



**CODE OF PROFESSIONAL CONDUCT**  
**DESJARDINS CAPITAL MANAGEMENT INC.**

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## **ETHICS AND PROFESSIONAL CONDUCT AT DESJARDINS**

At Desjardins, Canada's leading cooperative financial group, integrity is a top priority and the cornerstone of our values.

For this vision to resonate with our people and to support them in upholding the principles and rules of professional conduct underlying the Code, we rely on a strong sense of ethics. All officers, directors, external committee members, employees and components are held to the highest standards with respect to their legal, regulatory, contractual and professional obligations.

### **ETHICS AT DESJARDINS**

Our ethics help us ensure we are consistent in what we say, decide and do. They are the common current underlying how we carry out our mission, apply our values in our daily activities and fulfill our professional obligations. We count on our people, as we always have, to ensure this consistency and to fulfill our mission.

Our ethics are rooted in:

- our cooperative identity;
- the values we share with thousands of cooperatives around the world, as defined by the International Cooperative Alliance, in addition to our own corporate values;
- the application of these values to fulfill our mission, which specifies our purpose and role in society.

Our mission and values are reference points for Desjardins officers, directors, external committee members and employees to use to make sound decisions. They will help you understand the purpose behind the professional conduct rules that you are required to uphold.

#### Desjardins's mission

As a cooperative financial group contributing to the development of communities, we give our members and clients the support they need to be financially empowered.

#### Desjardins values

At Desjardins, our values are tied to our cooperative nature and are part of our culture. They guide the decisions of our employees, managers, directors and committee members. They help boost engagement and serve as a benchmark to inspire our actions and create meaning and common purpose within the organization.

Our cooperative roots are everywhere and closely linked to Desjardins's identity. As a member of the International Co-operative Alliance, we share the same ideals as thousands of cooperatives around the world. These ideals are expressed through the values and principles that form the basis of the cooperative identity.

The fundamental cooperative values, according to the International Cooperative Alliance, are self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.<sup>1</sup>

Desjardins's own values are as follows:

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<sup>1</sup> Source: International Cooperative Alliance, Statement on the Cooperative Identity.

- Money at the service of human development: At Desjardins, we view money as a tool to support the autonomy and development of people and communities. Everything we do is for our members and clients.
- Personal commitment: By choosing Desjardins, our members, officers, directors, external committee members and employees personally contribute to and invest in the development of Desjardins. A cooperative is sustained by everyone's personal commitment to help meet shared needs.
- Democratic action: Desjardins is a democratic organization, meaning that all members can participate in making the decisions and shaping the priorities for their cooperative according to the "one member, one vote" principle. Participation is key to maintaining Desjardins's cooperative nature.
- Integrity and rigour: We are committed to doing everything we can to earn and maintain the trust of our members, clients and partners, for the common good. This responsibility requires us to demonstrate honesty, objectivity, competence and transparency, and to comply with all regulations and guidelines governing us, as well as sound business, management and governance practices.
- Solidarity with the community: At Desjardins, we are actively involved in communities' socioeconomic development to share wealth and support sustainable prosperity. Desjardins's commitment to individuals and communities is based on kindness and mutual assistance.
- Intercooperation: At Desjardins, we pool our resources in order to best meet our members' and clients' needs and contribute to developing the cooperative model.

## **PROFESSIONAL CONDUCT AT DESJARDINS**

At Desjardins, professional conduct is guided by the strict principles and rules that make up the Desjardins Code of Professional Conduct. The Code is adopted by the Federation's Board of Ethics and Professional Conduct and approved by the Federation's board of directors.

Drawing on cooperative values and Desjardins's own values, the principles of professional conduct are the cornerstone for the rules of professional conduct. The rules of professional conduct provide precise guidelines and instructions for the actions of officers, directors, external committee members and employees.

All Desjardins officers, directors, external committee members, employees and components must comply with the Code in its entirety. Components must enforce the Code and take the necessary steps to resolve any situations that could constitute a violation.

## **CODE OF PROFESSIONAL CONDUCT**

### **PRINCIPLES OF PROFESSIONAL CONDUCT**

The principles of professional conduct guide the decisions and conduct of Desjardins officers, directors, external committee members, employees and components, particularly in situations not covered by rules.

#### **1. Respect for others**

Desjardins recognizes that everyone is fundamentally worthy, free and accountable.

Under this principle, as a Desjardins director or employee, you undertake to:

- a) treat everyone with fairness, respect and courtesy;
- b) strictly protect confidentiality and exercise discretion;
- c) always do what's best for members and clients;
- d) provide others with accurate, useful and understandable information so they can make informed decisions;
- e) act in a professional manner at all times;
- f) refrain from all forms of harassment and discrimination.

#### **2. Respect for the public interest and the common good**

In line with our mission of contributing to the economic and social well-being of people and communities, Desjardins believes that the public interest must take priority over private interests.

Under this principle, as a Desjardins director or employee, you undertake to:

- a) act with honesty, integrity and transparency;
- b) comply with all applicable legislation;
- c) place members' and clients' interests ahead of your own;
- d) encourage members to exercise their democratic rights;
- e) support freedom of opinion and judgment in decision-making;
- f) maintain Desjardins's independence with respect to political, religious and other affiliations.

### **3. Respect for the organization**

Desjardins is the result of an ongoing democratic grassroots movement whose reputation must be protected to ensure its continuity.

Under this principle, as a Desjardins director or employee, you undertake to:

- a) refrain from committing any act that may harm Desjardins;
- b) be loyal to Desjardins;
- c) support democratically established priorities and decisions;
- d) protect the confidential nature of Desjardins's priorities, plans, projects and decisions;
- e) contribute to the development, efficiency and financial strength of Desjardins.

## **RULES OF PROFESSIONAL CONDUCT**

The rules of professional conduct apply to your duties and obligations. They describe the appropriate conduct to adopt in specific situations. In applying these rules, you must take into account the values and principles upon which they are based.

### **1. DEFINITIONS AND INTERPRETATION**

Definitions are provided in Appendix 1.

## **RULES FOR OFFICERS, DIRECTORS, EXTERNAL COMMITTEE MEMBERS AND EMPLOYEES**

### **2. RESPONSIBILITIES AND DUTIES**

In fulfilling your duties as an officer, director, external committee member or employee, you must always act with prudence, diligence, honesty and loyalty. You must comply with the laws, regulations, regulator-issued guidelines and Desjardins Group governance documents that apply for the jurisdiction in which you or Desjardins carries out activities, as well as all component governance documents. You must not participate, either directly or indirectly, in illegal transactions or practices that are unacceptable under the governance documents or the Code.

If a specific legal framework applies to your profession or industry (such as insurance, securities or trust services), you must uphold the spirit and provisions of that framework and the principles and rules of professional conduct.

If you are an employee whose primary responsibilities involve performing duties for another component, you must also uphold the component's principles and rules of professional conduct.

### **3. CONFLICTS OF INTEREST**

You must avoid putting yourself in conflict of interest situations. There is a conflict of interest when you are in a situation of any kind that may cause (real) or appear to cause (perceived) you to act in your own interests or the interests of another person, including a related party, instead of in the interests of the component as is your duty.

If you find yourself in a real conflict of interest situation, you must immediately report the full details of the situation to your board if you are a director, or to your immediate supervisor if you are an employee. You must abstain from voting on or making any decisions about any issue related to the situation and avoid influencing any related vote or decision. You must withdraw from the meeting during any discussions or decision-making related to the situation. Where necessary, you can provide information about the situation prior to discussions. Your disclosure of the conflict of interest and withdrawal from the meeting must be recorded in the meeting minutes.

If you find yourself in a perceived conflict of interest situation, you must immediately report the full details of the situation to your board if you are a director, or to your immediate supervisor if you are an employee.

Depending on your component's conflict of interest rules, your board if you're a director, or your immediate supervisor if you're an employee, must decide what action to take.

- asking you to leave during discussions and decision-making;
- limiting your participation in discussions and decision-making;
- requesting an opinion from Desjardins Capital's secretary general, who will consult the board of directors or the management committee as needed;
- deciding that no action is necessary.

Your disclosure of the conflict of interest, the subsequent decision made about you, and the reasoning behind this decision must be recorded in the meeting minutes or summary or, as applicable, in your employee file or the register of declarations of interests.

### **Personal conflicts of interest in human resources management**

As an officer or employee, your personal relationships may put you in conflict of interest situations.

Consequently, if you are able to directly or indirectly influence the work or employment status of an immediate family member, related party or someone you're in an intimate relationship with, you must immediately inform your immediate supervisor (provided they're not the other party in the situation) and Desjardins Capital's secretary general so that steps can be taken, if necessary.

Under no circumstances are you permitted to have a direct reporting relationship with an immediate family member, related party or someone you're in an intimate relationship with or with that person's immediate supervisor.

## **4. GIFTS AND GRATUITIES**

### **a) Monetary gifts**

You may never offer, accept or solicit gifts in the form of cash, cheques or marketable securities, for yourself, a related party or a third party, unless the solicitation is part of a fundraising campaign for an organization recognized by the component or Desjardins.

### **b) Other gifts and gratuities**

You may offer or accept modest gifts and gratuities such as gift cards, hospitality, tickets to sporting or cultural events, or other benefits provided they are offered as a professional courtesy in support of good business relationships, in accordance with the guidelines listed in Appendix 2.

You must make sure the gift or gratuity does not impair your objectivity, influence or attempt to influence your judgment or decision, or change how services are provided.

You cannot offer or accept a gift or gratuity if it creates a perceived conflict of interest.

You must refuse to offer or accept any gift that could harm a component's or Desjardins's reputation if it were made public.

Under no circumstances may you allow a third party to cover the cost of your travel and accommodations, unless the third party is a Desjardins component.

If you have any doubts about a situation, if you are an officer, director or external committee member, you must check with Desjardins Capital's secretary general or, if you are an employee, with your immediate supervisor, who may consult Desjardins Capital's secretary general, as needed.

### **c) Disclosure**

As outlined in Appendix 2, if you offer or accept a gift or gratuity as part of your role at Desjardins Capital, you'll need to disclose it if it is valued at over \$100. If the value of a gift or gratuity exceeds the set maximum, then before offering or accepting it, you'll need to request approval from your immediate supervisor if you are an employee or from Desjardins Capital's secretary general if you are an officer, director or external committee member.

The secretary general keeps a log of gifts and gratuities valued at over \$100. On an annual basis, the secretary general reports to Desjardins Capital's board of directors about the log for officers, directors and external committee members and to the management committee about the log for employees. Immediate supervisors are responsible for checking the log regularly for their team.

## **5. PREFERENTIAL TREATMENT**

As an officer, director or external committee member, you must refuse any requests for preferential treatment in exchange for immediate or future benefits for yourself or a third party. You must report these requests to Desjardins Capital's secretary general, who may notify the board of directors, depending on the situation.

As an employee, you must refuse any requests for preferential treatment in exchange for immediate or future benefits for yourself or a third party. You must report these requests to your immediate supervisor or the management committee, which may notify Desjardins Capital's secretary general, as needed.

## **6. GOODS AND SERVICES CONTRACTS**

You must not influence the component or participate on behalf of the component in negotiating or concluding a goods or services contract that could be awarded to you, a person related to you or a member of your immediate family.

## **7. INCOMPATIBLE DUTIES**

You may not perform any activity for or hold any position or job with a competitor if doing so could jeopardize the interests of a component or Desjardins. "Competitor" means any party, other than a component, that manufactures, sells or distributes products or services that compete with Desjardins's financial or other activities and that target the same client base.

Desjardins Capital's board of directors, on the advice of Desjardins Capital's secretary general, is responsible for assessing the degree of competition and the risk of harm that situations involving officers, directors or external committee members may represent. For situations involving employees, the assessment is made by the management committee on the advice of the employee's immediate supervisor and, as needed, Desjardins Capital's secretary general.

## **8. RESPECT FOR THE ORGANIZATION**

- a) You must refrain from making remarks or expressing opinions that could be harmful to the interests, image or reputation of a component or Desjardins.
- b) You must take the necessary steps to ensure that any disputes involving the interests of any components remain confidential.

- c) You must avoid harming the interests, image and reputation of a component or Desjardins in your activities both as part of and outside of your position or job.
- d) You may never give the impression that you are speaking on behalf of a component or Desjardins without authorization.

The obligations in this section remain in effect even after you no longer hold office or are no longer employed.

## **9. CONFIDENTIALITY**

You may access only the confidential information needed to do your job, and only as required in your duties.

You may never disclose confidential information, unless duly authorized to do so, such as with a member's or client's written consent, or unless such disclosure is permitted or required by law.

You may never use confidential information for your own benefit or for the benefit of someone else.

The obligations in this section remain in effect even after you no longer hold office or are no longer employed.

## **10. PROPERTY, INFORMATION AND DATA PROTECTION**

You must protect access to confidential information and the confidential nature of all Desjardins components' business, systems, programs, processes and projects. You must comply with legislation, Desjardins Group governance documents and the component's governance documents on intellectual property, data protection and privileged information. You may not plagiarize or compile part or all of any document in any form whatsoever.

## **11. ELECTORAL PROCESS**

Officers, directors, external committee members, individuals who wish to run as candidates in a component's election, anyone who nominates an election candidate, and employees must comply with the laws, regulations, processes, rules of conduct and decisions that apply to the election. You must:

- a) conduct yourself in a manner that is free from undue influence and preferential treatment and that refrains from damaging the reputation of others;
- b) as an employee, avoid partisan actions during any and all elections within a component;
- c) as a manager, refrain from inciting, requiring or otherwise compelling employees to take partisan actions during any and all elections within a component.

When a component provides candidates with opportunities for exposure, the component must make sure that all candidates have equal access to them.

## **12. SECURITIES TRANSACTIONS**

You may not directly or indirectly perform personal stock or security transactions based on information acquired through your duties, nor disclose this information to third parties unless required to do so by law or as part of your duties.

If, at the request of a component, you act as an officer, director, external committee member or director of a party making a public offering, you must comply with insider reporting and trading legislation with respect to the party's securities transactions.



### **13. DISCLOSURE**

As part of your duties, you must provide a full and accurate disclosure of any information requested of you by the appropriate authorities.

You must cooperate with any investigation conducted internally by a component or externally by a regulator, subject to any legal or regulatory restrictions.

### **14. DECLARATION OF INTERESTS AND RELATED PARTIES**

Due to the nature of Desjardins Capital's activities, as an officer, director, external committee member or employee, you must complete a declaration of interests and related parties using Desjardins Capital's prescribed form and content every year and communicate any changes to your declaration on a continuous basis.

### **15. RESIGNATION**

If you are an officer, director or external committee member and you resign for reasons related to how the component conducts its affairs, you must record your reasons in writing for the board of directors and send a copy to Desjardins Capital's secretary general and to any other designated authority, as applicable, in the following circumstances:

- (1) where you have grounds to believe that the conduct violates a provision of a law, regulation, bylaw, standard or the Code;
- (2) where you have grounds to believe that the conduct may have an adverse effect on the component's financial position.

If you give this notice in good faith, you will not incur any civil liability.

### **16. CONSULTATION**

If you are an officer, director or external committee member facing an ethical issue, professional conduct situation or question on the interpretation or application of the principles and rules of professional conduct, you should check with the Desjardins Capital's secretary general. As needed, they may ask Desjardins Capital's board of directors or the Federation's Board of Ethics and Professional Conduct for an opinion, advice, recommendations or comment, which they may then take into consideration, at their discretion.

If you are an employee facing an ethical issue, professional conduct situation or question on the interpretation or application of the principles and rules of professional conduct, you should check with your immediate supervisor, who may consult Desjardins Capital's secretary general. As needed, the secretary general may in turn ask the management committee, Desjardins Capital's board of directors or the Federation's Board of Ethics and Professional Conduct for an opinion, advice, recommendations or comment, which they may then take into consideration, at their discretion.

### **17. REPORTING**

If you are an officer, a director or an external committee member and you are aware of a fact that, in your opinion, may constitute a violation of the principles and rules of professional conduct, you are responsible for reporting it:

- a) to the board of directors or Desjardins Capital's secretary general; or
- b) using the reporting tool provided by Desjardins.

If you are an employee and you are aware of a fact that, in your opinion, may constitute a violation of the principles and rules of professional conduct, you are responsible for reporting it:

- a) to your immediate supervisor; or
- b) to the management committee or Desjardins Capital's secretary general; or
- c) using the reporting tool provided by Desjardins.

Steps will be taken to ensure confidentiality and to protect the identity of the person making the report. No action may be taken against an officer, director, external committee member or employee who has made a report in good faith.

## **RULES FOR COMPONENTS**

### **18. BUSINESS RELATIONSHIPS**

Components must conduct their business relationships with officers, directors, external committee members, employees and other designated persons as they would in the normal course of business and in compliance with current regulations.

#### **18.1 Investments for officers, directors, external committee members, employees or related parties**

Desjardins Capital may not offer a party more favourable terms than those offered in the normal course of business when agreeing to an investment for an officer, director, external committee member, employee or related party, or when addressing an irregularity involving the investment. Irregularities involving investments occur when parties fail to meet their obligations toward Desjardins Capital. Follow the process provided for this purpose in Appendix 3.

### **19. REPUTATIONAL RISK**

Components must refrain from publicly disclosing anything that is likely to discredit another component or tarnish its reputation. Steps must be taken to ensure that disputes involving components' interests remain confidential.

### **20. CONTRACTS**

Any goods or services contracts or contracts to purchase assets must offer components favourable, or at least competitive, terms and conditions and be awarded impartially and without preferential treatment. Components may enter into such contracts with officers, directors, external committee members, employees, and officers', directors', external committee members' and employees' related parties and immediate family, provided it is allowed under the laws, regulations and standards governing the component, and strictly adheres to the terms therein.

### **21. TIE-IN SALES**

Components cannot require a party that wishes to purchase a product or service to purchase another product or service from any component, unless the party voluntarily accepts a service offer package involving a number of products or services.

### **22. CONSULTANTS AND SUPPLIERS**

When a component requires the services of a consultant or a supplier, it must determine and require contractual protections with respect to the rules of professional conduct, according to the nature of the contract and the risk it represents, particularly with respect to confidentiality, conflict of interest and data protection.

### **23. COMMITMENT**

Each component must provide officers, directors, external committee members and employees with a document describing the principles and rules of professional conduct. Components must also promptly inform employees and directors of any changes and hold regular awareness and training activities.

Each component must take the necessary steps to notify officers, directors, external committee members and employees, upon their arrival or hiring, as applicable, and to remind them each year that they must uphold the rules and principles of professional conduct and allow their actions and decisions to be guided by the values on which the rules and principles are based.

Each year, officers, directors, external committee members and employees must acknowledge that they have read the principles and rules of professional conduct and agree to uphold them.

### **24. DIRECTORY**

Each component must establish and maintain a directory containing the information found in the declarations of interests and related parties.

### **25. SUPERVISION**

Desjardins Capital's board of directors is responsible for enforcing the principles and rules of professional conduct.

### **26. VIOLATIONS**

Any violation of the principles and rules of professional conduct by an officer, director or external committee member must be dealt with promptly, respectfully and in confidentiality, by the board of directors, supported by the secretary general as needed, or, in the case of an employee, by the employee's immediate supervisor.

Any violation of the principles and rules of professional conduct and any action to obstruct the board of directors, Desjardins Capital's secretary general or the immediate supervisor from fulfilling their duties may result in sanctions or disciplinary measures depending on the severity of the situation and the consequences.

## APPENDIX 1 – DEFINITIONS

Unless otherwise indicated by the context, the following definitions apply:

- 1.1. "board of directors" means the decision-making body that manages a component's affairs.
- 1.2. "Code" means the Desjardins Code of Professional Conduct, which outlines the principles and rules applicable to Desjardins officers, directors, external committee members, employees and components.
- 1.3. "component" means any entity that is part of Desjardins, namely the Desjardins caisses, Desjardins Ontario Credit Union Inc., shared services (e.g., Desjardins Business and Desjardins Signature Service), the Fédération des caisses Desjardins du Québec, the Groupe coopératif Desjardins as defined in section 6.2 of the Act, the Desjardins Security Fund, Desjardins International Development, the Desjardins Foundation, the Alphonse Desjardins Historical Society, the Desjardins Group Pension Plan, Desjardins's holding companies and subsidiaries; in Quebec, "subsidiary" refers to any controlled legal person or partnership and, in Ontario, to any body corporate referred to under section 3 of the *Credit Unions and Caisses Populaires Act, 2020*.
- 1.4. "confidential information" means any personal or private information, whether in verbal, written, electronic or other form, about a member, client, officer, director, external committee member, employee, component or business partner; it also includes any information that officers, directors, external committee members and employees are lawfully required to keep private and any information they receive or learn about in circumstances leading them to believe it should be kept confidential.
- 1.5. "controlled legal person or partnership" means the following:
  - a) A legal person is controlled by a party when that party can elect the majority of the legal person's directors or holds, directly or through legal persons controlled by that party, more than 50% of the voting rights attached to the legal person's shares.
  - b) A partnership is controlled by a party when that party holds, directly or through legal persons controlled by that party, more than 50% of the shares. A limited partnership is controlled by a party when that party or a legal person controlled by that party is a general partner.
  - c) A legal person is controlled by the Federation when the Federation and its member caisses together can elect the majority of the legal person's directors or together hold, directly or through legal persons they control, more than 50% of the voting rights attached to the legal person's shares.
  - d) A legal person is controlled by a caisse when the caisse and other caisses in the network together can elect the majority of the legal person's directors or together hold, directly or through legal persons they control, more than 50% of the voting rights attached to the legal person's shares.
- 1.6. "Desjardins" means Desjardins Group.
- 1.7. "Desjardins Capital" means Desjardins Capital Management Inc.
- 1.8. "director" means a member of a board of directors.
- 1.9. "employee" means anyone who works part time, full time or on an occasional basis for a component.
- 1.10. "external committee member" means any person who is a member of a committee formed by the board of directors who is not a director.

- 1.11. "Federation" means the Fédération des caisses Desjardins du Québec.
- 1.12. "immediate family" means an officer's, director's, external committee member's or employee's father, mother, brother, sister, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, adult child, spouse's adult child, as well as anyone else with family ties living with the director or employee.
- 1.13. "management committee" means the Desjardins Capital management committee, formed by a resolution by the Desjardins Group board of directors, which is made up of the chief operating officer and any other person designated for this purpose.
- 1.14. "officer" means any Desjardins Capital officer, including the chair of the board of directors, the chief operating officer, the secretary general, the chief financial officer, the chief compliance officer and any other person designated by a resolution by the board.
- 1.15. "party" refers to any natural or legal person, which includes partnerships, associations and any other entities.
- 1.16. "privileged information" means any information about a public company that has not been disclosed to the public and that could affect the decision of a reasonable investor or the value or market price of the company's securities. Privileged information typically involves a material fact or change.
- 1.17. "related party" refers to an officer's, director's, external committee member's or employee's spouse, minor child, spouse's minor child, parents, or spouse's parents, or to a legal person or partnership having economic ties to, within the meaning of the Act, or controlled individually or jointly by, a director or employee, their spouse, their minor child, or their spouse's minor child; "spouse's minor child" refers to a child living with the director or employee.
- 1.18. "spouse" means:
- a) either of 2 persons who are married to each other or joined by civil union or who have registered their common-law relationship under any applicable provincial legislation;
  - b) either of 2 persons of the same or opposite sex living together in a conjugal relationship for at least 1 year without interruption or from the time they together became the parents of a child.

## APPENDIX 2 – GUIDELINES FOR GIFTS AND GRATUITIES

If you offer or are offered a gift or gratuity as part of your role as officer, director, external committee member or employee at Desjardins Capital, you must make sure that the gift or gratuity complies with the guidelines listed below before offering or accepting it.

See the table below for the maximum value of gifts or gratuities you may offer or accept:

<b>Gifts and gratuities</b>	<b>Maximum</b>
Meals	\$200
Events or activities	\$400
Gifts or promotional items	\$150

If you are an officer, director, external committee member or employee and you offer or accept a gift or gratuity that is valued at over \$100, you must disclose it. The secretary general keeps a log of gifts and gratuities valued at over \$100.

If you are an officer, director or external committee member and the value of a gift or gratuity exceeds the set maximum, then before offering or accepting it, you will need to request approval from Desjardins Capital's secretary general, who may consult the chair of the board. If you are an employee, you will need to request approval from your immediate supervisor, who may consult Desjardins Capital's chief operating officer and notify the secretary general of the decision made.

Under no circumstances may you allow a third party other than Desjardins Capital to cover the cost of your travel and accommodations as part of your role at Desjardins Capital.

Desjardins Capital officers, directors, external committee members and employees may not accept or offer gifts or gratuities if they are considered excessive, extravagant or frequent (offered 3 or more times per year by or to the same person on behalf of that person or the entity they belong to).

Invitations to meetings, conferences, cocktail parties and fundraising galas attended by several other external organizations are not considered gifts or gratuities. In general, you can offer or accept these invitations if all the guests are entitled to fair treatment. However, such invitations must not be accompanied by offers to pay for travel or accommodation.

## APPENDIX 3 – PROCESS

### INVESTMENTS FOR OFFICERS, DIRECTORS, EXTERNAL COMMITTEE MEMBERS, EMPLOYEES OR RELATED PARTIES

#### Basic principles

- Treat everyone equally. Avoid giving preferential treatment to a business owner with ties to Desjardins Capital or, conversely, demanding more of them.
- Avoid real and perceived conflict of interest situations that could lead to reputation or image risk.
- Based on the laws and regulations that apply to Capital régional et coopératif Desjardins, which is managed by Desjardins Capital, investments for officers, directors, external committee members, employees or related parties are not permitted to come from Capital régional et coopératif Desjardins. These investments may only be made through other funds.

#### Types of investments – Risks and risk mitigation measures

##### ▪ **Equity investments**

Equity investments (purchasing shares of a company) require a business valuation.

Desjardins Capital requires its dedicated business valuation team, which is independent from the investment group, to assess all equity investment requests. This approach mitigates the risk of giving or appearing to give preferential treatment to a business owner with ties to Desjardins Capital over another business owner (in this case, based on business value).

That means:

- ✓ All equity investment requests must be submitted to the business valuation team, which will assess the business's value or confirm a third-party valuation.
- ✓ The potential transaction must fall within the valuation range set by the business valuation team.

##### ▪ **Debt investments (debentures, loans)**

The risk with this type of investment is that Desjardins Capital may give or appear to give preferential treatment to a business owner by granting them longer deferrals or lower interest rates, by not requiring any management or analysis fees, etc.

To mitigate this risk, Desjardins Capital requires that:

- ✓ The rating and expected return in the rate schedule, as well as the guidelines for deferrals and fees, are respected **in every way**, or according to any other method deemed acceptable by the management committee.

##### ▪ **Other conditions**

- ✓ If the investment needs to be managed by the team responsible for businesses facing financial difficulties, prioritize the normal procedures. The goal is to protect the values of Desjardins Capital and Desjardins Group.
- ✓ Make sure to have veto rights on cash outflows to related companies.
- ✓ Respect the basic models for loan agreements, shareholder agreements and subscription agreements.
- ✓ If a request involves a shareholder buyout, **then before a conditional offer letter is issued**, present the request to the management committee to assess the transaction's

reputation and image risk. If the management committee decides that the risk is too high, the request must be rejected.

The rules set out in the Code of Professional Conduct are an integral part of this process.

### **Approval process**

- The Desjardins Capital management committee verifies that the request complies with the investment terms and conditions (return targets, etc.), policies and directives, or other requirements, as well as the ethics and professional conduct piece. The management committee then makes the appropriate recommendation to the relevant bodies based on these aspects.
- Finally, the request is presented to the relevant body for approval.
- A follow-up report is produced annually and submitted to the Desjardins Capital management committee, which monitors for potential ethics and professional conduct risks.