HEXAVEST

BY Desjardins Global Asset Management

ESG LETTER
SYSTEMATIC ESG WORLD EQUITY
Q3 2025

OUR EVOLVING ESG METHODOLOGY

Our approach is to invest in companies that align their operations and/or product offerings with our broad sustainability themes, while minimizing their negative impacts on the environment and communities. We filter the investment universe positively and negatively to select companies that meet strict ESG criteria, excluding those in controversial sectors, such as fossil fuels, and those with harmful practices. At the end of third quarter, we had removed 523 companies from the investment universe and deemed 634 companies eligible for investment. The portfolio had carbon and water footprints that were significantly lower than those of its 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.

ESG METRICS

	Statistic	DGAM	MSCI World
E	Carbon emissions (t CO_2/$B)	10	39
E	Carbon intensity (t CO_2/$ revenue)	16	86
E	Water use (m^3/$M revenue)	208	11,088
E	Waste-recycling ratio	69%	65%
E	Renewable-energy use	53%	48%
E	Reported emissions	96%	96%
S	Fatalities per 100,000 employees	0.4	0.7
S	Access to low-price products	20%	20%
S	Women managers	35%	32%
S	Salary gap (CEO/average salary)	209	157
G	Sustainability compensation incentives	76%	68%
G	Independent board members	81%	80%
G	CEO and chair separation	64%	51%
G	Board gender diversity	36%	36%

Values are calculated only on the invested portion of the portfolio.
Sources: Sustainalytics and LSEG as at September 30, 2025

ACTIVE OWNERSHIP SPOTLIGHT

Visa is a global payments technology company. It faces scrutiny over illegal transactions on its network, particularly involving exploitative content with minors. These incidents underscore the risk that its infrastructure can be misused, making transaction integrity a key compliance and reputational issue. Even though Visa acknowledges exposure in certain sectors, its public risk disclosures are unstructured and incomplete. We recommend clearer categorization of high-risk merchants and disclosure of classification criteria. Visa applies enhanced due diligence via banks for high-risk merchants but does not publicly detail its ongoing oversight process. Greater transparency on onboarding and monitoring is advised. Visa has demonstrated a structured approach to transaction integrity, reflecting industry best practices, although gaps remain in terms of transparency around merchant oversight. The next step will be to monitor Visa's climate transition plan and assess the energy demand of its data centres.

Mastercard is also a payments technology company and a competitor to Visa. It is progressing toward its 2025 SBTi climate targets and is preparing new post-2025 commitments, aiming for net-zero alignment. Even though it sources 100% renewable energy, 59% comes from renewable energy certificates, which lack guarantees of real impact or grid decarbonization. We have recommended greater transparency on its energy strategy and mix, but Mastercard is not receptive to this suggestion. Like Visa, the company is also under scrutiny for illegal transactions on its network. It has shared details on its protocols with banks when incidents arise, but we have encouraged it to publish anonymized case studies and aggregate incident data to demonstrate remediation efforts. Mastercard has acknowledged the value of such data but remains hesitant. We appreciate its openness during this initial meeting and will monitor the release of its new climate targets in 2026. In a future meeting, we will pursue discussions on oversight of high-risk merchants.

UPDATE ON OUR METHODOLOGY REFINEMENT

A comprehensive review of our social pillar is under way, with the goal of refining its framework and updating the metrics used to identify companies that demonstrate a strong commitment to advancing our social objective.

To recap our broader methodological changes: We introduced changes to our "Transition to a Low-Carbon Economy" pillar in the fourth quarter of last year, followed by our "Protecting Biodiversity and Natural Capital" pillar in the second quarter of this year. The coming enhancement to the social pillar will further strengthen our ties to the portfolio's intention, which is to invest in companies that provide solutions or that are transforming their business to align with at least one of our sustainability pillars.

PORTFOLIO IN ACTION

ESG leaders in practice

Acciona S.A. is a global engineering and construction company specializing in sustainable infrastructure and renewable energy solutions. The company develops, builds, operates, and maintains renewable energy facilities, including wind and solar power plants. In addition to energy, Acciona is actively involved in water treatment, transport infrastructure, and other essential services that support environmental resilience and sustainable urban development. It satisfies many of our metrics and demonstrates strong alignment with our pillars.

Climate change pillar:

- Net-zero target by 2040 for scopes 1 and 2, and 2050 for scope 3
- SBTi targets approved: -60% for scopes 1 and 2, and -47% for scope 3 (six categories) by 2030, from 2017 baseline
- About 70% of its energy use is from renewable sources
- According to MSCI, 50% of the company's revenues are linked to alternative energy and energy efficiency solutions.

Biodiversity pillar:

According to MSCI, 3% of the company's revenues are linked to water-quality solutions.

The company has strong waste-management practices. It actively promotes reuse, recycling, and recovery across operations. By the end of this year, the company is aiming to halve non-recovered waste relative to 2020. It monitors and measures its waste and has many initiatives to reduce and recycle solid waste.

Crown Holdings is a global leader in metal packaging, manufacturing beverage and food cans, closures, and aerosol containers. The company also provides protective packaging solutions and equipment for industrial logistics and supply chains. It has strong commitments to decarbonize across its value chain and has good water-management practices.

Climate change pillar:

- Net zero by 2050
- SBTi targets approved: -50% for scopes 1 and 2, and -27.5% for scope 3 by 2030, with 2019 as a baseline.

Biodiversity pillar:

The company has a water-usage reduction target of 20% by the end of this year. It aims to replenish 100% of its water consumed in high-water-stress areas (Mexico and Greece). It is compliant with local wastewater standards across all locations.

A new study conducted by the company enabled it to increase the number of plants in high-water-stress areas and will drive investment in water efficiency measures at these locations, in collaboration with local partners. Crown has signed the CEO Water Mandate, an initiative set up to mobilize businesses around corporate water stewardship.

When strong ESG performance isn't enough

Nestlé is a global food and beverage company whose products include milk, chocolate, confectionary, bottled water, coffee, food seasoning, and pet foods. It is strongly aligned with our climate change and biodiversity pillars. It has a 2050 net-zero target and short-term SBTi-approved targets. It also has strong water-management practices and manages all its effluent adequately.

Despite these positive attributes, Nestlé does not pass our "do not harm" pillar because it is involved in controversies related to biodiversity. Moreover, its water-bottling activities have raised issues in water-scarce California, and its use of virgin plastics has also drawn much criticism.

Source of all data and information: DGAM as at September 30, 2025, unless otherwise specified.

This document was prepared by Desjardins Global Asset Management Inc. (DGAM), for information purposes only. The information included in this document is presented for illustrative and discussion purposes only. The information presented should not be construed as investment advice, recommendations to buy or sell securities, or recommendations for specific investment strategies.
The information presented is intended for institutional investors only. No part of this document may be reproduced without the written consent of DGAM. The information was obtained from sources that DGAM believes to be reliable, but it is not guaranteed and may be incomplete. The information is current as of the date indicated in this document. DGAM does not assume any obligation whatsoever to update this information or to communicate any new fact concerning the subjects or securities discussed. Desjardins, Desjardins Global Asset Management Inc. and related trademarks are trademarks of the Fédération des caisses Desjardins du Québec, used under licence.

Results as at September 30, 2025, calculated using data from MSCI ESG ©2021 MSCI ESG Research LLC. Reproduced by permission; no further distribution. This report contains certain information (the "Information") sourced from MSCI ESG Research LLC, or its affiliates or information providers (the "ESG Parties"). The Information may only be used for your individual use as an investor, may not be reproduced or re disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. Although they obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and they expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. None of the information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and/or content providers, intended for internal, non-commercial use and may not be copied, distributed or used in any other way, including via citation, unless otherwise explicitly agreed in writing.

They are provided for informational purposes only and (1) do not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) do not constitute investment advice, nor represent an expert opinion or negative assurance letter; (3) are not part of any offering and do not constitute an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) are not an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; (5) are not a substitute for professional advice; (6) past performance is no guarantee of future results; (7) have not been submitted to, nor received approval from, any relevant regulatory bodies.

These are based on information made available by the issuer and/ or third parties, subject to continuous change and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of its elaboration and publication.
Neither Sustainalytics nor any of its content providers accept any liability for damage arising from the use of the information, data or opinions contained herein, or from the use of information resulting from the application of the methodology, in any manner whatsoever, except where explicitly required by law.

Any reference to content providers' names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our content providers and their respective terms of use is available on our website. For more information visit http://www.sustainalytics.com/legal-disclaimers.

Sustainalytics may receive compensation for its ratings, opinions and other deliverables, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics believes it has put in place appropriate measures to safeguard the objectivity and independence of its opinions. For more information visit Governance Documents or contact compliance@sustainalytics.com.