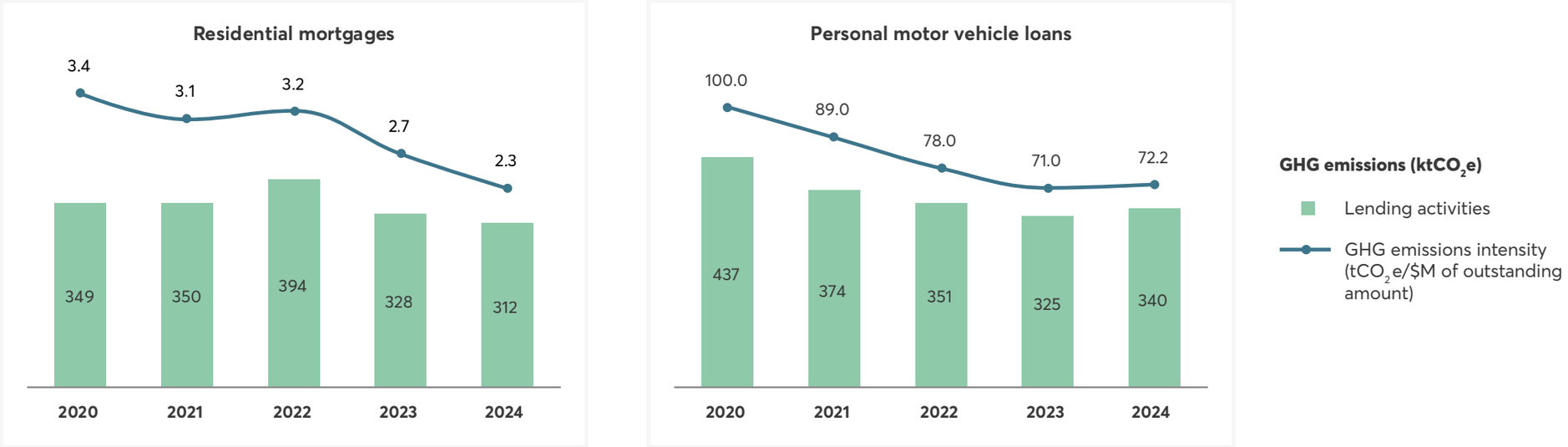

Figure 13 Change in financed GHG emissions ($ktCO_2e$) (cont.)

* Data from 2020 to 2023 includes project finance and business loan activities.

[1] Some comparative information was reviewed to improve accuracy, coverage and comparability. For more information, see the Methodology section in the appendix on page 52 of this report.

Desjardins Group financed emissions, Scope 3 – category 15 (PCAF disclosure)

(as at December 31, 2024)

Table 14 Financed emissions: PCAF disclosure

Asset class	Emissions (Scopes 1 and 2, $ktCO_2e$)		Outstanding amount ($B)	% coverage	Intensity ($tCO_2e/$M)	PCAF data quality score[1]				
						1	2	3	4	5
Mortgages	312	☑	135.7	100%	2.3	—%	—%	—%	57%	43%
Motor vehicle loans	340	☑	8.1	58%	72.2	—%	86%	—%	14%	—%
Commercial real estate (lending)	558		66.0	80%	10.6	—%	—%	—%	—%	100%
Business loans										
Transportation	139		1.7	100%	80.8	5%	3%	—%	32%	60%
Energy	381		1.9	87%	236.5	7%	9%	48%	14%	22%
Project finance										
Transportation	2		0.2	100%	13.9	—%	—%	—%	—%	100%
Energy	32		2.4	100%	13.3	6%	12%	81%	—%	1%
Total – Lending (assets covered)	1,764		216.0	92%	8.9	—%	2%	1%	40%	57%
Commercial real estate (investment)	14	☑	1.7	100%	8.4	64%	—%	—%	36%	—%
Listed equity and corporate bonds	335	☑	19.5	100%	17.2	47%	15%	—%	34%	4%
Total – Investment (assets covered)	349		21.2	100%	16.5	48%	14%	—%	34%	4%

☑ PwC conducted a limited assurance engagement on these indicators. For more information, see the report in the appendix on page 59 of this report.

[1] Assessment of PCAF data quality scores: Data quality scores 1 and 2 are based on real data and quality scores 3, 4 and 5 are based on estimates.

The calculations led to certain observations.

- Commercial real estate (lending) and mortgages: These portfolios are concentrated in Quebec, where electricity is produced from renewable energy sources (in 2023: 98.8% hydroelectric, 1.2% other renewable sources)[1] and electric heating is used in most buildings. As a result, these asset classes have a low carbon intensity. Most of the energy consumption data for these assets is currently estimated and therefore imprecise. We will continue to bolster these estimates with real data as it becomes available. Improving our data will help us reduce our reliance on generic GHG emissions intensity metrics by dwelling or surface area. It will ultimately enable us to better track changes in GHG emissions specific to the assets in these portfolios in relation to comparable buildings and dwellings.

[1] Hydro-Québec, Residual electricity mix and greenhouse gas (GHG) emission rate, 2023.

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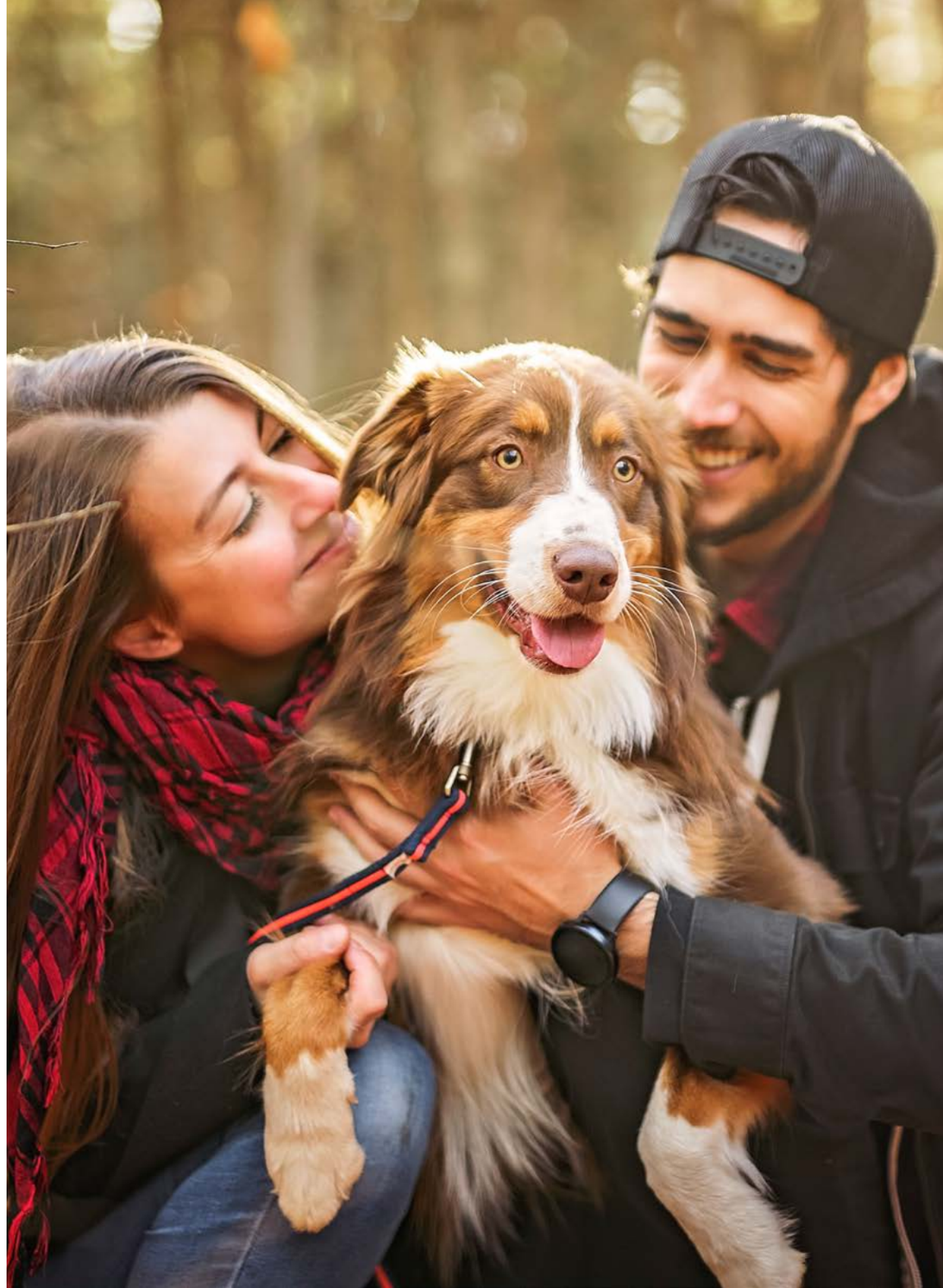
- Motor vehicle loans: This portfolio has a high emissions intensity and reflects the current state of vehicles in Canada. The part of this portfolio that isn't covered, which makes up 42%, represents recreational vehicles (ATVs, boats, etc.), for which there is no recognized approach for estimating emissions. Our GHG emissions for this portfolio went up 5% in 2024 compared to 2023. The increase reflects the higher reference data used for the average distance travelled per vehicle, which was up 10%, and a slightly higher covered outstanding amount. These factors are offset by changes in the vehicle fleet, which is gradually becoming electrified. This is especially noticeable in Quebec, where 31% of new motor vehicle registrations in 2024 were battery electric or plug-in hybrid vehicles, compared with 15% for the rest of Canada.[2]

- Business loans and project finance: Only one portion of this portfolio—10% of business loans—is currently being measured and disclosed as part of the monitoring process for sectors covered by our climate ambition (energy, real estate and transportation). In the absence of actual emissions data and high quality estimates, it's currently impossible for us to publish a satisfactory calculation of our financed emissions for these asset classes for other economic sectors. In fact, the vast majority of our business portfolio is made up of small and medium-sized businesses, whose emissions would be estimated based on emission factors by industry sector. External variance analyses completed in 2022 of some sectors and some businesses have shown differences of over 80% between estimates based on real data (PCAF data quality score 1 or 2) and sectoral estimates based on the outstanding amount (PCAF data quality score 5), which makes it difficult to use this kind of data right now. In 2024, emissions from project finance are presented separately, as recommended in the PCAF standard. The transportation sector's absolute GHG emissions increased by 11% in 2024 compared to 2023. This change is due to a significant 36% increase in the outstanding amount, offset by a noticeable 15% reduction in the emissions intensity of the portfolio. For business loans and project finance, the energy sector includes the fossil fuel, nuclear and renewable energy production and distribution sectors, as well as electricity production and distribution utilities. Absolute GHG emissions for this sector were up slightly, up 2% in 2024 over 2023, despite a significant 34% increase in the outstanding amount. As a result, the portfolio's emissions intensity dropped significantly by 24%.

- Commercial real estate (investment): In 2024, emissions for this asset class decreased by 7% compared to 2023. The decrease is mainly due to fewer direct real estate investments. In addition, including this portfolio in our SBTi commitments helps promote our reduction efforts. New tools have also helped us improve data quality by providing more real data in 2024.

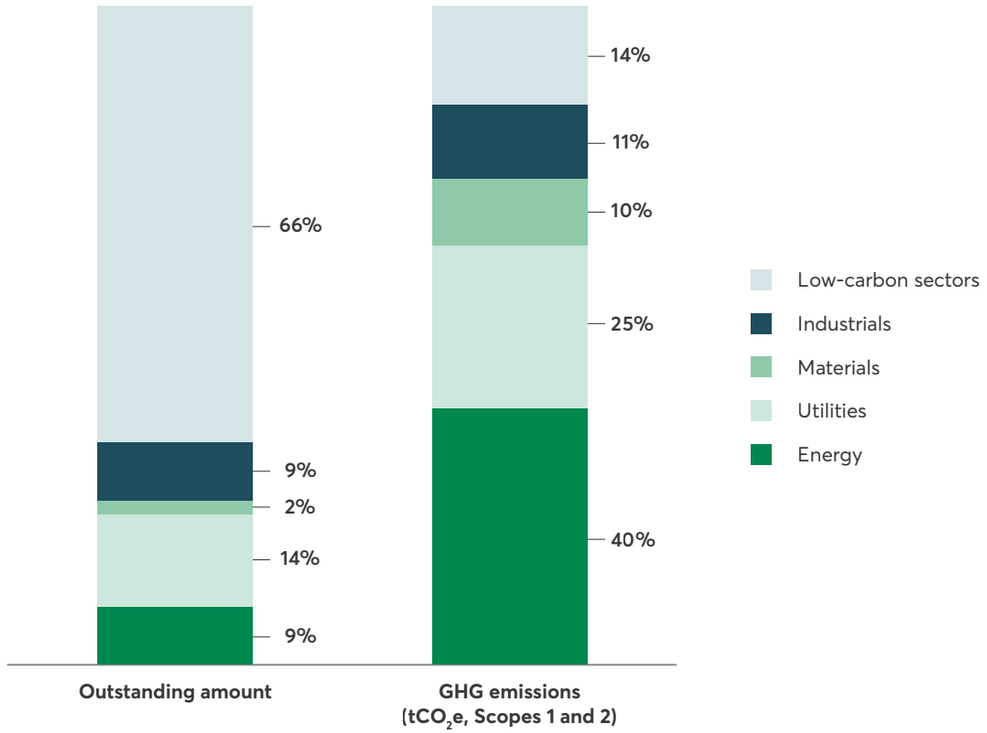
- Listed equity and corporate bonds: The emissions calculated include 99.8% of positions in scope under the PCAF methodology. This represents nearly 100% of the insurers' investment portfolio, compared to 86% in 2023. In 2024, we also added the treasury investment portfolio. With respect to insurers' investments, the energy, utilities, materials and industrials sectors[3] account for 86% of this portfolio's emissions, but only 34% of the outstanding amount. For more information on the distribution of investments, see Figure 14 below.



[2] Statistics Canada, New motor vehicle registrations: Quarterly data visualization tool, 2024.
[3] According to the Global Industry Classification Standard (GICS).

These results underscore the importance of obtaining real data (such as Scope 1, 2 and 3 GHG emissions, physical data like square footage, production volumes, etc.) rather than using sectoral estimates, which are generally inexact, as a basis. Work is underway to progressively increase the quality of the estimates of our financed emissions over the coming years, which will enable us to identify the economic players that have the best GHG performance as well as those that will need support in the energy transition.

Figure 14 **Percentage of insurers' outstanding amount and Scope 1 and 2 GHG emissions by economic sector[4] in the listed equity and corporate bonds portfolio** (as at December 31, 2024)



[4] According to the Global Industry Classification Standard (GICS).

Insurance-associated emissions, Scope 3 – category 15 (PCAF disclosure)

(as at December 31, 2024)

Table 15 **Insurance-associated emissions: PCAF disclosure**

Sector	Emissions (Scope 1, $ktCO_2e$)	Emissions (Scope 2, $ktCO_2e$)	Value of insurance revenues[1] ($B)	% coverage	Intensity (tCO_2e/$M)	PCAF data quality score				
						1	2	3	4	5
Personal motor vehicles	**905**	**1**	4.3	**95%**	221.8	**—%**	**87%**	**—%**	**13%**	**—%**

[1] Direct premiums written

In 2024, we expanded our calculations for our Scope 3 GHG emissions for category 15. We now include emissions associated with personal motor vehicle insurance. By including these emissions, we can present a more complete and transparent picture of the GHG emissions associated with our financial activities for a major sector, given the portfolio's size and climate impact.

Other climate-related indicators

In addition to indicators related to our operational, financed and insurance-associated emissions, we've developed and we track other indicators that reflect our climate commitments.

Table 16 **Other indicators: Climate commitments**

Activity	Metric	2024	2023[6]	2022[6]
Financing	Exposure at default to carbon-related sectors (% and $)	**24% ($98.7B)**	22% ($85.0B)	19% ($71.0B)
	Exposure at default to carbon-related sectors (% and $, fossil fuels only)	**0.5% ($2.1B)**	0.6% ($2.3B)	0.6% ($2.1B)
	Total exposure at default to electricity production ($B and % from renewable, fossil fuel or other sources)	**$4.1B 89% / 10% / 1%**	$3.2B 94% / 5% / 1%	$1,6B 83% / 16% / 1%
	Share of renewables in our lending to energy corporations[1]	**69%**	59%	40%
	Energy Supply Banking Ratio[2]	**N/A**	10.8	N/A
	Total biomethanization projects financed	**3**	2	2
	Total sustainable and green bonds issued	**$1,749M**	$1,000M	$500M

[1] Percentage calculated by dividing 2024 loan commitments in renewable energy (wind, solar, hydro, biomethanization, battery energy storage systems) by total loan commitments in the energy sector portfolio, which includes renewable energy, fossil fuels (natural gas, oil, coal) and nuclear energy. Financial intermediation activities are excluded from this indicator.

[2] BloombergNEF, Third Annual Energy Supply Investment and Banking Ratios. We were included in this report for the first time when it was published in January 2025, with results for 2023. This ratio compares the low-carbon financial flows versus financial flows toward fossil fuels. The goal is to achieve a global ratio of 4:1 by 2030, 6:1 by 2040 and 10:1 by 2050, to reflect climate scenarios that limit climate change to 1.5°C.

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Index for the Climate Risk Management Guideline

The table below shows how our report meets the expectations for financial disclosures for 2024, as described in Annex 1 of the AMF's Climate Risk Management Guideline.[1,2]

Table 17 AMF guideline

Section		Financial disclosure expectations	Pages
Governance	a)	The financial institution should describe the governance body(ies) (e.g., board of directors, board committees, other) or individual(s) responsible for oversight of climate-related opportunities and risks, including their identity, responsibilities, skills and competencies, process around staying informed, oversight of strategy, major transactions, risk management processes, target setting and monitoring progress towards those targets, and a description of how climate-related considerations are factored into their remuneration.	9, 11 and 14
	b)	The financial institution should describe management's role in monitoring, managing and overseeing climate-related opportunities and risks, including the identity of the management-level position or committee as applicable, its governance processes, controls and procedures, and how oversight should be exercised over that position or committee.	12–13
Strategy	a)	The financial institution should describe the climate-related opportunities and risks it has identified that could reasonably be expected to affect its cash flows, access to finance or cost of capital, including: • the classification of each climate-related risk as either "physical risk" or "transition risk"; • the expected timeframe for the occurrence of effects associated with each risk and opportunity (short, medium, or long term); • the financial institution's definitions of "short term," "medium term," and "long term" in relation to strategic decision-making planning horizons.	15–24 and Key parts of our transition plan (Table 18)
	b) i	**Business model and value chain** The financial institution should describe: • the current and anticipated effects of climate-related opportunities and risks on its business model and value chain; • where in its business model and value chain the climate-related opportunities and risks are concentrated. **Strategy and decision-making** The financial institution should disclose information about current and anticipated: • changes to its business model, including its resource allocation, to address climate-related opportunities and risk; • direct mitigation and adaptation efforts; • indirect mitigation and adaptation efforts. **Financial position, financial performance, and cash flows** The financial institution should describe: • how climate-related opportunities and risks have affected its financial position, financial performance, and cash flows for the reporting period; • how it expects its financial position, financial performance, and cash flows to change over the short, medium, and long term, given its strategy to manage climate-related opportunities and risks.	15–22, 25–27

Table continued on the next page

[1] Some of our subsidiaries are subject to OSFI's Guideline B-15 – Climate Risk Management. OSFI's expectations for climate-related financial disclosures are aligned with the AMF's Climate Risk Management Guideline, which applies to us at Desjardins Group. For the sake of brevity, we have not included OSFI's expectations.

[2] This index includes the disclosures required by the guideline for 2024. We've also included certain required disclosures for 2025 and 2028 when that information is provided in this year's Climate Action at Desjardins report.

Table 17 AMF guideline (cont.)

Section		Financial disclosure expectations	Pages
Strategy (cont.)	b) ii	The financial institution should describe its climate transition plan.	Key parts of our transition plan (Table 18)
	c)	The financial institution should describe the resilience of its strategy, taking into consideration different climate-related scenarios, including a scenario which limits warming to the level aligned with the latest international agreement on climate change, or lower.	28–30
Risk management	a)	The financial institution should disclose information about its processes and related policies for identifying, assessing, prioritizing, and monitoring climate-related risks. In meeting this disclosure expectation, the financial institution should explain how it has applied the expectation in the text box of section 2.	34–35
	b)	The financial institution should disclose information about its processes for identifying, assessing, prioritizing, and monitoring climate-related opportunities including information about whether and how it uses climate-related scenario analysis to inform its identification of climate-related opportunities.	15–16
	c)	The financial institution should disclose information about the extent to which, and how its processes for identifying, assessing, prioritizing, and monitoring climate-related opportunities and risks are integrated into and inform the financial institution's overall risk management process.	32–33
Metrics and targets	a)	The financial institution should disclose the metrics it uses to assess climate-related risks and opportunities in line with its strategy and risk management process.	36–47
	b) i	The financial institution should disclose its Scope 1 and location-based Scope 2 absolute gross GHG emissions separately for the period. The financial institution should disclose the measurement approach, inputs, and assumptions it uses to measure its Scope 1 and Scope 2 GHG emissions, and the underlying reasons for these decisions. The financial institution should disclose the reporting standard it uses to calculate and disclose GHG emissions. If the reporting standard used by the financial institution is not the GHG Protocol Corporate Standard, disclose how the reporting standard used by the institution is comparable.	40–41, and 52–54
	b) ii[1]	The financial institution should disclose its Scope 3 absolute gross GHG emissions for the period. The financial institution should disclose the measurement approach, inputs, and assumptions it uses to measure its Scope 3 GHG emissions, and the underlying reasons for these decisions. The financial institution should disclose the reporting standard it uses to calculate and disclose GHG emissions. The financial institution should disclose additional and specific information about its Category 15 (investments) emissions. The financial institution should disclose the following, as applicable: 1. The financial institution's absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 GHG emissions by asset class and for any corporate investments or loans (i.e., the following asset classes under PCAF A: listed equity, corporate bonds, business loans, and unlisted equity), by sector. 2. The financial institution's gross exposure to each asset class as the carrying amounts (before subtracting the loss allowance, when applicable), expressed in Canadian dollars. 3. The percentage of the financial institution's gross exposure included in the financed emission calculation; if the percentage is less than 100%, the financial institution should explain the exclusions (i.e., due to lack of methodology or lack of data), including types of assets and the associated amount of AUM. 4. The methodology used to calculate the financed emissions from AUM, including the method of allocation the institution uses to attribute its share of emissions in relation to the size of the AUM balance.	42–47, 55–58

[1] The disclosure expectations set out in b) ii) of the guideline's metrics and targets will come into effect in 2028. Some information on this disclosure element has been included in this report, although it isn't yet required by the guideline. We continue to work on complying with these requirements.

Table continued on the next page

Table 17 AMF guideline (cont.)

Section		Financial disclosure expectations	Pages
Metrics and targets (cont.)	c)	1. The financial institution should disclose any quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals. 2. The financial institution should disclose information about its approach to setting and reviewing each target and how it monitors progress against each target. 3. The financial institution should disclose information about its performance against each climate-related target and an analysis of trends or changes in the institution's performance. For any GHG emissions target disclosed (and the corresponding metrics, if applicable), the financial institution should disclose it both gross of, and net of, carbon offsets, if applicable, and explain the type of offset (e.g., carbon credit, nature-based, other.)	36–39
	d)[2]	The financial institution should disclose the following cross-industry metrics: 1. Climate-related transition risks: the amount and percentage of assets or business activities vulnerable to climate-related transition risks. 2. Climate-related physical risks: the amount and percentage of assets or business activities vulnerable to climate-related physical risks. 3. Climate-related opportunities: the amount and percentage of assets or business activities aligned with climate-related opportunities; 4. Capital deployment: the amount of capital expenditure, financing or investment deployed towards climate-related opportunities or risks. 5. Internal carbon price. 6. Remuneration: the percentage of senior management and other material risk-takers' remuneration recognized in the current period that is linked to climate-related considerations. (Mandatory for Group A financial institutions only)	1. 20–24 2. 20–24 3. 17–18 5. 40

[2] The disclosure expectations set out in the guideline's metrics and targets disclosure element d) will come into effect in 2025. Some information on this disclosure element has been included in this report, although it isn't yet required by the guideline. We continue to work on complying with these requirements.

Key parts of our transition plan

In November 2022, the Glasgow Financial Alliance for Net Zero (GFANZ) published detailed guidance on net-zero transition plans to help financial institutions operationalize their commitments. GFANZ also supports capacity-building in financial institutions in emerging economies and supports industry transitions through collaboration and national platforms.

We used these guidelines to prepare this report.

Table 18 **Key parts of our transition plan**

Section	Key aspects		Reference		Pages
Foundations	1.	Objectives and priorities	1.	Our climate ambition	25
Implementation strategy	2.	Products and services	2.	Climate-related opportunities	17–18
	3.	Activities and decision-making	3a.	Climate scenarios and our strategy's resilience	28–30
			3b.	How we're protecting biodiversity	31
			3c.	Risk management	32–35
	4.	Policies and conditions	4.	Our pillars	26–27
Engagement strategy	5.	Clients and portfolio companies	5.	Impact of climate-related risks on the business model and value chain	19–24
	6.	Industry	6.		
	7.	Government and public sector	7a.	Listening to our stakeholders – Social and Cooperative Responsibility Report - Desjardins	9–10
			7b.	Relations with government and regulatory authorities – Social and Cooperative Responsibility Report - Desjardins	77
Metrics and targets	8.	Metrics and targets	8.	Metrics and targets	36–47
Governance	9.	Roles, responsibilities and remuneration	9.	Governance	12–14
	10.	Skills and culture	10.	Climate change training for our employees	27

Methodology

Operational emissions[1]

The following table presents the change in our Scope 1 and 2 GHG emissions as well as certain Scope 3 categories. These emissions are related to our operational activities and were subject to a limited assurance engagement by PricewaterhouseCoopers for the year ended December 31.

Table 19 **Greenhouse gas (GHG) emissions from our operations**

Scope	Source of greenhouse gas		Emissions (tCO_2e) 2024	
Scope 1	• Fossil fuel consumption of buildings under our operational control		3,480	☑
	• Refrigerant leaks (ODS)		41	☑
	• Fuel consumption of our vehicle fleet and the Desjardins shuttle		922	☑
	Total Scope 1		**4,443**	
Scope 2	• Steam and electricity consumption of buildings under our operational control		1,520	☑
	Total Scope 2		**1,520**	
Scope 3	• Category 1 – Purchased goods and services, plus • Category 5 – Waste generated in operations	Paper consumption	6,013	☑
	• Category 6 – Business travel	Fossil fuel consumption from business travel	6,999	☑
	Total Scope 3		**13,012**	
	Total		**18,975**	

☑ PwC conducted a limited assurance engagement on these indicators. For more information, see the report in the appendix on page 59 of this report.

[1] Scope 1 GHG emissions were revised to improve accuracy and comparability for buildings under our operational control. Following this revision, Scope 1 emissions reported in 2023, 2021 and 2020 decreased by 43, 267, and 63 tCO_2e, respectively, and they increased by 364 for 2022. For the same reasons and to take into consideration omitted sites, Scope 2 GHG emissions were revised, increasing emissions by 159, 178, 115 and 62 tCO_2e for 2023, 2022, 2021 and 2020, respectively. The Scope 3 GHG emissions from business travel were adjusted due to omitted information on air travel. The adjustment resulted in an increase of 668 and 430 tCO_2e to the amounts we initially reported in 2023 and 2022, respectively, for category 6 business travel emissions. These adjustments were not part of the PwC limited assurance engagement.

Methodology and assumptions

Scope 1

Fossil fuel consumption of buildings under our operational control

For sites where the volume of fossil fuel consumption is known, the information was taken from our energy data collection systems, which are based on invoices and reports from our energy suppliers. It includes the volume of diesel, heating oil and natural gas consumed by buildings at each site.

For sites where only the cost of fuel is known, volumes were estimated using the province's average unit cost for the specific fuel.

For some of the sites, the energy consumption (GJ/m²) and breakdown of energy sources were estimated using provincial data. We've used the results of energy audits, when available, at a few sites in this category to improve our estimate. The team at Desjardins Real Estate Group also conducts surveys for each building to collect relevant information to improve this estimate.

Emissions were calculated by multiplying fossil fuel volumes by corresponding emission factors.[2]

Refrigerant leaks (ODS)

The volume of accidental releases of ozone-depleting substances (ODS) was determined by adding up the release volumes provided by property managers. Emissions were calculated by applying the Global Warming Potential (GWP) of each substance.[3]

Fuel consumption of our vehicle fleet and the Desjardins shuttle

For vehicles owned by our entities, fuel consumption (in litres of diesel and gasoline or electricity for hybrid and electric vehicles) was calculated based on mileage data and the fuel consumption rating for each vehicle.

The Desjardins shuttle has two 35-passenger buses that transport our employees between Lévis and Montreal. Due to rising demand, we added another bus on the Lévis–Montréal route in 2024. We know how much diesel the shuttle uses for each trip. We calculated annual consumption based on the number of trips made.

The vehicle fleet and shuttle emissions for 2024 were calculated by multiplying the fossil fuel volumes by the relevant emission factors.[4]

Scope 2

Steam and electricity consumption of buildings under our operational control

Steam and electricity consumption data (in Canadian dollars or in kWh) were obtained as follows:

- For sites where electricity consumption is known, data was taken from our electricity data collection systems, which are based on invoices and reports from our electricity suppliers.
- For sites where only the cost of electricity consumption is known, electricity volumes were estimated using the province's average unit cost ($/kWh).
- For sites where we didn't know the cost, consumption volumes were estimated using an average cost per area ($/m²) per energy source and then converted to quantity.
- For some of the sites, the energy consumption (GJ/m²) and breakdown of energy sources were estimated using provincial data. We've used the results of energy audits, when available, at a few sites in this category to improve our estimate. The team at Desjardins Real Estate Group also conducts surveys for each building to collect relevant information to improve this estimate.

Emissions were calculated by multiplying electricity and steam consumption by corresponding emission factors.[5]

[2] Environment and Climate Change Canada, National Inventory Report 1990–2022: Greenhouse Gas Sources and Sinks in Canada (Part 2) (comparative data was not restated and is based on the 2024 version), 2024; US Energy Information Administration, Commercial Sector Energy Consumption Estimates, 2021; Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, 2021.
[3] Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, 2021.
[4] Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, 2021; Environment and Climate Change Canada, National Inventory Report national 1990-2023: Greenhouse Gas Sources and Sinks in Canada (Part 3), 2025 (the comparative data was not restated and is based on the 2024 version 2024).
[5] Environment and Climate Change Canada, National Inventory Report 1990–2023: Greenhouse Gas Sources and Sinks in Canada (Part 3) (comparative data was not restated and is based on the 2024 version), 2025; US Energy Information Administration, Commercial Sector Energy Consumption Estimates, 2021; Agence de la transition écologique (France), Centre de ressources sur les bilans de gaz à effet de serre, 2022 (in French only).

Scope 3

Paper consumption

The majority of our paper consumption comes directly from our suppliers. We extrapolated data for caisses that don't use our main supplier of office supplies. We based our extrapolation on the average paper consumption of caisses that use our main supplier. GHG emissions from paper consumption were calculated based on the volume and recycled content of the different types of paper using the Environmental Paper Network's Paper Calculator.

Fossil fuel consumption from business travel

We calculated fuel consumption (in litres) for rental vehicles by compiling the total amount spent on fuel (in Canadian dollars). These amounts were then converted to volume using the average cost ($/L) of gas by geography.[6]

The total distance travelled by personal vehicles was calculated by converting reimbursement costs ($), based on the distance in kilometres. This distance was then converted into gasoline consumption (litres) based on an average vehicle's consumption. For hybrid vehicles, the average consumption (L/100 km) was adjusted based on the average consumption of the best-selling models of the year.[7] For electric vehicles, a factor (kWh/km) was assigned, then multiplied by an emission factor linked to the province's energy.[8]

We then calculated emissions using the same methodology as for fossil fuels for buildings (described under Scope 1 above).

Air travel data, represented in kilometres, was obtained from our travel agency and includes flight segments and distance travelled. Flight distance was then converted to tonnes of CO_2e using corresponding emission factors.[9]

Rail travel data was taken from VIA Rail reports. CO_2e emissions were calculated by multiplying kilometres travelled by corresponding emission factors.[10]

[6] Statistics Canada: Monthly average retail prices for gasoline and fuel oil, by geography, 2024.
[7] Association des véhicules électriques du Québec, Électrification des transports, 2024 (in French only); PCAF European building emission factor database.
[8] Environment and Climate Change Canada. National Inventory Report 1990–2023: Greenhouse Gas Sources and Sinks in Canada (Part 2 and Part 3), 2025 (the comparative data was not restated and is based on the 2024 version).
[9] Department for Energy Security and Net Zero (UK), Government Greenhouse Gas Conversion Factors for Company Reporting (Table 36), 2023.
[10] VIA Rail Canada, Data Tables, 2023.

Financed emissions

Methodology and assumptions

Residential mortgages

Background and scope

The calculation of financed emissions for the residential mortgage portfolio includes on-balance sheet loans for specific consumer purposes—namely the purchase and refinance of residential property, including individual homes and multi-family housing with a small number of units. These emissions were calculated using the following formula:

$$\text{Financed emissions} = \sum_{b,e} \frac{\text{Outstanding amount}}{\text{Property value at origination}_b} \times \text{Energy consumption}_{b,e} \times \text{Emission factor}_e$$

where b = building and e = energy source

Mortgages held by individuals for buildings with five or more units are often reported separately, as these loans are generally considered commercial. However, we decided that we would include all loans for residential properties held by an individual, regardless of the number of units, in this asset class.

We have not included home equity lines of credit as they are not required under this methodology given that these products are generally consumer loans for general consumer purposes.

Calculation methodology and assumptions

To calculate our emission factors for this asset class, we used the energy consumption data by energy source from Natural Resources Canada to reproduce the PCAF methodology with the most current data.[11] Where the building area was available, we used the factors by square meter. Where the building area wasn't available, we used the factors for housing units.[11] To calculate GHG emissions for electricity consumption, we used the most recent consumption intensity data in g CO_2e/kWh[12] from Canada's official greenhouse gas inventory.

Motor vehicle loans

Background and scope

This indicator quantifies the GHG emissions of motor vehicle loans to determine the portion that can be attributed to us. We made our calculations according to the PCAF methodology:

$$\text{Financed emissions} = \sum_{v} \frac{\text{Outstanding amount}}{\text{Total value at origination}_v} \times \text{Vehicle emissions}_v$$

where v = vehicle or vehicle fleet

We calculated financed emissions for passenger vehicles and motorcycles only, which make up 58% of our portfolio as at December 31, 2024. We didn't calculate financed emissions for other motor vehicles (boats, trucks, snowmobiles, etc.) because of the lack of a recognized methodology and specific data for these vehicles.

Calculation methodology and assumptions

To calculate emissions from our motor vehicle loans, we used the average annual distance travelled per vehicle by province,[13] CO_2 emissions intensity and electricity consumption (kWh) per 100 kilometres by vehicle type,[14] and emission factors per kWh of electricity by province.[15]

For calculating financed emissions from motorcycles, we used Scope 1 emissions per province (provided by PCAF) multiplied by the attribution factor.

[11] Natural Resources Canada, Comprehensive Energy Use Database, 2021.
[12] Environment and Climate Change Canada. National Inventory Report 1990–2022: Greenhouse Gas Sources and Sinks in Canada (Part 3), 2024.
[13] Natural Resources Canada, Comprehensive Energy Use Database, Table 32: Car Explanatory Variables, 2021.
[14] Natural Resources Canada, Fuel consumption ratings, 2024.
[15] For Quebec: Hydro-Québec, GHG Emission Rate Associated with Residual Electricity Supplies, 1990–2023. For other provinces and territories: Environment and Climate Change Canada. National Inventory Report 1990–2022: Greenhouse Gas Sources and Sinks in Canada (Part 3), 2024.

Commercial real estate (lending)

Background and scope

The calculation of financed emissions for commercial real estate lending includes on-balance sheet loans for specific corporate purposes, namely the purchase and refinance of commercial real estate. This definition implies that the property is used for commercial purposes, such as retail, hotels, office space, industrial, or single- or multi-family rentals. In all cases, the owner of the building uses the property to conduct income-generating activities. Lending for construction and renovation is not included in the calculation.

Emissions were calculated using the following formula:

$$\text{Financed emissions} = \sum_b \frac{\text{Outstanding amount}}{\text{Property value at origination}_b} \text{ X } \text{Building emissions}_b$$

where b = building

Comparative information was reviewed to improve accuracy and comparability. This reduced financed emissions (in $ktCO_2e$) by 82 in 2020, by 110 in 2021 and by 41 in 2022.

Calculation methodology and assumptions

All emissions for this asset class are currently estimated.

For residential properties, we used the energy consumption data by energy source from Natural Resources Canada (NRCAN)[16] to reproduce the PCAF methodology with the most current data. We applied factors based on the number of housing units. To calculate GHG emissions for electricity consumption, we used the most recent consumption intensity data in g CO_2e/kWh from Canada's official greenhouse gas inventory.[17]

For properties in the commercial and institutional category, we based our estimate on the factors per m^2 in the PCAF database (2017 NRCAN version). The floor area of financed properties was also estimated based on the value at origination and the loan guarantee's province.

Business loans and project finance (transportation and energy)

Background and scope

The calculation of financed emissions for business loans includes on-balance sheet loans to businesses, nonprofits, and any other structure of organization that are not traded on a market and are for general corporate purposes. The calculation of financed emissions from project finance includes all on-balance sheet loans or equities to projects or activities that are designated for specific purposes, i.e., with known use of proceeds as defined by the GHG Protocol.

For now, the disclosure includes the transportation and energy sectors only. We used the client's North American Industry Classification System (NAICS) code to determine sector segmentation. Both these sectors, along with the real estate sector (see Commercial Real Estate (Lending)), are prioritized in our disclosure because they're part of our 2040 climate ambition.

Emissions were calculated using the following formula:

$$\text{Financed emissions} = \sum_c \frac{\text{Outstanding amount}}{\text{Total equity + debt}_c} \text{ X } \text{Company emissions}_c$$

where c = borrower or investee company

or

$$\text{Financed emissions} = \sum_c \frac{\text{Outstanding amount}}{\text{Enterprise Value Including Cash}_c} \text{ X } \text{Company emissions}_c$$

where c = borrower or investee company

For project finance:

$$\text{Financed emissions} = \sum_p \frac{\text{Outstanding amount}}{\text{Total project equity + debt}_p} \text{ X } \text{Project emissions}_p$$

where p = project

Comparative information was reviewed to reflect actual data, resulting in financed emissions for 2023 (in $ktCO_2e$) increasing by 48 for the energy sector and decreasing by 6 for the transportation sector.

[16] Natural Resources Canada, Comprehensive Energy Use Database, 2021.
[17] Environment and Climate Change Canada. National Inventory Report 1990–2022: Greenhouse Gas Sources and Sinks in Canada (Part 3), 2024.

Calculation methodology and assumptions

To determine the emissions from our business loans and project finance, we focused on compiling GHG emissions from client disclosures and using data from the MSCI platform and answers in CDP reports, and searching online for available GHG reports. However, given how few reports are available for most lending, we had to estimate. For our estimates, we used the factors in the PCAF database (EXIOBASE 2015 version) per $ of revenue and per $ of business assets. We've calculated and disclosed only Scope 1 and 2 emissions from business loans and project finance.

Commercial real estate (investment)

Background and scope

The calculation of financed emissions for commercial real estate includes on-balance sheet investments. These emissions were calculated using the following formula:

$$\text{Financed emissions} = \sum_{b,e} \text{Attribution factor}_b \times \text{Energy consumption}_{b,e} \times \text{Emission factor}_e$$

where b = building and e = energy source

The scope of the calculation includes Desjardins Financial Security's and Desjardins General Insurance Group's direct real estate investments. Buildings occupied by our employees were not included in the scope, as the emissions for these buildings are included in our operational emissions (Scopes 1 and 2). Also excluded from the scope were land, buildings under construction and new buildings with less than one year of operational data during the emissions calculation period, which was from October 1, 2023, to September 30, 2024.

For this asset class, the attribution factor is the percentage of the building we own. As a result, it didn't need to be calculated.

Comparative information was reviewed to improve accuracy and comparability and to take consideration omitted sites. This reduced financed emissions (in $ktCO_2e$) by 2 in 2022 and 2023, and decreased them by 1 in 2021.

Calculation methodology and assumptions

For sites where we knew the actual energy consumption, data was taken from our energy data collection system. In exceptional cases (such as due to a system failure), we entered the actual energy consumption data manually from supplier invoices. For investment property in Ontario, we use data from the EWRB database when available, as it's better quality data. Note that the ERWB data is available for the period from January 1, 2023, to December 31, 2023, for 2024.

For sites where we didn't know the actual cost or energy consumption, a supplier estimated the consumption in 2023 using the RETScreen[18] model following a decarbonization audit. This model takes into account location-specific data collected during the data collection process, including fuel types for each end-use, the efficiency of installed equipment, as well as temperature set points and operating schedules.

For locations that weren't included in an audit during the 2023 decarbonization project and for which there was no energy data, we estimated their energy consumption using the ENERGY STAR Portfolio Manager.[19] These estimates take into account the type of building and main use by surface area. The mix of fuels was estimated from a combination of information we provided and averages from other similar buildings within the portfolio.

Emissions were calculated by multiplying fossil fuel volumes by corresponding emission factors.[20]

Listed equity and corporate bonds (insurers' investments and treasury)

Background and scope

The calculation of financed emissions for listed equity and corporate bonds includes the portfolio positions held by our insurers, Desjardins Financial Security and Desjardins General Insurance Group (collectively, our insurance companies), and the positions held by our treasury. These emissions were calculated using the following formula:

$$\text{Financed emissions} = \sum_{c} \frac{\text{Outstanding amount}}{\text{Enterprise Value Including Cash (EVIC)}_c} \times \text{Company emissions}_c$$

where c = borrower or investee company

The calculation includes 99.8% of in-scope positions under the PCAF methodology for listed equity and corporate bonds. The calculation scope includes companies' Scope 1 and 2 emissions for common and preferred stock, corporate bonds, exchange-traded funds and certain money market securities, namely, commercial paper and structured notes. Excluded from the scope are sovereign bonds and parapublic entities, private investments, securities held for short-term trading and derivative financial products.

[18] Natural Resources Canada, RETScreen, 2023.
[19] ENERGY STAR, Portfolio Manager, 2023.
[20] Environment and Climate Change Canada. National Inventory Report 1990–2023: Greenhouse Gas Sources and Sinks in Canada (Part 2), 2025.

The higher coverage compared to 2023 was a result of:

- Using the balance sheet value of assets for issuers whose company value including cash (Enterprise Value Including Cash or EVIC) wasn't covered by MSCI ESG Manager (MSCI)
- Using sector intensity ratios for issuers whose emissions weren't covered by MSCI
- Including treasury's securities in the scope

Comparative information was reviewed to improve accuracy, coverage and comparability. This increased financed emissions (in $ktCO_2e$) by 138 in 2020, by 111 in 2021, by 61 in 2022 and by 53 in 2023.

Calculation methodology and assumptions

Under the attribution principle in the PCAF standard, our investments are responsible for a portion of companies' emissions (financed emissions). For the treasury's positions, the share of responsibility is determined by the attribution factor, which is the ratio of our share in the business (balance sheet value) to the EVIC. For the insurers' positions, the share of responsibility is determined by intensity, which is the ratio of the company's Scope 1 and 2 emissions to the EVIC. Note that using the attribution factor or intensity has no impact on the result for financed emissions.

The value of listed equity is defined based on its market value, and the value of corporate bonds is defined based on the book value of the debt. The company value is defined as the EVIC at market close on the last business day of the quarter and by the most up-to-date financial data from issuers' financial disclosures. Depending on the availability of data, the order of priority for the EVIC used is daily EVIC, then quarterly EVIC and then fiscal-year EVIC.

We got the GHG emissions data we needed to calculate the carbon footprint according to PCAF from the MSCI platform. We obtained the balance sheet value by adding up the market value of each position. We got the EVIC from MSCI or calculated it using Datastream and Worldscope databases or used companies' financial disclosures. For treasury positions, the attribution factor for each company is multiplied by its Scope 1 and 2 emissions to determine the financed emissions that are attributed to us. For insurers' positions, the intensity of each company is multiplied by the asset value and divided by one million to determine the ratio of tCO_2e / $M in assets. All the financed emissions are then added up to get the total financed emissions.

Insurance-associated emissions – Personal motor lines

Background and scope

This indicator quantifies the GHG emissions of motor vehicle insurance premiums to determine the portion that can be attributed to us. We made our calculations according to the PCAF methodology:

$$\text{Insurance-associated emissions} = \sum_c \text{Attribution factor} \times \text{Emissions of insured vehicles}_c$$

where c = vehicle

Our calculations covered 95% of insurance premiums for this sector. They covered passenger vehicles and motorcycles but not personal motor lines for The Insurance Company of Prince Edward Island's portfolio. As with motor vehicle loans, this portfolio currently consists mainly of motor vehicles with internal combustion engines. As a result, the portfolio has high GHG emissions intensity, which should decrease as Canada's vehicle fleet decarbonizes.

We calculated insurance-associated emissions for personal vehicles only. We didn't calculate insurance-associated emissions for commercial vehicles. We also did not calculate insurance-associated emissions for other motor vehicles (boats, trucks, snowmobiles, etc.) because of the lack of a recognized methodology and specific data for these vehicles.

Calculation methodology and assumptions

We used the PCAF methodology in The Global GHG Accounting and Reporting Standard Part C: Insurance-Associated Emissions, which specifically covers the calculation of GHG emissions associated with insurance and reinsurance.

To calculate emissions from the vehicles we insure, we used the annual distance travelled as reported by the client, CO_2 emissions intensity and electricity use (kWh) per 100 kilometres by vehicle type,[21] as well as emission factors per kWh of electricity by province.[22]

For calculating insurance-associated emissions from motorcycles, we used Scope 1 emissions per province from the PCAF multiplied by the attribution factor. For this asset class, the attribution factor is the total costs associated with vehicle insurance in Canada. The factor, 12.6%, is provided by PCAF.[23] As a result, it didn't need to be calculated.

[21] Natural Resources Canada, Fuel consumption ratings, 2024.
[22] For Quebec: Hydro-Québec, GHG Emission Rate Associated with Residual Electricity Supplies, 1990–2023. For other provinces and territories: Environment and Climate Change Canada. National Inventory Report 1990–2022: Greenhouse Gas Sources and Sinks in Canada (Part 3), 2024.
[23] Partnership for Carbon Accounting Financials, Personal motor industry attribution factor approach, 2023.

Limited assurance report

Independent practitioner's limited assurance report on Desjardins Group's select key performance metrics presented in the 2024 Climate Action at Desjardins Report

To the Board of Directors of Desjardins Group

We have undertaken a limited assurance engagement of Desjardins Group's (Desjardins) select key performance metrics presented in the 2024 Climate Action at Desjardins Report detailed below (the subject matter) as at December 31, 2024 and for the year then ended.

Subject matter

Scope	Metric	2024 Value	Report page	Applicable criteria
Direct green house gas (GHG) emissions (Scope 1, tCO2e)	Fossil fuel consumption of buildings under our operational control	3,480	52	The principles and requirements presented in the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2015 revised edition).
	Refrigerant leaks (ozone-depleting substances (ODS))	41	52	
	Fuel consumption for the Desjardins vehicle fleet and shuttle	922	52	
Direct GHG emissions (Scope 1, tCO2e)		4,443	40, 52	
Indirect GHG emissions (Scope 2, tCO2e)	Steam and electricity consumption of buildings under our operational control	1,520	40, 52	
Indirect GHG emissions (Scope 3, tCO2e)	Paper (Scope 3, Categories 1 and 5)	6,013	40, 52	The principles and requirements presented in the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2015 revised edition) and the Greenhouse Gas Protocol: The Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2013).
	Business travel (Scope 3, Category 6)	6,999	40, 52	

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Scope	Asset class	2024 Value	Report page	Applicable criteria
Financed emissions	Mortgages	312	42, 44	The principles and requirements presented in the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2015 revised edition) and the Partnership for Carbon Accounting Financials (PCAF) Financed Emissions Standard (2nd Edition 2022).
	Motor vehicle loans	340	42, 44	
	Commercial real estate (investments)	14	43, 44	
	Listed equity and corporate bonds	335	43, 44	

Desjardins' responsibility for the subject matter
Desjardins is responsible for the preparation of the subject matter in accordance with the applicable criteria detailed above. Desjardins is also responsible for the design, implementation and maintenance of internal control relevant to the preparation of the subject matter that is free from material misstatement, whether due to fraud or error.

Our independence and quality management
We have complied with independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and of 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.

Our responsibility
Our responsibility is to express a limited assurance conclusion on the subject matter based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3410, *Assurance Engagements on Greenhouse Gas Statements,* issued by the Auditing and Assurance Standards Board and the International Standard on Assurance Engagements (ISAE) 3410*, Assurance Engagements on Greenhouse Gas Statements,* issued by the International Auditing and Assurance Standards Board.

These standards require that we plan and perform this engagement to obtain limited assurance about whether the subject matter is free from material misstatement.

A limited assurance engagement undertaken in accordance with CSAE 3410 and ISAE 3410 involves assessing the suitability in the circumstances of Desjardins's use of the applicable criteria as the basis for the preparation of the subject matter, assessing the risks of material misstatement of the subject matter whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the subject matter. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, as part of the implementation of the procedures listed above, we have:

- obtained an understanding of Desjardins's reporting processes relevant to the preparation of its subject matter by:
  - conducting interviews with personnel involved in the preparation of the subject matter;
  - including the methodologies applied to each selected performance indicator to ensure consistency and reliability of the data reported; and
  - assessing the controls in place to ensure the accuracy and integrity of the data from which the subject is derived;
- implemented analytical reviews of the information presented in the subject matter;
- implemented limited corroboration procedures on selected information in the subject matter;
- evaluated the methods, assumptions and data for the preparation of estimates; and
- reviewed the information provided on the subject matter in 2024 Climate Action at Desjardins Report to ensure that it is consistent with the evidence obtained.

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. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the subject matter has been prepared, in all material respects, in accordance with the applicable criteria.

Important inherent limitations
Non-financial data is subject to more limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

GHG emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Limited assurance 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 the subject matter as at December 31, 2024 and for the year then ended is not prepared, in all material respects, in accordance with the applicable criteria.

Purpose of subject matter and restriction on use of our report
The subject matter has been prepared in accordance with the applicable criteria to assist Desjardins's Management with reporting on the selected key performance metrics to Desjardins's Board of Directors. As a result, the subject matter may not be suitable for another purpose. Our report is intended solely for Desjardins.

We make no representations or warranties of any kind to any third party in respect of this report.

/s/PricewaterhouseCoopers LLP

Partnership of Chartered Professional Accountants

Montréal, Quebec
May 14, 2025


Desjardins
125 YEARS OF AMBITION