ESG LETTER
SYSTEMATIC ESG WORLD EQUITY
Q1 2025

HEXAVEST BY Desjardins Global Asset Management

OUR EVOLVING ESG METHODOLOGY

With the ESG landscape having evolved considerably since our systematic ESG fund was created, the time had come to review our screening methodology. Even though our process still includes positive and negative ESG filters, we are adopting a more intentional approach centred on DGAM's priority themes. Our negative filters continue to identify companies involved in harmful activities, whereas our positive filters reward companies with sustainable practices and/or sustainable products and services across our themes.

At the end of the first quarter of 2025, we had removed 708 companies from the investment universe and had deemed 644 companies eligible for investment. The portfolio maintains carbon and water footprints that are significantly lower than those of the benchmark, maintaining its strong sustainability credentials.

ESG METRICS

	Statistic	DGAM	MSCI World
E	Carbon emissions (t CO_2/\$B)	8	47
E	Carbon intensity (t CO_2/\$ revenue)	10	98
E	Water use (m^3/\$M revenue)	90	8,347
E	Waste-recycling ratio	67%	64%
E	Renewable-energy use	54%	47%
E	Reported emissions	90%	94%
S	Fatalities per 100,000 employees	0.3	0.8
S	Access to low-price products	19%	22%
S	Women managers	35%	33%
S	Salary gap (CEO/average salary)	114	150
G	Sustainability compensation incentives	72%	70%
G	Independent board members	80%	81%
G	CEO and chair separation	63%	48%
G	Board gender diversity	37%	35%

Values are calculated only on the invested portion of the portfolio.
Sources: Sustainalytics and LSEG as at March 31, 2025

ACTIVE OWNERSHIP SPOTLIGHT

We regularly engage with Loblaw Companies, a food and pharmacy retailer based in Canada. The company remarked that investors are asking fewer ESG questions and are much less demanding on environmental, social and governance issues. There has been a drop in the number of engagements and there has been a shift in CSR or sustainability vocabulary, as DEI is now seldom used. Regardless of the current sentiment, the company has no plans to roll back any sustainability initiatives or climate targets, which remain a priority for the Weston family. The company emphasized that its growth strategy integrates cutting-edge technology to ensure climate-friendly infrastructure. This approach is exemplified by the new distribution centre, slated for completion by the end of 2025. The frozen section is complete, and the company is progressing to the refrigerated zones, with plans to finalize the fresh and grocery sections thereafter.

OVERVIEW OF "DO NO HARM"

MINIMIZING NEGATIVE IMPACTS

The issue at stake

As portfolio managers, we aim to build sustainable and resilient portfolios, while managing our environmental, social and governance risks. In selecting companies, we take into account business activities and practices that are incompatible with our vision of sustainability.

Our objectives in terms of sustainability

- Invest in companies that align their activities and/or their product and service offerings with one of our themes, while aiming to minimize their negative impact on the environment or communities

Our approach

Identify and avoid companies that detract from sustainable development goals from two perspectives:

Harmful business products & services, such as:

- Tobacco production
- Non-conventional weapons
- Fossil fuels

Incompatible business practices, such as:

- Companies strongly misaligned with the United Nations Global Compact
- Companies involved in severe controversies
- Companies with a high employee-mortality rate

DO NO HARM

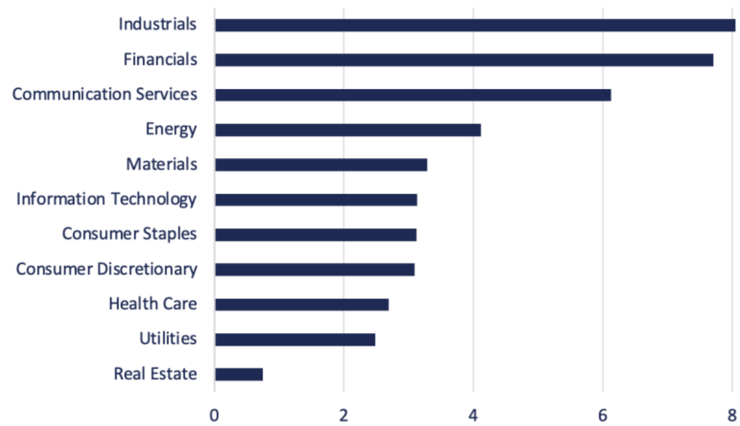
Mitigating risk to protect environmental and social objectives

We prefer not to invest in products and services that we deem very harmful to human health. The production of tobacco and the production of antipersonnel landmines and cluster bombs fall into that category. The UN Global Compact singles out these two activities as incompatible with its signatory requirements. Landmines and cluster munitions are also the subject of international conventions and treaties, along with chemical and biological weapons, as well as nuclear weapons.

Companies involved in the production of these types of weapons are, therefore, excluded from our holdings. Moreover, companies providing conventional military weapons, along with those producing automatic or semiautomatic weapons for civil use, are also excluded. Other exclusionary screens are based on ethics.

For instance, companies materially involved in adult entertainment and gambling are not eligible for investment. Alcohol production will be added to our exclusions in the second quarter of this year. Our final set of exclusions covers fossil-fuel activities, which detract from several sustainable development goals. Companies that generate significant revenues from operations such as refining, extraction, pipelines, thermal coal mines, and electricity generated from thermal coal are ineligible.

% Weight Excluded (MSCI World)



Source: MSCI, March 31, 2025

Beyond business activities, a company's business practices are also of great importance. Businesses that have been involved in severe controversies or that fail to abide by the principles of the UN Global Compact are considered ineligible. Companies with high mortality rates among employees are also flagged, indicating failings in health and safety measures. To reduce our portfolio's emissions, water and energy consumption, and waste intensity, we consider only companies with non-material footprints.

Furthermore, companies that generate material revenue from hazardous chemicals or products linked to serious health and environmental concerns are excluded. At a minimum, every firm should have a human rights policy in place, have at least one board member who is gender-diverse and have one who is independent.

Three ineligible companies

Meta Platforms, the U.S social media giant, has faced several investigations and lawsuits related to privacy-breach allegations. In addition, reports indicate that its algorithm significantly affects users' mental health and that the company was aware of this. These events expose Meta to reputational, regulatory and legal risks, and justify excluding Meta Platforms from our list of eligible investments.

	Meta Platforms	Berkshire Hathaway	Accor SA
Country	United States	United States	France
Sector	Communication Services	Financials	Communication Services
% in MSCI World	1.85%	1.04%	0.02%

Source: MSCI, March 31, 2025

Accor is a France-based hospitality group that is excluded from our investment universe owing to its significant environmental footprint. Its energy use, water consumption, waste intensity and carbon emissions all exceed our internal thresholds.

Berkshire Hathaway, a U.S. conglomerate, engages in diverse business activities, even though it is categorized in the financials sector. Its energy subsidiary, Berkshire Hathaway Energy, owns and operates thermal-coal electric utilities and also operates a network of natural gas pipelines. Owing to the investment mandate's fossil-fuel restrictions, Berkshire Hathaway is excluded from our investment universe.