

Policy on the Exercise of Proxy Voting Rights

DESJARDINS FUNDS

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POLICY ON THE EXERCISE OF PROXY VOTING RIGHTS

INTRODUCTION

1.1

Desjardins Investments Inc. (“DI”) is a subsidiary of the Fédération des caisses Desjardins du Québec (the “Fédération”). DI is a component of the Desjardins Group (the “Group”), the largest cooperative financial group in Canada. DI acts as manager of the Desjardins funds (the “Funds”).

1.2

The Group always endeavors to maintain its reputation for integrity at a high level, for that is the foundation upon which is built the trust of its members, customers, and business partners, in addition to the community and government officials.

1.3

The Group, its management, and its employees subscribe to rigorous and demanding standards of ethics and rules of conduct aimed, on the one hand, at strengthening the protection of its members’, customers’, and components’ interests and, on the other hand, at incorporating the values listed below in all decisions and actions.

1.3.1

The values of the International Cooperative Alliance:

- Self-help, self-responsibility and responsibility for others
- Democracy
- Equality
- Fairness
- Solidarity
- Ethical values of honesty, openness, social responsibility and caring for others

1.3.2

The Group’s standing organizational values:

- Money at the service of human development
- Personal commitment
- Democratic action
- Integrity and rigour
- Solidarity with the community
- Intercooperation

1.4

The Group also adheres to the general principles of responsible investment and sustainable development, and feels that companies should be guided by initiatives of the United Nations and international bodies or organizations, as well as by repositories, standards, guides and codes of conduct or other generally accepted social responsibility, environment or sustainable development tools.

1.5

The Group nonetheless feels that each business is responsible for determining when and in what way to adhere to them.

PREAMBLE

2.1

The primary responsibility of DI, in its capacity as manager of the Funds, is to protect the medium- and long-term interest of securityholders and to ensure their capital grows by investing wisely in profitable companies or in companies that offer attractive profitability perspectives.

2.2

This policy guides DI in its specific role as manager of the Funds. It lays down the conditions that the Funds undertake to uphold with regard to the exercise of voting rights related to securities held in the Funds’ portfolios with the overarching concern being the interest of the securityholders.

2.3

In addition to economics-based decisions, the prosperity of companies or other issuers of securities held by the Funds also depends on factors not related to them. Companies have responsibilities toward their surrounding communities. Corporate social responsibility issues are increasingly at the heart of risk management. More specifically, they affect protection of reputation and corporate image, management of environmental risk and possible concomitant serious financial impacts, access to financing, capacity to recruit and retain personnel, and ultimately corporate capacity to hold on to markets and sustain operations.

In addition, the policy endeavors to follow best governance practices to minimize the risks associated with holding certain securities. In fact, by seeking to improve transparency, treat all shareholders fairly, ensure the independence of directors, and provide reasonable compensation to executives, the policy mitigates the risks associated with these issues.

GENERAL PROVISIONS

3.1 Purpose and Scope of the Policy

3.1.1

The single specific purpose of this Policy is to define conditions governing the exercise of proxy voting rights attached to securities held in the Funds' portfolios at any meeting of holders of these securities.

3.2 Terminology

3.2.1

Financial blackmail: Better known as "greenmail". An investor acquires a significant stake in a company and threatens to trigger a takeover bid if their stake is not bought out at a higher than market price.

Blank-cheque preferred shares: This term designates a class of shares whose characteristics (voting rights, dividend, conversion, etc.) are left to the sole discretion of the Board of Directors. These shares typically have a fixed dividend and benefit from a higher security interest than the common shares.

Plural vote: Voting system in which the candidate who obtains the most votes is elected. It is not necessary to obtain a majority of votes.

Cumulative voting: Weighted voting system where voters assign the number of points they want to the different candidates.

Advisory vote: Proposal submitted to the vote of the shareholders at a general meeting that does not entail any obligation of action on the part of the management, as opposed to a binding vote which obliges the management to take note of the resolutions approved by a majority of shareholders.

3.3 General Principles of Interpretation

3.3.1

The primary responsibility of DI, in its capacity as manager of the Funds, is to protect the medium- and long-term interest of securityholders and to ensure their capital grows by investing wisely in profitable companies or in companies that offer attractive profitability perspectives. These companies are usually joint stock corporations whose securities are listed for trading on a recognized securities exchange. However, several Desjardins Funds do not invest directly in companies, because they comprise securities from other investment funds. This Policy therefore does not apply to those products since the voting rights are attached only to the direct holding of listed securities in the portfolios.

3.3.2

DI, either directly or through its agents, ensures the protection of the medium- and long-term interests of the Funds' securityholders by fully exercising the rights attached to the securities held in the portfolios. These rights include obtaining adequate up-to-date information on the status of the security issuer, the opportunity to communicate with its board of directors as deemed necessary, and exercising voting rights during meetings of securityholders. DI, acting on behalf of the Funds, does not intend, however, to take the place of governments, regulatory agencies, or portfolio managers, or intervene in the internal governance of the issuers concerned.

3.3.3

In accordance with the values of the Group, DI states that achieving profitability must be done while respecting communities and not overstepping corporate social responsibility, particularly as regards the environment and human rights.

3.3.4

The rules should always be applied taking into account each company's specific situation. This Policy is a guide that each person responsible for exercising voting rights should reflect upon. Though the specific situation of a company is not an absolute, it should be considered when the vote is taken. It is important in particular to consider the impact of any proposal on the value of a company and on its operational capacity, and to avoid unduly restricting the board of directors' freedom to maneuver or imposing obligations that are foreign to the corporate mission. Also, the programs and measures already in place in the company must be taken into account to avoid duplicating them with the creation of new obligations with substantially the same purpose.

3.3.5

Certain factors can limit the exercise of proxy voting rights attached to securities issued by a non-Canadian and non-American entity. For example, proposal transmission times can be too short to enable review; in certain countries, proxy voting is impossible.

3.3.6

In the Funds' endeavors to make the securityholders' capital grow, the Fund manager may commit securities through loaning operations.

In such a situation, the Fund Manager will take the applicable actions to recall the securities so that it can exercise its voting rights.

3.3.7

This Policy covers several subjects on which the Funds can be called to exercise proxy voting rights. It cannot, however, be exhaustive and foresee all possible situations. Furthermore, the legal context or the management practices in use in certain countries may render the application of a position irrelevant or counterproductive. In exceptional situations or where required by circumstances, the Funds will exercise their proxy voting rights in the most constructive manner possible, in keeping with the spirit of the general values and principles of the Policy. In addition, all votes of this type will be re-examined annually to ensure that exceptions are always justified.

3.3.8

In some situations, the Funds may hold a pool of common shares, fixed-income securities and preferred shares from a single issuer or several. The Funds' interests resulting from these various holdings may therefore be in conflict. In such cases, voting rights must take all of these investments into account and will apply to the dominant position.

RULES OF SOUND GOVERNANCE

4.1 Board of Directors

4.1.1

The board of directors ("BD") sees to the promotion of the company's interests. The board appoints the president and chief executive officer, defines his or her responsibilities, and evaluates his or her performance. It defines strategic corporate orientations, sees to it that monitoring and control mechanisms are put in place and ensures a follow-up. It is desirable that these functions be assumed completely independently of corporate management, whose interests can diverge from those of the company and, by the same token, those of shareholders.

4.1.2

Directors must be independent of the management of the company they administer.

4.1.3

Board member elections and/or appointment mechanisms must facilitate representation on the BD that reflects shareholder makeup as closely as possible and in this respect, promote the nomination of people from various backgrounds as company directors. Shareholders must have the opportunity to elect new board members on an annual basis. However, as it is preferable to maintain continuity within the BD, the replacement of the entire board should be considered only as an exceptional measure, which should be warranted by equally exceptional circumstances.

4.1.4

Based on the election method currently in use by most companies, directors can still be elected even though fewer shareholders vote for them than abstain. The Funds consider that candidates who receive fewer votes FOR than abstentions do not have true shareholder support, and should step down.

4.1.5

If the BD chooses to appoint an audit committee, a nominating committee or a compensation committee, the committee should be made up of independent directors. Similarly, the BD must also ensure the external auditor is independent of corporate management.

4.1.6

The Funds will generally vote in favour of proposals that create conditions in which the BD can work efficiently, competently and independently of corporate management.

Position

When the Funds exercise their voting rights and no special situation in a company justifies a contrary vote:

4.1.A) They will vote FOR proposals whose effect is to create or maintain a proportion of at least a two-thirds majority of independent directors. They will vote AGAINST any non-independent candidate if their election reduces the proportion of independent administrators below two-thirds.

A director is considered independent if they have no personal or professional relationship with the company or its officers that could reasonably be expected to affect their judgment. More specifically, a director will not be qualified as independent if:

- They were a member of senior management or an employee of the company within the last 3 years.

- A member of their immediate family was a member of the company's senior management within the last 3 years.
 - They or a member of their immediate family received more than \$75,000 annually as direct compensation from the company over a period of 12 months within the last 3 years.
 - They are employed by, or are a member of management, a director, a partner, or a consultant of an entity that has a significant economic relationship with the company. Significant here is defined as the greater of a payment of \$200,000 or 5% of the beneficiary's gross income.
 - They have served on the Board of Directors for more than 12 years after their first election.
- 4.1.B) They will vote FOR any proposal requesting the BD to amend the company bylaws or to adopt a governance policy that promotes as much as possible the nomination and election of directors who are independent of management.
- 4.1.C) They will vote FOR any proposal aimed at establishing a majority vote when there is only one candidate for a given vacant position, or a plurality vote standard when there is more than one candidate per vacant position.
- 4.1.C.1) They will vote FOR any proposal requesting the BD to adopt a company bylaw, a governance policy or any other measure to the effect that any nominee appointed as director with fewer votes than the number of abstentions be required to step down, and that the BD shall have the power to accept or refuse such resignation, depending on the circumstances, and, if necessary, appoint a replacement.
- 4.1.D) They will vote FOR proposals whose effect is to create or maintain an audit committee, a nominating committee or a compensation committee made up exclusively of independent external directors. The compensation committee will not be authorized to have more than one out of every three members working as a president and chief executive officer of a public corporation.
- 4.1.E) They will vote IN FAVOUR of any proposal with a view to disclosing all fees paid to the auditor, separating audit fees from fees for other services.
- 4.1.F) They will SUPPORT the election of directors individually. They will vote AGAINST proposals requesting the election of a slate of directors. They will favour proposals aimed at implementing an annual election of all directors.
- 4.1.G) They will vote FOR any proposal whose effect shall be to separate the functions of chair of the board and president and chief executive officer and/or assign the function of chairing the BD to an independent director. In smaller companies or in situations that justify both positions being held by the same individual, they will request that the position of senior administrative officer be created and held by an independent director who will oversee the efficient carrying out of the board's work or put in place any mechanisms that will ensure the independence of the BD, particularly with regard to issues related to the selection of directors and the compensation of management.
- 4.1.H) They will vote AGAINST the directors in question, or the entire BD, depending on the situation, if they have taken inappropriate actions or practices, failed in their duties or if they have shown incompetence, negligence, carelessness, or inaction in the conduct of the company's affairs, whether it concerns the company's operations, its governance, its stakeholders, or its environmental footprint.
- 4.1.I) They will vote AGAINST the appointment or reappointment of a director if they believe that the individual cannot in all likelihood devote sufficient time to the work of a director.

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- 4.1.J) They will vote AGAINST the chair of the nominating committee when the board has less than 30% women. In Canada, a vote AGAINST will also be taken when the company does not have a policy with objectives aimed at increasing the proportion of women on the Board.
- 4.1.K) They will vote AGAINST the chair of the nominating committee when no director is from underrepresented groups or where the company does not have a policy to increase the proportion of directors from underrepresented groups, in the countries providing such information¹
- 4.1.L) They will vote AGAINST the re-election of directors who did not follow up on a proposal adopted by a majority of shareholders.
- 4.1.M) They will vote AGAINST the re-election of members of the compensation committee who would not have made any changes after an advisory vote on executive compensation received less than 70% of the votes in favour.

4.2 Verification firm (Auditors)

4.2.1

To ensure that the financial statements are properly prepared, the auditor must be independent of the business. To ensure its independence, audit fees must represent more than the majority of the annual fees paid to the auditor.

Position

Except when the particular situation of a company justifies it, when the Funds choose to exercise their voting rights for the securities in the Clients' portfolio:

- 4.2.A) They will OPPOSE the appointment of an audit firm if the audit fees represent less than half of the auditor's annual fees or if the auditor's term with the company exceeds 20 years.
- 4.2.B) They will vote FOR any proposal requesting the disclosure of all fees paid to the auditor, distinguishing audit-related fees from fees paid for other purposes

4.3 Director and Management Compensation

4.3.1

The compensation plan shall contribute to aligning the interests of directors and managers with the long-term interests of the company and its shareholders.

4.3.2

The compensation plan must take into account market conditions and the necessity of attracting competent people.

4.3.3

The incentive (variable) portion of any compensation should be linked to objective factors, such as increased income or profitability, shareholders' return on investment, or other similar measurements. Other factors linked to exercising corporate social responsibility, as defined in Section V of this Policy, may also be considered.

4.3.4

Shareholders should always be able to express their opinions on director and management compensation plans. Director compensation plans should be addressed in separate proposals from management compensation plans.

4.3.5

The Funds are generally opposed to stock option plans for directors, since as opposed to the shareholding, such plans do not feature any down-trading risks, and the yields they provide are often the result of a bull market rather than the corporation's individual performance. However, they realize that under certain circumstances, such as with start-up companies wishing to attract seasoned directors, such plans may prove useful. Regardless, these plans should never apply to both the directors and company management.

4.3.6

The payment of a portion of executive compensation should be determined by environmental, social and governance criteria.

Position

When the Funds exercise their voting rights and no special situation in a company justifies a contrary vote:

- 4.3.A) They will SUPPORT authorizing the compensation committee to seek independent expertise, as required. They will vote FOR any proposal requesting the disclosure of identity of consultants, as well as of the full amounts of any fees paid to them, separating fees for work on compensation from fees paid for other purposes.
- 4.3.B) They will vote FOR proposals whose effect is to create or maintain a director or management compensation plan based on achieving objectives consistent with the long-term interests of the company and its shareholders; these objectives may be financial, but may also be linked to exercising the company's social and environmental responsibilities.
- 4.3.C) They will vote AGAINST the creation of stock option plans for managers or directors, and will vote AGAINST any addition to existing plans, except for start-ups and small-cap companies (based on the cap defined by the Canadian market), in which case they will review proposals regarding such plans on a case-by-case basis, particularly taking into account the cost of the plan, the dilutive effect, and the reasonableness of the plan with respect to the terms and conditions of participation and the linking of the plan to the performance of the company. Neither the arrangements of the plan nor the option exercise price may be amended without the consent of the shareholders.
- 4.3.D) They will vote AGAINST an executive compensation policy or plan for the following reasons:
- Earnings per share is a key element of compensation and there was a significant share repurchase during the period
 - Environmental or social controversies that had a material impact on the business occurred during the period in question and this is not reflected in the compensation of executive officers.
- 4.3.E) They will vote FOR any proposal that approves presenting expenses related to options granted in the financial statements.
- 4.3.F) They will review proposals regarding loan programs for management on a case-by-case basis and will ask in particular that the requested interest rate be at least equal to the market rate.

¹ United-States, Canada, United-Kingdom, Australia

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- 4.3.G) They will review proposals regarding severance payments on a case-by-case basis and will oppose those that appear to be excessive or unjustified (golden parachutes).
- 4.3.H) They will vote FOR any proposal supporting disclosure of director and management compensation plan.
- 4.3.I) They will vote FOR any motion requesting an advisory vote on the compensation of directors and senior management.
- 4.3.J) They will vote AGAINST directors who do not own any of the corporation's stock after one year within the BD.
- 4.3.K) They will vote FOR proposals requesting the disclosure of a fairness report or a ratio between the total compensation of the highest paid employees and average employee compensation.
- 4.3.L) They will examine proposals pertaining to executive remuneration on a case-by-case basis and will vote AGAINST remuneration deemed excessive.

4.4 Takeover Bid Protection

4.4.1

The Funds will generally consider takeover bids on a case-by-case basis and shareholder interest will be the main reference criterion.

Position

When the Funds exercise their voting rights and no special situation in a company justifies a contrary vote:

- 4.4.A) They will vote FOR shareholder rights plans that give shareholders fair treatment in a takeover bid and that allow the company enough time to consider alternatives to the bid. They will vote AGAINST shareholder rights plans whose obvious goal is to protect management or that create unfair conditions for some shareholders.
- 4.4.B) They will vote AGAINST any defensive measures consisting in selling the company's best assets, unless that is shown to be in the best interest of all of the organization's stakeholders.
- 4.4.C) They generally will vote FOR going private transactions, leveraged buyouts, and other similar purchase transactions if they adequately compensate shareholders. However, a case-by-case analysis will be conducted when such proposals would not be in the best interest of stakeholders other than the shareholders.
- 4.4.D) They will vote AGAINST lock-up arrangements whose obvious aim is to prevent competing bids that might be more advantageous for shareholders.
- 4.4.E) They will vote AGAINST greenmail payments. The price paid for the company's shares must be the same for all shareholders.
- 4.4.F) They will vote AGAINST reincorporation proposals whose only purpose is to counter a takeover; they will nonetheless support reincorporation based on financial, business, or economic reasons.

4.5 Shareholders' Rights

4.5.1

The Funds wish to preserve the principle that each share in a company conveys the same rights, especially voting rights, and to avoid a company being controlled by a minority of shareholders holding a majority of voting rights.

4.5.2

The Funds generally support secret ballot voting to allow shareholders to vote as freely as possible.

4.5.3

The Funds generally support simple majority votes, but believe supermajority votes are sometimes justified.

4.5.4

The Funds are generally favorable to the practice of cumulative voting.

4.5.5

Shareholders should also have access to full and accurate information about the company.

4.5.6

Shareholders must be able to consider each proposal submitted to them independently of all other proposals.

4.5.7

All measures resulting in the creation of new shares or the modification of features of existing shares should be dealt within proposals to shareholders, because they directly affect shareholders' rights. Nonetheless, it may be desirable to empower directors to create new shares for various purposes when company interests so justify, such as securing a stock split or financing restructuring or acquisitions.

4.5.8

Shareholders must be able to submit proposals at shareholders' meetings; they must also have the chance to justify such proposals to allow shareholders to make informed decisions. However, such proposals must not have the effect of imposing undue constraints on directors' or management's freedom to act. Neither must they have the effect of diluting directors' fiduciary responsibility to the company or of creating obligations toward individuals who are not shareholders.

Position

When the Funds exercise their voting rights and no special situation in a company justifies a contrary vote:

- 4.5.A) They will vote FOR the proposals requesting the nomination of directors designated by the shareholders, as long as the proposals are submitted by shareholders who have owned, for at least two years, a minimum number of shares determined based on the size of the company. They will then examine each nomination based on the skills of the candidates and the specifics of the company.
- 4.5.B) They will vote AGAINST creating or extending dual-class share structures (restricted shares, multiple-voting shares, etc.) and vote FOR abolishing such structures.

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- 4.5.C) They will OPPOSE the practice of linked proposals, except in cases where it is clearly demonstrated that both resolutions are consistent with shareholders' interests and that it is logical to adopt them simultaneously.
- 4.5.D) They will vote FOR establishing or maintaining the practice of cumulative voting.
- 4.5.E) They will vote FOR proposals authorizing directors to create new shares. However, they will generally vote AGAINST proposals requesting an increase of more than 50% in the number of shares, unless the proposal specifically indicates why the new shares are required.
- 4.5.F) They will vote AGAINST issuing blank cheque preferred shares whose conditions can be determined by the BD without shareholder consultation, unless it is clearly established that doing so is in the shareholders' interest.

CORPORATE SOCIAL RESPONSIBILITY

5.1 Human Rights and Labour Rights

5.1.1

The Funds endorse the United Nations' position that even though companies should not replace governments and international agencies in the promotion of human rights and labour rights, they are nonetheless responsible for ensuring that their operations do not impede the exercise of these rights.

5.1.2

The Funds generally support proposals fostering respect for human rights in Canada and in other areas of the world when the proposals are based on universal principles established by the United Nations Universal Declaration of Human Rights, International Labour Organization ("ILO") conventions, the Charter of Rights and Freedoms in the Canadian Constitution, or other instruments with recognized universality.

5.1.3

The Funds also believe that companies should call on internationally recognized human rights certification agencies to guide and assess their performance in these matters.

Position

When the Funds exercise their voting rights and no special situation in a company justifies a contrary vote:

- 5.1.A) They will vote FOR adopting rules of conduct or measures affecting any of the following issues:
 - 5.1.A.1) Labour rights as set forth by the ILO and particularly prohibition of forced labour, prohibition of labour for children, prohibition of discrimination in hiring and in working conditions, and rights of association and collective bargaining.
 - 5.1.A.2) Policies against discrimination based on sex, skin color, ethnic origin, religion or sexual orientation.
 - 5.1.A.3) Fundamental rights in areas of conflict.
 - 5.1.A.4) Assurance of adequate working conditions in all company facilities and by its subcontractors throughout the world.
 - 5.1.A.5) The adoption of policies, disclosure of strategies, and publication of reports on diversity and inclusion (including racial equity) within the organization and the Board.
 - 5.1.A.6) The adoption of policies, disclosure of strategies and publication of reports on pay equity within the company and the Board.

- 5.1.B) They will vote FOR any resolution calling on an internationally recognized certification organization to monitor human rights compliance in company facilities and those of its subcontractors, and to draft suitable recommendations.
- 5.1.C) They will vote FOR proposals calling for the integration of human rights into company policies; FOR proposals requesting the establishment of a strategy in accordance with the United Nations Universal Declaration of Human Rights; and FOR proposals requesting human rights supply chain risk assessment.

5.2 Environmental protection

5.2.1

The Group, to which DI fully belong, subscribes to the United Nations Environment Program Declaration of Financial Institutions regarding the Environment and Sustainable Development, which considers sustainable development to be a fundamental aspect of sound business management.

5.2.2

The Funds feel that companies should use the tools developed by the international community to direct their approach to sustainable development, initiatives of the United Nations and international bodies or organizations, as well as repositories, standards, guides and codes of conduct or other generally accepted social responsibility, environment or sustainable development tools.

5.2.3

The Funds recognize, however, that companies may need time to adapt to such international instruments.

5.2.4

The Funds generally expect that the companies they invest into take the necessary measures to protect the environment, as concerns both their activities and their products or services. They should subscribe to the precautionary principle, as defined by Québec's Sustainable Development Act, the guiding principles adopted by the Government of Canada, as well as international customary law. Generally, they should adopt a cautious stance toward health and the environment and assess all possible options, rather than analyzing one set of risks related to a preferred option.

5.2.5

The companies should produce regular environmental performance reports disclosing adequate information concerning environmental risks and responsibilities, particularly with regard to the environmental impact of their activities, products or services, as well as their new infrastructure construction or operational growth projects.

Position

When the Funds exercise their voting rights and no special situation in a company justifies a contrary vote:

- 5.2.A) They will vote FOR any proposal to subscribe to or to approve compliance with initiatives of international bodies or organizations, as well as repositories, standards, guides and codes of conduct or other generally accepted tools.
- 5.2.B) They will vote FOR any proposal encouraging companies to produce an environmental report of their current or future operations, as well as those requiring the adoption of quantifiable objectives related to pollution load reduction.
- 5.2.C) They will vote FOR proposals requesting the disclosure of the strategy regarding deforestation in the supply chain and its impacts or the adoption of a reasonable policy on this issue.
- 5.2.D) They will vote FOR proposals requesting the disclosure of the strategy regarding the reduction of plastic pollution.

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- 5.2.E) They will vote FOR proposals requesting the disclosure of the strategy regarding the reduction of pesticide use in the supply chain.
- 5.2.F) They will vote FOR proposals requesting the publication of a report on climate lobbying in accordance with the Paris Agreement.
- 5.2.G) They will vote FOR proposals requiring financial institutions to report on their financing of projects with a significant pollution impact.
- 5.2.H) They will also vote FOR the implementation of climate reporting, climate objectives and the holding of a vote on these plans and objectives in line with the Say On Climate initiative.
- 5.2.I) They will vote AGAINST energy or climate transition plans if:
- Reduction targets are not aligned with the goals of the Paris Agreement
 - The report does not provide the company's material indirect (scope 3) emissions
 - An interim target was not adopted and disclosed
 - The report is not aligned with a recognized reporting framework such as TCFD
 - The company has no strategy for phasing out the use and/or production of fossil fuels
 - New fossil fuel-intensive projects have been funded
 - Emission data has not been independently verified
 - No annual report is made to shareholders
 - The company does not plan to adopt practices that are in line with the general guidelines of the above mentioned statements

5.3 Support for the Community

5.3.1

Support for the community is at the heart of the Group's mission. Desjardins has been a living expression of this for more than a century. The Funds' position on this issue can be summed up in one broad and all-encompassing sentence: The Funds are in favour of companies being socially and economically involved in the community.

5.3.2

A company's ultimate purpose is to prosper economically. Experience has shown that a company solidly rooted in the community is sounder, more resilient, and more likely to prosper in the long term.

5.3.3

The Funds also support the practice of social responsibility reports where companies account for their overall impact on a community, once again inasmuch as these efforts remain proportionate to the company's resources.

5.3.4

It's important to include Indigenous Peoples in conversations about investment policies and practices that directly affect them and to consider their economic, social and environmental well-being. To contribute to reconciliation, the investment sector needs to include indigenous perspectives throughout the investment chain and no longer solely from a risk management perspective'.

Position

When the Funds exercise their voting rights and no special situation in a company justifies a contrary vote:

- 5.3.A) They will vote FOR any proposal aimed at developing or maintaining the company's social or economic involvement inasmuch as it is proportionate to the company's financial capabilities and resources.
- 5.3.B) They will vote FOR any proposal requiring publication of a social responsibility report showing how the company exercised its social responsibility.
- 5.3.C) They will vote FOR proposals requesting the disclosure of strategies regarding the consultation, involvement, and hiring of Indigenous Peoples in the company's activities; as well as FOR proposals requesting the disclosure of strategies regarding investments in Indigenous Communities. In particular, it will support proposals requiring that any new project be subject to the free, prior and informed consent of Communities, as stipulated in the United Nations Declaration on the Rights of Indigenous Peoples.

5.4 Financial Ethics

5.4.1

The Group was founded on the will to create capital and to make it available on reasonable terms and conditions to people who need it. The requirement to meet that need is equally important today throughout the world. The Funds wish to reaffirm and continue to live by these broad principles.

5.4.2

Moreover, the globalization of financial operations has revealed the role and the responsibility of financial institutions with respect to certain practices that may sometimes be legitimate, but can also be used for illicit purposes to corrupt political process or support criminal activity. The Funds believe that illegal use of the international financial system by some must be vigorously denounced.

Position

When the Funds exercise their voting rights and no special situation in a company justifies a contrary vote:

- 5.4.A) They will vote FOR any proposal aimed at eliminating usury or abusive interest rates.
- 5.4.B) They will vote FOR any proposal aimed at implementing micro-credit for people and groups for whom such financial tools are essential.
- 5.4.C) They will vote FOR any proposal aimed at countering the use of financial tools for illicit purposes, be it in Canada or internationally.
- 5.4.D) They will OPPOSE all financial contributions to political parties, but, when such contributions are made, they will SUPPORT all proposals requiring their disclosure in whatever country the contribution is made. They will vote FOR any motion requesting disclosure of contributions or payments made to organizations whose main activities include lobbying.
- 5.4.E) They will vote FOR any proposal aimed at prohibiting or countering corruption, whatever the country it may take place in.

5.5 Data Security and Privacy

5.5.1

Data security is an imperative for all companies. This is one of the critical skills required on most boards of directors

Position

5.5.A) The Funds will SUPPORT requests for the publication of reports on confidentiality, data security, data protection and/or cybersecurity, as well as requests for the establishment of reasonable policies on these issues.

POLICY IMPLEMENTATION

6.1 Information and Communications

6.1.1

Desjardins Investments is responsible for implementing the Policy on the Exercise of Proxy Voting Rights. Any change in the orientation of this Policy must be submitted to the General Secretariat, Desjardins Group, for analysis and recommendation to the Fédération's Corporate Governance Commission.

6.1.2

DI shall publicize the results of the exercise of voting rights on the designated Funds website at the latest by August 31 each year for the 12 months ending the preceding June 30. The following information will be provided on this website for each of the proposals:

- Name of issuer
- Ticker symbol of securities
- CUSIP number of securities
- Date of meeting
- Summary of the question or questions put to a vote
- Identity of the proposer (issuer, management of the issuer or other)
- If the Funds voted or not on each of these issues
- How the Funds voted, as applicable
- Whether the Funds voted for or against the issuer's management recommendation

6.1.3

Securityholders whom so request will be sent a print copy of this Policy and Proxy Voting Procedures quickly and free of charge. Securityholders may also obtain a print copy of the file available on the website as soon as it is uploaded.



Desjardins Investments inc.

Desjardins Funds Customer Service
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