

2023 Sustainable Bond Report

To fostering a balanced economic and social transition

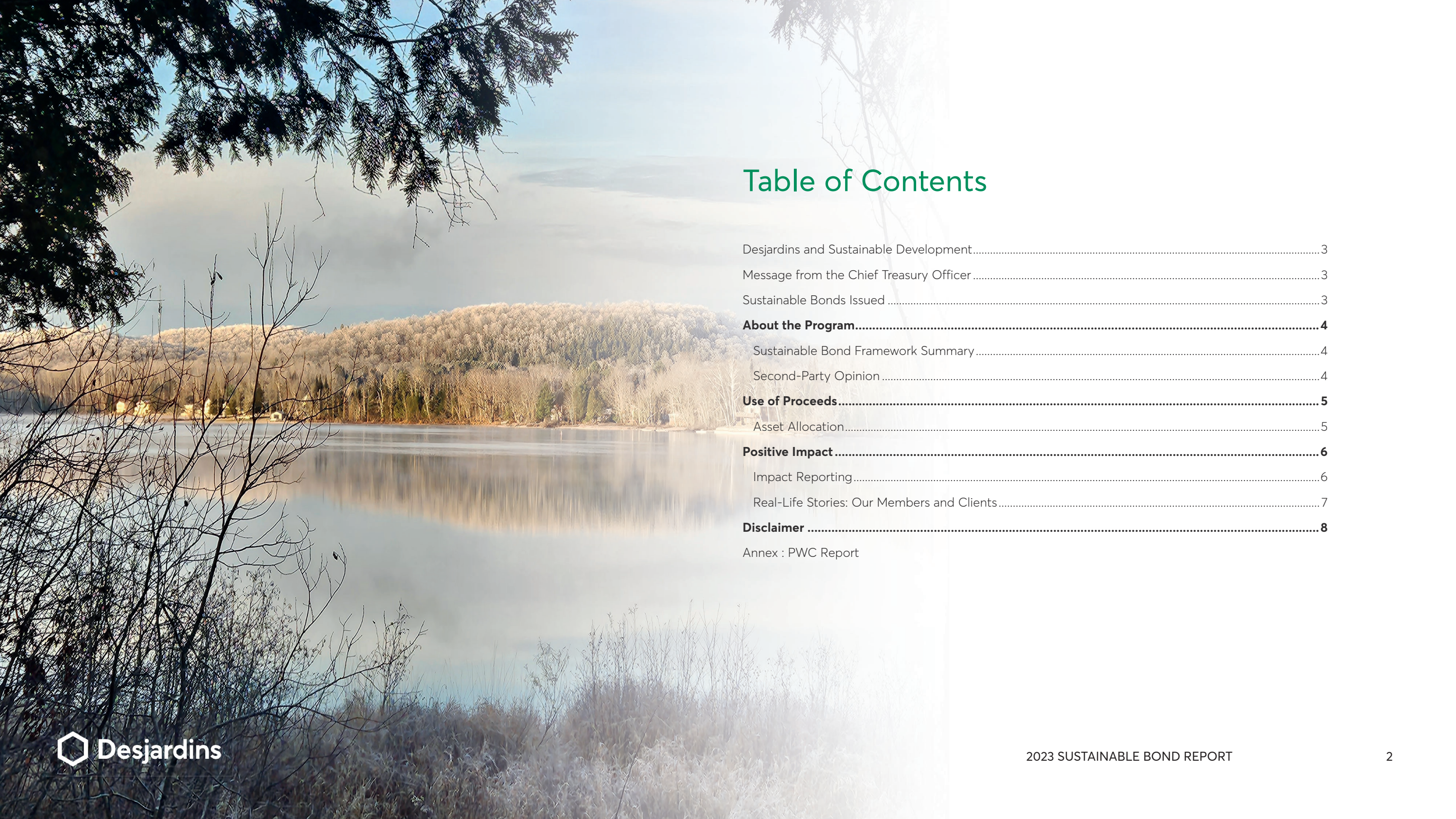


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Desjardins and Sustainable Development

Sustainability is part of Desjardins Group's (Desjardins) mission and cooperative values. It's an integral part of our strategic plan that contributes to local vitality and drives overall performance for the benefit of our members and clients. For more than 120 years, Desjardins focus has always been to enrich the lives of people and their communities.

As a strong advocate for a just energy transition, Desjardins champions green, eco-responsible products and services with a view to positively influencing our members and clients.

Desjardins is backed by the strength of a collective group moving toward a more human economy and the sustainable development of our communities. To learn more, visit desjardins.com/socialresponsibility.



Message from the Chief Treasury Officer

As a cooperative financial group contributing to community development, our mission is to support our members and clients in their financial autonomy. This commitment is reflected in our sustainable bonds program, demonstrating our dedication to fostering a balanced economic and social transition.

In this 2023 report, we proudly celebrate a second issuance of \$500 millions under our sustainable bonds program. This underscores our firm determination to shape a sustainable future for our members, clients, and communities.

The report highlights our tangible achievements, showcasing the positive impact of our sustainable bonds program in fulfilling our mission. We express gratitude to our partners, employees, and the ongoing support of our investors in the pursuit of an economy focused on the well-being of individuals and communities.

Have a pleasant reading!

Yassir Berbiche
Desjardins Group Chief Treasury Officer

Sustainable Bonds Issued

Type of debt	Issue date	Currency	Term	Amount	ISIN
Senior ESG notes	August 16, 2023	CAD	5 years	\$500 million	CA31430WZM95
Senior ESG notes	September 10, 2021	CAD	5 years	\$500 million	CA31430WHX52
TOTAL				\$1,000 million	

About the Program

Sustainable Bond Framework Summary

To finance initiatives with environmental and social impacts, Desjardins created the [Sustainable Bond Framework](#) in April 2021, allowing it to issue green bonds, social bonds or sustainability bonds that align with its strategy and business vision.

For each green, social or sustainable bond issued, Desjardins will apply the following practices, as set out in the framework.

Used of Proceeds	Process for Project Evaluation and Selection	Management of Proceeds	Reporting
Financing or refinancing in the following categories: <ul style="list-style-type: none"> ♦ Renewable energy ♦ Energy efficiency ♦ Green buildings ♦ Clean transportation ♦ Sustainable food production ♦ Environmentally sustainable management of living natural resources and land use ♦ Sustainable water and wastewater management ♦ Pollution prevention and control ♦ Affordable housing ♦ Employment generation through SME financing ♦ Access to essential services 	Eligible assets will be subject to additional due diligence by the Sustainable Finance Working Group, which is made up senior representatives of the following teams: <ul style="list-style-type: none"> ♦ Treasury ♦ Sustainable Development and Responsible Finance ♦ Capital Markets ♦ Personal & Commercial Banking ♦ Risk Management ♦ Legal Affairs 	Desjardins intends to maintain an aggregate amount of eligible assets that is at least equal to the aggregate net proceeds of all Desjardins sustainable bond issuances concurrently outstanding. In the event that the aggregate value of eligible assets in the Desjardins sustainable bond portfolio is less than the total amount of Desjardins sustainable bonds outstanding, the surplus will be held in line with Desjardins' general liquidity guidelines until it is allocated to eligible assets.	As long as there are outstanding Desjardins sustainable bonds, Desjardins will publish every year a Sustainable Bond Report detailing the allocation of the proceeds and the impact of the assets. These reports will be submitted to an external auditor for review.

Second-Party Opinion

Desjardins had Moody's MIS (formerly Vigeo Eiris) conduct an external review of the Desjardins Sustainable Bond Framework. Moody's MIS considers that the program is in line with the 4 key principles of the Green Bond Principles (2018) and Social Bond Principles (2020), and is consistent with Desjardins' strategic priorities. The expected impact is considered of the highest level, «advanced.» The framework is based on a «robust» risk management and ESG performance.

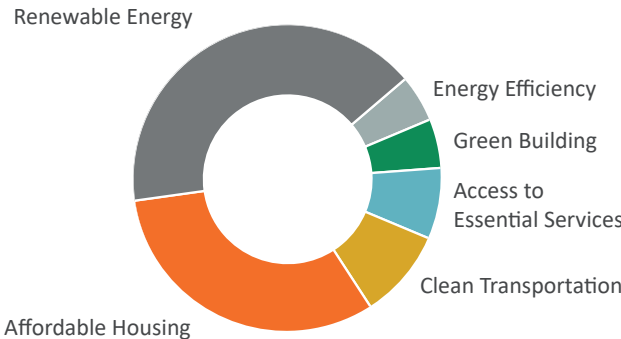
The second opinion report is available on the Desjardins websites.

Use of Proceeds

Asset Allocation

As at December 31, 2023

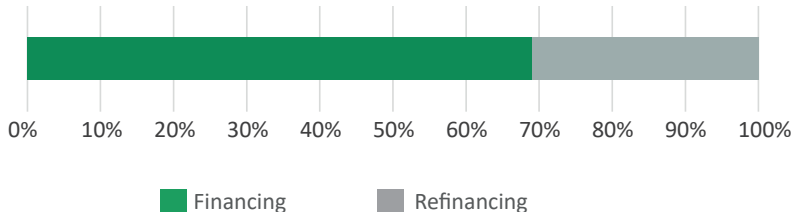
Allocation by asset class



Geographic Allocation (\$ millions)



Financing Allocation



"Financing" refers to assets with initial financing taken during the 36 months preceding the issuance of a bond, or between the issue date and December 31, 2023.

"Refinancing" refers to assets for which financing was renewed or renegotiated with the client during the same period.

As at December 31, 2023, 100% of funds were allocated (\$1,000M) in accordance with the Framework.

Positive Impact







Impact Reporting

Impact assessment methodology

The impact assessment for the various categories is based on the most recent funded project data from publicly available sources as at December 31, 2023.

These impacts are evaluated to the extent possible based on the proportion financed by the Desjardins sustainable bond program (balance as at December 31, 2023) compared to the total financing provided by all lenders, including debt and equity. When Desjardins co-finances an asset, the reported impacts relate only to the Desjardins-financed portion.

No impact is measured when the financing balance is zero, even if the credit facilities remain in place.

Eligible Categories	Selected Impact Reporting Metrics	Types of Eligible Assets	% of Eligible Assets
Renewable Energy	 296 MW total installed capacity	<ul style="list-style-type: none"> Wind energy Solar energy Hydropower with power density > 5 W/m² 	41% \$409.6M
Affordable Housing ¹	 946 units built	<ul style="list-style-type: none"> Construction or renovation of housing that meets accredited affordable housing definitions 	32% \$319.6M
Clean Transportation	 36.7 km of rail built ² 47 new zero-emission vehicles	<ul style="list-style-type: none"> Building an electrified rail network Zero Direct Emission Vehicles 	10% \$95.2M
Access to Essential Services	 15 rooms built	<ul style="list-style-type: none"> Long-term care infrastructure 	7% \$74.9M
Energy Efficiency	 63% reduction in GHG emissions compared to 2005	<ul style="list-style-type: none"> Heating/air conditioning systems, resulting in at least 30% energy savings 	5% \$49.2M
Green Building	 31 units built	<ul style="list-style-type: none"> Construction of commercial or residential buildings that will receive LEED Gold or Platinum certification 	5% \$51.5M

¹ The "Affordable Housing" impact measures based on Desjardins's total financing and the estimated cost per affordable housing unit according to Société de l'habitation du Québec.

² The benefits for public transportation projects, in the "Clean Transportation" category, are assessed for the entire project, not only the portion financed by Desjardins' sustainable bond program.

Real-Life Stories: Our Members and Clients

Since its launch in September 2021, our sustainable bond program has supported many member and client projects. In addition to the positive impacts presented above, here is an overview of some especially inspiring projects.

Renewable Energy



Photo Nautilus Solar Energy, LLC

Nautilus Solar Const. Holdco LLC.

Nautilus Solar Energy®, owned by Power Sustainable, a wholly owned subsidiary of Power Corporation of Canada, is one of the largest community solar energy providers in the U.S., driving growth since 2006. Community solar energy gives each member access to clean energy with no signs on their roof. A solar farm, located in a central location in the county, harvests and sends the energy to the local electricity company's network, which is then delivered by the existing power lines to members' homes or businesses.

Every member who joins Nautilus Community Solar helps reduce greenhouse gas emissions and promote vibrant ecosystems.

Clean Transportation



Photo La Compagnie électrique Lion

The Lion Electric Company

Lion Electric is a leader in the design, development, manufacture and distribution of medium-sized and heavy urban vehicles specially designed to be fully electric. The company manufactures and assembles all components of their vehicles. Lion vehicles are always on the lookout for new technology and have unique features adapted to users' realities.

Lion Electric is an original equipment manufacturer and a leader in electric transportation in North America. After more than 13 years of experience, 1600 electric vehicles in operation have travelled more than 30 million kilometers.

Access to Essential Services



Photo Web Site of Vaudreuil-Soulanges hospital

The Vaudreuil-Soulanges hospital

The Vaudreuil-Soulanges hospital construction project was launched to better meet the health and social services needs of Montérégie Ouest's aging and rapidly growing population. Eventually, the new hospital, which plans to welcome its first patient in late 2026, will have 404 beds, 11 operating rooms and an emergency room with a capacity of 41 beds.

The completion of this major \$2.6 billion public infrastructure project will improve access to and the quality of healthcare services for local residents and improve the resilience of Québec's health system.

Disclaimer

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This report may contain forward-looking statements regarding, among other things, Desjardins Group's business objectives and priorities, financial targets and maturity profile. Such statements are typically identified by words or phrases such as "target", "objective", "believe", "expect", "foresee", "anticipate", "intend", "estimate", "plan", "forecast", "aim", "purpose", "should" and "may", words and expressions of similar import, and future and conditional verbs.

By their very nature, such statements require assumptions and they are subject to inherent risks and uncertainties, both general and specific. We caution readers against placing undue reliance on these forward-looking statements for decision making, as various factors, many of which are beyond Desjardins Group's control and the impact of which it is difficult for Desjardins Group to predict (including difficulty identifying assets that meet the eligibility criteria, and the risk that eligible projects may not be completed within any specified period, or at all, or with the results or outcome originally anticipated by Desjardins Group), may affect, in isolation or collectively, the accuracy of the assumptions made, predictions, forecasts or other forward-looking statements referred to in this report. It is also possible that such assumptions, predictions, projections or other statements, as well as Desjardins Group's objectives and priorities may not materialize or may prove to be inaccurate and that actual results differ significantly.

Factors that may influence the accuracy of the forward-looking statements in this report are discussed in Desjardins Group's most recently published annual and any subsequent quarterly MD&As. It is important to note that the list of factors that could influence future results discussed in Desjardins Group's most recently published annual and any subsequent quarterly MD&As is not exhaustive. Other factors could have an adverse effect on Desjardins Group's results. Readers who rely on these forward-looking statements must carefully consider these risk factors and other uncertainties and potential events, including the uncertainty inherent in forward-looking statements.

None of Desjardins Group, FCDQ or their affiliates undertakes to update any oral or written forward-looking statements that could be made from time to time by or on behalf of Desjardins, FCDQ or their affiliates, except as required under applicable securities legislation.



Independent practitioner’s limited assurance report in relation to the Desjardins Group Sustainability Bond Report 2023

To the Board of Directors and Management of the Desjardins Group

We have undertaken a limited assurance engagement of the select key performance indicators detailed below (“the subject matter”) contained in the Desjardins Group Sustainability Bond Report 2023 (“the Report”) for the year ended December 31, 2023.

Subject matter

Our limited assurance engagement was performed on the following selected key performance indicators:

Key Performance Indicators	Value	Report pages
Total amount of Sustainability Bond outstanding in Canadian Dollar	\$ 1,000M	5
Proceeds allocated to the eligible categories, value in Canadian Dollar and as a percentage	\$ 1,000M or 100% of funds have been allocated	5
Total amount of unallocated proceeds at the year-end date, value in Canadian Dollar and as a percentage	\$ 0 or 0% of funds have been unallocated	5

Management’s responsibility

Management is responsible for the preparation of the subject matter in accordance with the Desjardins Group Sustainable Bond Framework published in April 2021 (the applicable the criteria). Management is also responsible for such internal control as management determines necessary to enable the preparation of the subject matter that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the subject matter based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements (ISAE 3000), *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires 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 involves performing procedures (primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures) and evaluating the evidence obtained. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. The procedures are selected based on our professional judgment, which includes identifying areas where the risks of material misstatement, whether due to fraud or error, in preparing the subject matter in accordance with the applicable criteria are likely to arise.

The procedures performed were based on our professional judgment and included but were not limited to:

- Making enquiries of Desjardins' management, including those with responsibility for sustainability bonds governance, management and reporting;
- Obtaining the internal listing of assets allocated into the sustainability bonds and confirming this was consistent with the proposed disclosures within the Report and performing analytical procedures; and
- Agreeing the disclosure and presentation of the selected information in the Report to our work.

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

Our independence and quality management

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

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

Conclusion

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



Purpose of statement and restriction of use

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

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

PricewaterhouseCoopers LLP

Partnership of Chartered Professional Accountants

Montreal, (Quebec)
March 14, 2024