



DGAM – Responsible investment guidelines

MARCH 2019



Desjardins
Wealth Management
Global Asset Management

Responsible Investment Guidelines

Statement

In carrying out its activities, Desjardins Global Asset Management (DGAM) is guided by the mission, vision and values of Desjardins Group, which advocate economic development that respects people and the environment.

DGAM is convinced that taking environmental, social and governance (ESG) risks into consideration can have a positive impact on the financial return on investments for the benefit of its clients and partners, in order to grow their assets.

General principles

DGAM is a signatory to the UN Principles for Responsible Investment, hereinafter "the Principles", and its RI approach complies with them. Consequently:

1. DGAM incorporates ESG issues into its investment analysis and decision-making processes.
2. DGAM is an active investor and incorporates ESG issues into its framework texts.
3. DGAM seeks transparency from its investees concerning ESG issues.
4. DGAM promotes the adoption and implementation of the Principles in the investment industry.
5. DGAM cooperates to enhance effective implementation of the Principles.
6. DGAM reports on its activities and its progress in implementing the Principles.

The team

To incorporate ESG aspects into its investment analysis and decision-making processes, DGAM has built a team devoted exclusively to RI. The team carries out in-depth research on RI-related topics and collaborates with portfolio managers in their investment decisions. It also maintains a watch on ESG issues and assesses investment risks and opportunities based on predetermined criteria.

Implementation

DGAM has the necessary tools for its team to implement RI:

Integration

DGAM has developed a process to include ESG criteria in its portfolio management activities.

This process includes, in particular:

- Assessing companies' ESG performance;
- Including ESG criteria in real estate and infrastructure investments;
- Analyzing ESG controversies;
- Identifying companies involved in operations that are inconsistent with RI;
- Taking into account the evolution of dialogue with companies;
- Integrating analyses into portfolio management.

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DGAM also takes climate considerations into account in its investment decisions, in particular:

- By acting on Desjardins Group's commitment to reduce the carbon footprint of its equity;
- By giving priority to renewable energy in its direct investments in energy infrastructure made with Desjardins Group equity.

The integration of ESG criteria may vary according to the needs and interests of its clients, including their equity, as applicable, as well as the nature of their investments.

Shareholder engagement

DGAM uses a number of levers to have a positive influence in the context of its RI approach:

- Dialogue to enhance RI practices (alone, in collaboration with partners or in the form of a coalition);
- Exercising voting rights at corporate meetings, in accordance with the Policy on the Exercise of Proxy Voting Rights;
- Shareholder proposals to encourage change.

Exclusions

Exclusions are an exceptional measure. DGAM excludes certain corporate securities, particularly when a company's products are prohibited by law in Canada or by international agreements. DGAM can also extend its exclusions based on ESG criteria as it sees fit.

Collaboration and research

DGAM collaborates with partners and players recognized in the RI milieu in order to develop expertise in certain important issues. DGAM also partners with the academic milieu in research projects aimed at advancing the state of RI. It takes initiatives aimed at sensitizing its clients and partners to these issues as well as educating them about them.

Reporting

DGAM regularly reports on its RI activities to its clients and partners.

Responsibilities, application and revision

The Investments Division is responsible for implementing the guidelines. The Systematic Strategies Department supports the different teams at DGAM by providing them, as needed, with guides or tools that complement the guidelines.