

Independent Review Committee Report



To Security Holders

for the period from January 1st, 2024 to December 31, 2024

MESSAGE TO SECURITY HOLDERS OF DESJARDINS EXCHANGE TRADED FUNDS

The members of the Desjardins Exchange Traded Funds' (the "ETFs") Independent Review Committee (the "IRC") submit their Annual Report to Security holders of the ETFs.

Under *National Instrument 81-107 respecting Independent Review Committee for Investment Funds* ("NI 81-107"), which came into force in 2007, all investment funds created in Canada and that are reporting issuers are required to set up an independent committee to advise the fund manager with respect to conflicts of interest that may arise in its fund management.

Desjardins Investment inc. ("DI") replaced Desjardins Global Asset Management ("DGAM") as manager of the ETFs effective February 1, 2024.

The IRC's mandate is to review conflict of interest matters referred to it by the ETFs' Manager and to recommend actions to achieve a fair and reasonable result for the ETFs.

The IRC must annually review the policies and procedures adopted by the ETFs' Manager to resolve any potential conflict of interest matters. The IRC must ensure that these policies and procedures are adequate. At least once a year, the IRC must also review and assess the independence, effectiveness and compensation of its members.

The IRC works in the interest of the ETFs and, consequently, of the Security holders. Furthermore, the IRC collaborates with the ETFs' Manager.

Security holders in a Fund may obtain a copy of this report free of charge by contacting Desjardins ETFs Customer Service at 514 286-3499, 1 877 666-1280 or by visiting DesjardinsETF.com or sedarplus.ca.

A handwritten signature in black ink, appearing to read "J. P. Duguay".

Jean-Pierre Duguay

Chair, Desjardins ETFs Independent Review Committee

INDEPENDENT REVIEW COMMITTEE REPORT TO SECURITY HOLDERS

Desjardins ETFs Independent Review Committee

Report to Security Holders

(Section 4.4 of NI 81-107)

For the period from January 1st, 2024 to December 31, 2024

Introduction

This report was prepared by the Independent Review Committee (the "IRC") for the Securityholders of each of the Desjardins ETFs listed at the end of this document.

Desjardins Investment inc. ("DI" or the "manager") has been the manager and promoter of the Desjardins ETFs since February 1, 2024. Desjardins Investment inc. succeeded DGAM, which acted as manager of the ETFs until January 31, 2024.

This report was prepared in accordance with the provisions of *National Instrument 81-107 respecting Independent Review Committee for Investment Funds* ("NI 81-107").

IRC Members

Marie Giguère (until March 31, 2024), *Chair, Independent Review Committee*

Marco Bouchard (from April 1st, 2024, to June 12, 2024), *Chair, Independent Review Committee*

Jean-Pierre Duguay (from June 13, 2024, to December 31, 2024), *Chair, Independent Review Committee*

Caroline Bineau (until April 10th, 2024)

Claude Caty (From June 13, 2024, to December 31, 2024)

Diane Fleurent (From June 13, 2024, to December 31, 2024)

Ms. Giguère was appointed on March 20, 2017 by DGAM under the provisions of NI 81-107. Ms. Giguère was elected Chair of the IRC on March 20, 2017, the date on which the IRC officially assumed its responsibilities, for a term of three years. Ms. Giguère was reappointed by the Committee, with DGAM's agreement, as a member and Chair of the IRC in March 2020 for a further three years. Ms. Giguère was reappointed by the Committee, with the DGAM's agreement, as a member and Chair of the IRC in March 2023 for an additional year. Ms. Giguère served as Chair of the IRC until March 31, 2024.

Ms. Bineau was appointed on March 20, 2017 by DGAM, under the provisions of NI 81-107. Ms. Bineau was reappointed by the Committee as a member of the IRC, with DGAM's agreement, in March 2020 for a further three years. Ms. Bineau was reappointed by the Committee, with DGAM's agreement, as a member of the IRC in March 2023 for a further three years. At Ms. Bineau request, her term of office ended on April 10, 2024.

Mr. Bouchard was appointed by the Committee on March 1st, 2018. Mr. Bouchard was reappointed by the Committee as a member of the IRC, with DGAM's agreement, in March 2021 for a further three years, ending March 2024. Mr. Bouchard mandate was renewed by the IRC until December 31, 2024.

Mr. Jean-Pierre Duguay was appointed by the members of the IRC, with DI's agreement, on June 13, 2024 for a period ending December 31, 2025. Mr. Jean-Pierre Duguay was elected Chair of the IRC on June 13, 2024.

Mr. Claude Caty was appointed by the members of the IRC, with DI's agreement, on June 13, 2024 for a period ending December 31, 2025.

Ms. Diane Fleurent was appointed by the members of the IRC, with DI's agreement, on June 13, 2024 for a period ending December 31, 2026.

None of the IRC members serve as members of an independent review committee for investment funds managed by another manager. The members also sit on the Desjardins Funds Independent Review Committee. IRC members' declarations show that none of them has any relationship that would cause a reasonable person to question their independence.

Ownership of Securities

As at December 31, 2024, members of the IRC did not own, in aggregate, directly or indirectly, more than 10% of the outstanding securities of any of the ETFs.

None of the members of the IRC owns, directly or indirectly, securities of the Manager or an entity that supplies services to the ETFs or the Manager or to affiliates of the Manager.

Compensation and Indemnities

The IRC members are entitled to compensation by the ETFs. They may also be indemnified by the ETFs when circumstances so justify, and if allowed by NI 81-107.

The IRC members meet with representatives of the Manager regularly, at least quarterly. At the end of each meeting, the IRC members meet privately, without the Manager's representatives, to freely discuss matters that involve them, as well as their concerns in this respect. The Chair then meets with one of the Manager's representatives to share the decisions made during said private meeting, as needed.

During its last year of operations, the IRC held four regular meetings. The aggregate compensation paid by the Desjardins ETFs to the IRC members for the period ended December 31, 2024 amounts to \$52,107. This amount was allocated proportionally among the ETFs.

The initial compensation of the IRC members was set by the Manager, as stipulated in NI 81-107. Pursuant to its charter, the IRC reviews and assesses its compensation annually, taking into account its last assessment, the number of ETFs the IRC serves, Desjardins' executive compensation policy and comparable market measures.

INDEPENDENT REVIEW COMMITTEE REPORT TO SECURITY HOLDERS

FOR THE PERIOD FROM JANUARY 1, 2024 TO DECEMBER 31, 2024

Charter

The IRC has drawn up its charter in collaboration with the Manager. Adopted on March 29, 2017, the charter came into force on the same date and complies with NI 81-107, on which it is largely based. Revisions to the charter have been made to reflect the change of manager of the Desjardins ETFs, effective June 13, 2024.

Conflict of Interest Matters

The IRC is not aware of any conflict of interest matters referred to it by the Manager in respect of which the Manager has not followed the IRC's recommendations.

The IRC is not aware of any conflict of interest matters referred to it by the Manager in respect of which the Manager has not complied with any conditions imposed by the IRC in its recommendations or its approval, as the case may be.

The Manager stated that, throughout the year, it complied with the policies and procedures it adopted relating to the management of potential conflict of interest situations. Where standing instructions relating to the management of conflict of interest situations were approved by the IRC, the Manager complied with those standing instructions.

During the year, the Manager did not submit any case to the IRC for approval or recommendation. No standing instruction reports were submitted to the IRC due to the change of investment fund manager. The IRC members have agreed to receive the 2024 reports at the first IRC meeting of 2025, in March. These reports will include *Investments in a class of securities underwritten by a related entity*, *Transactions in securities with a member of the Desjardins Group*, and *Investments in unlisted debt securities of a related entity*.

During the year, the Manager introduced two new procedures, and the IRC adopted two new standing instructions: *Provision of services to a fund by parties who do not deal remotely*, and *Transaction in securities of connected issuers, related issuers and significant shareholders on an organized market or stock exchange*.

Potential conflicts of interest matters, for which the IRC's recommendation or approval may be required, depending on the situation, are listed below. At the beginning of its mandate, the IRC familiarized itself with this list, as well as the listed potential conflict of interest matters. Accordingly, the IRC has made recommendations, and the Manager has made changes to this list:

Approbations

- Prohibited or inappropriate investments
- Self-dealing
- Investing in securities during the period of distribution of those securities or during the period of 60 days after the distribution when Desjardins Securities Inc. (DSI), an entity related to the Manager, acts or has acted as underwriter in the distribution
- Purchasing Government Debt Securities or Non-Government Debt Securities from DSI, which holds the debt securities for its own account, or selling Government Debt Securities or Non-Government Debt Securities to DSI which buys the debt securities for its own account (Principal trading)
- Changing the auditor
- Merging or restructuring a Desjardins ETF
- Proxy voting
- Investing in underlying funds (units of a Desjardins ETF held by another Desjardins ETF)

Recommendations

- Short-term speculation (Market timing)
- Inter-fund trades (Cross trade)
- Trading error, an error relating to the calculation of the net asset value (NAV) or a distribution
- Valuation of securities held by the Desjardins ETFs (automatic and manual)
- Changing the basis for calculating or adding new fees and expenses
- Changing the portfolio manager
- Significant trading (material positions) in a Desjardins ETF by institutional investors related to Desjardins.

FOR THE PERIOD FROM JANUARY 1st, 2024 TO DECEMBER 31, 2024

DESJARDINS EXCHANGE TRADED FUNDS

INCOME ETFS

Desjardins Canadian Universe Bond Index ETF (DCU)
 Desjardins RI Active Canadian Bond – Net-Zero Emissions Pathway ETF (formerly Desjardins RI Active Canadian Bond - Low CO2 ETF) (DRCU)
 Desjardins Canadian Short Term Bond Index ETF (DCS)
 Desjardins 1-5 year Laddered Canadian Corporate Bond Index ETF (DCC)
 Desjardins 1-5 year Laddered Canadian Government Bond Index ETF (DCG)
 Desjardins Canadian Preferred Share Index ETF (DCP)
 Desjardins Canadian Corporate Bond Index ETF (DCBC)

CANADIAN EQUITY ETFS

Desjardins Canadian Equity Index ETF (DMEC)
 Desjardins RI Canada – Net-Zero Emissions Pathway ETF (formerly Desjardins RI Canada - Low CO2 Index ETF) (DRMC)
 Desjardins RI Canada Multifactor – Net-Zero Emissions Pathway ETF (formerly Desjardins RI Canada Multifactor - Low CO2 ETF) (DRFC)

AMERICAN EQUITY ETFS

Desjardins American Equity Index ETF (DMEU)
 Desjardins RI USA – Net-Zero Emissions Pathway ETF (formerly Desjardins RI USA - Low CO2 Index ETF) (DRMU)
 Desjardins RI USA Multifactor – Net-Zero Emissions Pathway ETF (formerly Desjardins RI USA Multifactor - Low CO2 ETF) (DRFU)
 Desjardins SocieTerra American Equity ETF (DSAE)

GLOBAL AND INTERNATIONAL EQUITY ETFS

Desjardins International Equity Index ETF (DMEI)
 Desjardins RI Developed ex-USA ex-Canada Multifactor - Net-Zero Emissions Pathway ETF (formerly Desjardins RI Developed ex-USA ex-Canada Multifactor - Low CO2 ETF) (DRFD)
 Desjardins RI Emerging Markets Multifactor - Net-Zero Emissions Pathway ETF (formerly Desjardins RI Emerging Markets Multifactor - Low CO2 ETF) (DRFE)
 Desjardins RI Global Multifactor – Fossil Fuel Reserves Free ETF (DRFG)
 Desjardins RI Emerging Markets – Net-Zero Emissions Pathway ETF (formerly Desjardins RI Emerging Markets - Low CO2 Index ETF) (DRME)
 Desjardins RI Developed ex-USA ex-Canada Net-Zero Emissions Pathway ETF (formerly Desjardins RI Developed ex-USA ex-Canada - Low CO2 Index ETF) (DRMD)
 Desjardins Emerging Markets Equity Index ETF(DMEE)

ALTERNATIVE ETF

Desjardins Alt Long/Short Equity Market Neutral ETF (DANC)
 Desjardins Alt Long/Short Equity Market Neutral ETF – US\$ Hedged (DANC.U)
 Desjardins Alt Long/Short Global Equity Markets ETF – CA\$ Hedged (DAMG)
 Desjardins Alt Long/Short Global Equity Markets ETF – US\$ Hedged (DAMG.U)