ESG LETTER
SYSTEMATIC ESG WORLD EQUITY
Q3 2024

HEXAVEST by Desjardins Global Asset Management

ESG METRICS

	Statistic	DGAM	MSCI World
E	Carbon emissions (t CO_2/$B)	4	53
E	Carbon intensity	7	104
E	Water use (m^3/$M revenue)	73	7,846
E	Waste-recycling ratio	68%	64%
E	Renewable-energy use	47%	44%
E	Reported emissions	92%	96%
S	Fatalities per 100,000 employees	0.5	0.7
S	Access to low-price products	17%	21%
S	Women managers	38%	33%
S	Salary gap (CEO/average salary)	84	172
G	Sustainability compensation incentives	71%	69%
G	Independent board members	80%	81%
G	CEO and chair separation	67%	48%
G	Board gender diversity	36%	34%

Values are calculated only on the invested portion of the portfolio.
Sources: Sustainalytics and LSEG as at September 30, 2024

STOCKS ADDED OR REMOVED FOR ESG REASONS

Company	Change	Reason
Electronic Arts	Added	Energy use vs. peers
Pure Storage	Added	Board independence

OUR ESG METHODOLODY IN PRACTICE

Our ESG screening methodology includes positive and negative filters. Our negative filters are used to identify companies involved in harmful activities, whereas our positive filters reward leaders across several E, S and G metrics. Accordingly, 886 companies had been removed from the investable universe and 413 companies had successfully qualified for investment as at September 30.

At the end of the quarter, the portfolio had carbon and water footprints that were significantly lower than those of the benchmark, mainly because of our ESG methodology's negative filters. Overall, the portfolio had strong sustainability credentials and outperformed the index across most ESG metrics.

ACTIVE OWNERSHIP SPOTLIGHT

We engaged with Dollarama, the general merchandise retailer, concerning a recent news publication that targeted the company's disposal of unsold goods. Dollarama explained that it has a clear policy on this matter and that a very limited amount of goods is thrown away annually. The policy states that seasonal goods, for example, are returned to the warehouse and kept until the following season. As for food products, the company adheres to Health Canada safety rules and is looking to work with food banks. In-store employee training to reduce waste will be stepped up, a sign that Dollarama takes the issue seriously.

QUARTERLY ESG THEME

ENERGY CONSUMPTION

The environmental benefits of reducing a company's energy consumption are substantial. We think companies should strive to minimize their energy use and have therefore incorporated this metric into our ESG filtering methodology. Specifically, the energy-use metric denotes total direct and indirect energy consumption in gigajoules per US$1 million of revenues.

Companies with high energy consumption are excluded by our ESG filtering methodology, while those that consume less energy than their peers are preferred. Information of this kind is available in corporate sustainability disclosures. Our portfolio outperforms the MSCI World Index on this metric. You can learn more about this topic on the next page.

Energy use (GJ/$M of revenue)	
MSCI WORLD Index	955.5
DGAM ESG Filtered MSCI World Equity	138.0
Systematic ESG World Equity Portfolio	121.2

Sources: MSCI and Sustainalytics as at September 30, 2024

THE IMPORTANCE OF ENERGY SAVINGS

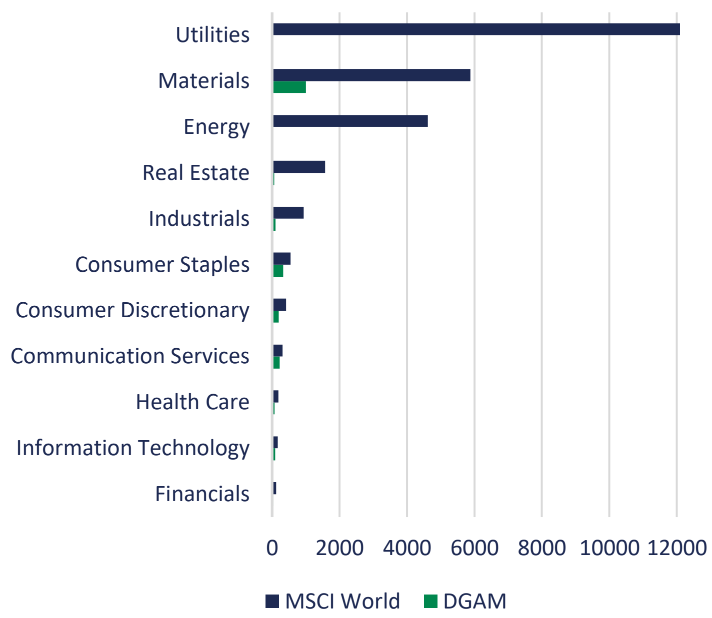
Integrating energy consumption effectively into a systematic equity portfolio

According to a 2023 report published by the World Economic Forum, climate change is the most severe risk the world will face in the long term. As climate change accelerates, it is causing a series of harmful impacts on the environment, ecosystems and human health. The IEA has deemed energy efficiency the "first fuel in the clean energy transition" and it should play a large role on the road to a net-zero economy.

Reducing energy consumption and improving energy efficiency play a significant role in the reduction of greenhouse gas emissions, specifically indirect emissions generated by electricity consumption (Scope 2 emissions). This approach also relieves pressure on energy demand. Companies that reduce their energy consumption help their bottom line with cost reductions and also mitigate their operational risks. To reduce their consumption, companies can, among other things, carry out energy efficiency audits, use energy-efficient products, such as smart thermostats and LED lighting, and retrofit buildings with improved insulation and HVAC systems. Government incentives and new regulations, along with changing consumer behaviour, are also keys to scaling up the benefits that energy efficiency can have on emissions and demand.

The chart on the right shows the proportion of energy consumption for each sector of the MSCI World Index versus our portfolio. As the chart shows, our portfolio outperforms the index across all sectors, with the exception of utilities and energy. Note that the portfolio does not currently hold any energy or utilities stocks.

Energy consumption (GJ/$M of revenue)



Source: MSCI and LSEG as at September 30, 2024

Examples of companies that stand out

Novo Nordisk develops, produces and markets pharmaceuticals. Over the past year, it has continued to work on energy-efficiency projects, including a new dehumidification system. Such projects have reduced energy consumption at its production sites by 64,000 GJ. The company has also lowered energy use at its buildings with various energy-saving measures. The production facility in Denmark is certified to ISO 50001, a robust energy management standard.

	Novo Nordisk	KLA
Country	Denmark	United States
Sector	Health care	Information technology
Portfolio weight	0.33%	1.77%
Energy use (GJ/$M of rev)	110	94.5

Source: LSEG as at September 30, 2024

KLA produces and distributes semiconductors. The company is conducting comprehensive site-level energy audits to find ways to improve efficiency. The audits will also identify its most energy-intensive processes. At the company's headquarters in California, efforts have led to a 30% increase in the energy efficiency of its chilled water system. Beyond its own energy consumption, it is developing an energy-efficiency strategy for its products, recognizing that product efficiency and performance have positive effects on its customers as well.