

5 questions for a better understanding of responsible investing

Now more than ever, we understand that sustainable development depends on everyone's actions: how we consume, travel, interact, engage...

Did you know that even your savings can contribute to sustainable development? Have you heard of responsible investing (RI)?

Maybe, you know something about it. Desjardins launched its first RI fund in 1990 and the concept has continued to evolve and gain in popularity. That's why we're offering answers to the most common questions about RI and its real impact on the well-being of the environment and communities.

1. The basic question: What is RI?

RI means integrating environmental (E), social (S) and governance (G) factors into investment selection and management, without, of course, neglecting desired financial returns. This approach seeks a positive impact on the environment, communities and sustainable development.

2. Sounds great, but how exactly does it work?

To contribute to sustainable development, RI uses a number of strategies to change the behaviour of the companies where the money is invested. For example:

- a) **Excluding** producers and specialized transporters of fossil fuels, as well as companies operating in the civilian firearms,¹ nuclear energy and tobacco industries.
- b) In addition to financial analysis, **assessing environmental, social and governance (ESG) practices** to select the best securities in a sector or to evaluate their performance. Examples of practices evaluated: conserving biodiversity, upholding human and labour rights, appropriate monitoring of executive compensation.
- c) Once the securities have been selected, **shareholder engagement**² allows for interaction between the external portfolio manager and the companies to help them improve their ESG practices. For example, by encouraging diversity and women's leadership on boards of directors, facilitating energy transition or promoting climate change strategies.

¹ Automatic or semi-automatic weapons intended for civilian use.

² For more information, visit <https://letsthinkri.com/isr#actionnariat-engage>

3. RI is good for the planet, but is it also good for my savings?

Some people believe that RI is less effective than traditional investment³. Yet the return on RI is as attractive as the return on traditional investments.⁴

To be selected as part of an RI strategy, companies are subject to an ESG review, as well as a rigorous financial analysis to offer investors an investment solution that offers value, so that supporting sustainable development does not come at the expense of profitability.

4. Is RI here for good?

According to the [2020 Canadian Responsible Investment Trends Report](#), RI is continuing to expand rapidly and now represents more than 61% of the Canadian investment industry, up from 50.6% in 2018. Assets under management in RI exceed \$3 trillion in Canada.⁵ The growing confidence of Canadian investors confirms that RI is not about to disappear.

5. How does Desjardins contribute to sustainable development, besides through RI?

The financial sector plays a decisive role in combating and adapting to climate change and also contributes to responsible and sustainable development.

As the first Canadian financial institution to sign the Responsible Banking Principles, and through policies that promote innovation and performance in sustainable development and responsible finance, Desjardins is demonstrating leadership in this area.

TRUE OR FALSE

All the investment funds we offer must be assessed for compliance with the best practices and the principles that Desjardins is committed to.

TRUE! We include ESG criteria in the evaluation and selection of the funds offered on the group retirement savings solution platform.

³ SOM survey commissioned by Desjardins in the last quarter of 2020.

⁴ Gunnar Friede, Timo Busch & Alexander Bassen. (December 2015). ESG & Corporate Financial Performance: Mapping the Global Landscape. Aggregated evidence from more than 2,000 empirical studies. Journal of Sustainable Finance & Investment.

⁵ *2020 Canadian Responsible Investment Trends Report*, published by the Responsible Investment Association: [2020 Canadian Responsible Investment Trends Report – Responsible Investment Association \(riacanada.ca\)](https://riacanada.ca)



Acting responsibly also means providing you with tools and educational resources that allow you to make informed decisions as you prepare for your retirement.

To learn more about the Desjardins Group approach to sustainable development, please read our latest [Social and Cooperative Responsibility Report](#).