Desjardins's Position on the Energy Sector

Climate change is mainly caused by human activities, and is having a critical impact on populations and ecosystems. By 2022, the climate had already warmed by 1.1°C since the pre-industrial era, a temperature not observed for over 100,000 years.

This rise in temperature is mainly due to the use of fossil fuels, notably coal, oil and gas. The scientific consensus[1] is that, in order to limit the rise in average global temperatures to 1.5°C, coal, oil and gas production must be drastically reduced by 2050, in parallel with increasing investment in renewable energies.

Canada is also committed to reducing its GHG emissions by 40% to 45% by 2030, compared to 2005 levels[2]. Achieving this target will necessarily involve all sectors with high GHG emissions, particularly the oil and gas sector, whose operations accounted for 27% of the country's GHG emissions in 2020[3]. The reduction in GHG emissions expected by the federal government for oil and gas operations is on the order of 31% between 2005 and 2030[4], or -42% between 2019 and 2030. These ambitious targets must be part of an energy transition that meets global climate objectives while supporting the workers and communities that currently depend on these sectors.

Desjardins Group has already taken in 2020 a clear position in favor of phasing out of the thermal coal sector[5]. In 2021, Desjardins renewed its climate ambition, with 2040 net zero emissions target on its extended operations (transportation, energy consumption of its buildings and procurement, including paper use and energy consumption by the use of technologies) and on its lending activities and own investments in three key carbon-intensive sectors: energy, transportation and real estate.

As part of our efforts to meet our climate commitments, Desjardins aims to achieve the following targets, applicable to corporate financing and our own funds in the energy sector.

These targets will be subject to periodic modifications in line with changes in the regulatory and technological environment, in methodologies and standards, and in the availability and quality of related data.

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[1] As illustrated in the following reports: IPCC. 2022. Summary for Policymakers. In: Climate Change 2022: Mitigation of Climate Change and International Energy Agency. 2021. Net Zero by 2050 - A Roadmap for the Global Energy Sector

[2] Government of Canada. 2022. 2030 emissions reduction plan

[3] Greenhouse gas sources and sinks in Canada: executive summary 2022 - Canada.ca

[4] 2030 Emissions Reduction Plan – Sector-by-sector overview - Canada.ca

[5] Desjardins's position on coal

Lending activities in the oil and gas sector:

- Between 2020 and 2030, a 35% to 45% reduction of financed direct (Scope 1) and indirect GHG emissions related to the use of electricity, steam, and heating and cooling (Scope 2) from integrated and upstream companies, in physical intensity (tCO_2e/TJ, calculated on a commitment basis).
- Between 2020 and 2030, a 25% reduction in absolute terms of financed indirect GHG emissions related to the use of products sold (scope 3, category 11[6]) by upstream companies, pipelines, refineries and integrated companies (tCO_2e, calculated on a commitment basis).
- Desjardins will not finance fossil energy projects in the Arctic[7] or in ultra-deep waters[8], or new infrastructure development projects (extraction sites, pipelines, refineries).
- Desjardins will not finance large companies in the global oil and gas sector[9] unless they are committed to the energy transition or to finance their transition projects.

Lending activities in the renewable energy sector[10]:

- Between 2023 and 2030, at least 3 times more new financing allocated to renewable energies than in fossil fuels.
- Between 2020 and 2030, at least 5 billion dollars in financing committed to renewable energies and the energy transition.
- By 2030, Desjardins will achieve at least 60% of financing for the renewable energy sector in its energy sector banking portfolio.

Desjardins' own investments in the oil & gas sector:

- Between 2020 and 2030, a 50% reduction in absolute terms of financed direct (scope 1) and indirect GHG emissions related to the use of electricity, steam, and heating and cooling (scope 2) of companies in the oil and gas sector as a whole ($t\ CO_2e$, based on assets under management).

Desjardins' own investments in the renewable energies sector:

- By 2025, a 2 billion dollars renewable energy infrastructure investment portfolio of Desjardins' own funds and of Desjardins Group Pension Plan's investments.

[6] GHG emissions during the use phase of products sold (combustion of petroleum products and natural gas). GHG Protocol, scope 3, category 11
[7] Arctic zone: defined according to the boundaries proposed by the Arctic Council's Arctic Monitoring and Assessment Programme (AMAP)
[8] Ultra-deep water: beyond a depth of 1,500 m
[9] Major global companies in the sector are defined as those contributing at least 60% of global production or exploiting at least 60% of global reserves for near-term expansion, identified according to the Global Oil and Gas Exit List (GOGEL)
[10] Including hydropower, wind energy, solar energy, geothermal energy and bioenergy