

THE LARGEST COOPERATIVE FINANCIAL GROUP IN CANADA

We contribute to the well-being
of people and communities.





ALPHONSE DESJARDINS

PUTTING MONEY AT THE SERVICE OF PEOPLE

WHEN ALPHONSE DESJARDINS WAS BORN IN 1854 IN THE TOWN OF LÉVIS, EUROPEANS WERE ALREADY STARTING TO DEVELOP WAYS TO COUNTER THE ABUSES OF INDUSTRIAL CAPITALISM AND THE RAVAGES OF LOAN SHARKING.

IN 1900, DRIVEN BY IDEALS OF SOCIAL JUSTICE AND SOLIDARITY, AND INSPIRED BY EXISTING EUROPEAN POPULAR SAVINGS AND LOAN MODELS, ALPHONSE DESJARDINS PROPOSED AN ALTERNATIVE TO BANKS BY FOUNDING SEVERAL CAISSE POPULAIRES IN TOWNS AND VILLAGES ACROSS QUÉBEC. HIS INFLUENCE WOULD SOON EXTEND TO ENGLISH CANADA AND NEW ENGLAND.



COMMEMORATIVE \$5 COIN ISSUED BY THE ROYAL CANADIAN MINT IN 2004 IN HONOUR OF THE 150TH ANNIVERSARY OF THE BIRTH OF OUR FOUNDER, ALPHONSE DESJARDINS.

ALPHONSE DESJARDINS' VISION, WHICH WAS TO PUT MONEY AT THE SERVICE OF PEOPLE — NEVER THE OTHER WAY AROUND — IS STILL THE SAME VISION THAT GUIDES DESJARDINS GROUP, WHICH TODAY IS ONE OF THE PILLARS OF COOPERATION IN QUÉBEC, IN CANADA AND THE WORLD.

Collectively owned by more than 5.5 million members, Desjardins is not only the number one financial institution in Québec, it is also the largest cooperative financial group in Canada. Having pioneered the integrated offer of products and services, we at Desjardins rely on the synergy of our caisses and subsidiaries and the expertise of our advisory force to continually expand our offer of services and provide members and clients access to innovative financial products and services adapted to their needs. **Furthermore, because Desjardins is more involved in the community than any other financial institution, and because we combine values with assets, Desjardins is able to contribute to the social and economic well-being of individuals and communities.**

A FINANCIAL FORCE WITH \$106.2 BILLION IN ASSETS

A HUMAN FORCE OF OVER 5.5 MILLION MEMBERS AND CLIENTS, 125,000 BUSINESS MEMBERS, 39,000 MOTIVATED EMPLOYEES AND 7,660 COMMITTED ELECTED OFFICERS

A HIGHLY ACCESSIBLE DISTRIBUTION NETWORK MADE UP OF:

- 1,483 points of service in Québec and Ontario, including 572 caisses and 911 service centres
- 114 points of service in Manitoba and New Brunswick, including 40 affiliated caisses and 74 service centres
- 55 corporate financial centres in Québec and 3 in Ontario
- 28 Desjardins Credit Union points of service in Ontario
- Approximately twenty subsidiary companies, many of which are active throughout the country
- Two Desjardins Bank service centres in Florida and the Desjardins Commercial Lending Corp. serving businesses active in the United States
- A state-of-the-art, high-tech virtual network

OUR MISSION

To contribute to the economic and social well-being of people and their communities within the compatible limits of our field of activity by:

- developing an integrated cooperative network of secure and profitable financial services on a permanent basis, owned and administered by the members, and a network of complementary financial corporations with a competitive return, also controlled by the members, and
- educating the public, and in particular our members, officers and employees, about democracy, the economy, solidarity, and individual and collective responsibility.

OUR VISION

On the strength of our cooperative difference, our network of subsidiaries and our financial equilibrium, we aim to be the leading financial institution as much for satisfying the needs of our members and clients as for business development through our accessible, efficient and comprehensive service offering.

OUR VALUES

Money at the service of human development – Personal commitment –
Democratic action – Integrity and rigour in the cooperative enterprise –
Solidarity with the community

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ALBAN D'AMOURS

President and Chief Executive Officer
of Desjardins Group

THE WELL-BEING OF PEOPLE AND COMMUNITIES

In recent years, the notion of corporate social responsibility has taken on growing importance. In a number of organizations, this has led to new developments, as well as the preparation of an annual report providing an account of their social activities. Desjardins Group has always taken this very seriously, and has been producing a community involvement report every year for the past 20 years.

AN APPROACH THAT RESPECTS INDIVIDUAL CHOICES

Combining values with assets, as our corporate tagline proclaims, means developing services that reflect the highest level of financial expertise, while demonstrating equal consideration for individuals, regardless of their choices or the scope of their needs. This approach has led us, over the years, to implement support measures for members in financial difficulty, particularly through our offer of solidarity products.

AN INSTITUTION THAT GETS ACTIVELY INVOLVED IN MEETING COMMUNITY CHALLENGES

At Desjardins, our extensive physical presence is backed by our unrivalled participation in local community life. Volunteer work carried out by our employees, considerable amounts of money given back in the form of sponsorships, donations and scholarships, and the support of Community Development Funds created locally by the caisses are just a few of the many ways Desjardins supports projects

For more than 100 years, we have been building a better world, together. Contributing to the well-being of individuals and communities – that's the strength of our cooperative difference.

and institutions that play an important role in the structure of communities.

Desjardins is also an active participant in strengthening the Canadian financial cooperative movement and, for the past 35 years, in the creation and development of sustainable cooperative financial institutions in developing countries.

COOPERATIVE GOVERNANCE THROUGH CONSULTATION AND PARTICIPATION

As both an association of persons and a group of financial service-providing businesses, Desjardins has adopted a method of corporate governance that relies on participation by sharing responsibilities among elected officers and senior management. That is why all caisses, as well as other components throughout Desjardins, have mechanisms for discussions, comments, suggestions and consultations. These mechanisms, which are continually being improved upon, ensure that our orientations and actions are appropriate to meeting the needs of our members and their communities, as well as those of the caisses that are serving them.

FAR-REACHING, FORWARD-LOOKING EFFORTS

Desjardins' actions are geared towards sustained development, through our management methods, which focus on high performance, and through our wide range of activities encompassing economic, social, ethical and environmental issues. One example of this is our current massive commitment towards the next generation, which has resulted in the implementation of our *Desjardins Youth Focus* program.

It is thanks to the major contributions of our elected officers, managers and employees that we at Desjardins can properly carry out the tasks related to our mission. We are well aware of their essential roles, which is why we pay particular attention to the development and training programs we designed for them. The same care is given to working conditions, thanks to which Desjardins is becoming increasingly well-known as an employer of choice.

I invite you now to read through our 2004 Social Responsibility Report, which provides an overview of Desjardins' contributions to the well-being of individuals and their communities.



FINANCIAL PERFORMANCE AND COOPERATIVE PERFORMANCE

At Desjardins, we aim for an overall sustainable performance to enable us to become the best financial cooperative in the world. That is how we define financial and cooperative success. Our excellent financial results in recent years, our ratings (which are among the highest awarded to financial services cooperatives by rating agencies world-wide) and the fact that we have become a benchmark for the cooperative difference are all indicators of our overall performance. This performance, however, also needs to be sustainable. Here again, we find ourselves backed by over 100 years of remarkable accomplishments and remain motivated by our objective of long-term survival.

SHARING THE RESULTS OF OUR FINANCIAL PERFORMANCE

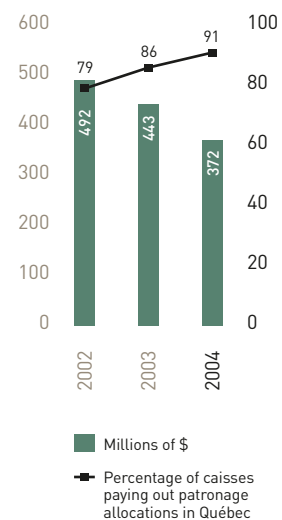
As in previous years, Desjardins' performance in 2004 was exceptional, confirming the definite improvement of our organizational efficiency. Surplus earnings increased by 28.5% from 2003, exceeding \$1 billion. As at December 31, they had reached \$1.1 billion, while the Group's assets totalled \$106.2 billion. Because we are an integrated cooperative financial group, our members and the communities we serve are the first to benefit from this financial performance. In 2004, Desjardins caisse members will be sharing **\$372 million** of those billion dollars in surplus earnings, in the form of patronage allocations. A further **\$52 million** will be given back to communities in the form of sponsorships, donations and scholarships.

This **\$424 million** being given back to caisse members and their communities represents nearly 40% of Desjardins' net surplus earnings, and the total given back over the last four years amounts to \$1.7 billion. This not only makes Desjardins the only financial institution to contribute so directly to individual and collective wealth and prosperity in Québec, but also means it can post one of the most extensive socio-economic community involvement reports of any business in Canada.

What's more, caisse members in Québec have a say on the use of these surplus earnings. They are the ones who vote at their caisses' annual general meetings on the distribution of surplus earnings in the form of individual or collective patronage allocations. They are also called upon to determine the proportion of surplus earnings set aside for Community Development Funds, which are administered by individual caisses. Many forward-looking community projects have been started thanks to these Community Development Funds, thereby contributing to improving the quality of life of the people who live there.

\$372 MILLION IN PATRONAGE ALLOCATIONS

PATRONAGE ALLOCATIONS TO MEMBERS



OUR SOUND FINANCIAL STANDING BENEFITS MEMBERS...

While our excellent financial results are proof that cooperation can go hand-in-hand with efficiency, skill and forward-thinking ideas, they also ensure Desjardins a certain amount of leeway to continue developing original approaches to the offer of financial services while still giving the necessary attention to all its members and clients, regardless of the scope of their needs.

On the strength of our continued performance, which we achieved thanks to the synergy that exists throughout the caisse network and all Group components, the caisses are able to offer loans at competitive rates to individuals and businesses. In addition, Desjardins can invest in continuous training programs for its employees, increase their pay and improve their working conditions, as well as upgrade their technological tools - always in the interests of providing better services to our members and clients.

... OUTLYING AREAS...

Our sound financial standing is what allows Desjardins - the number one private employer in Québec, a leader in farm business financing and the source of financing for close to 45% of Québec businesses - to play a major role in economic development outside urban centres. One particular way we do this is by providing venture capital.

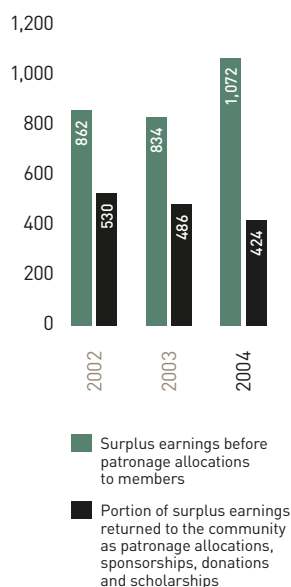
... AND LOCAL COMMUNITIES!

Desjardins' excellent financial returns also enable the caisses to expand their offer of solidarity products in the communities they serve, in collaboration with local organizations. Desjardins Mutual Assistance Funds, which promote education, follow-up assistance and access to credit for individuals, and the Desjardins Microcredit for Businesses program, for companies who do not meet the usual criteria for receiving credit, are particularly good examples of this.

As always, through our financial and human-oriented activities in all sectors, Desjardins supports institutions, organizations and collective projects that are necessary to the vitality of our communities. The "Money at the Service of People" section on pages 24 to 29 provides an overview of the extent of our support and contributions to collective well-being especially in the areas of health care, mutual assistance, arts and culture, and sports and recreation.

CLOSE TO 40% OF DESJARDINS' SURPLUS EARNINGS - \$424 MILLION - WAS GIVEN BACK TO MEMBERS AND THE COMMUNITY

GIVING BACK TO THE COMMUNITY
(millions of \$)



\$52 MILLION IN SPONSORSHIPS, DONATIONS AND SCHOLARSHIPS

Arts and Culture	\$4.5 million
Regional Economic Development	\$17.5 million
Education	\$5.5 million
Mutual Assistance and Solidarity	\$6 million
Health and Well-being	\$12.3 million
Sports and Recreation	\$6 million



OUR MEMBERS – MUCH MORE THAN JUST CLIENTS

Desjardins Group is a financial cooperative that operates under democratic principles. Throughout Québec, and in other parts of Canada, more and more caisse members are proudly realizing that they are not just clients – they are among its 5.5 million owners.

As one of the owners, any member who would like to take an active role in the success of their financial cooperative will quickly find a way to do so at the caisse. During an annual general meeting in Québec, for example, each member has the power to vote and elect the members of the Board of Directors and the Board of Audit and Ethics, to stand as candidate for an elected position and to become involved in the decision-making process, including having a say in decisions about caisse orientations, distributing surplus earnings, and the support given community organizations.

In each region, caisse elected administrators elect a council of representatives, made up of ten volunteer officers and five caisse general managers. There are 17 councils of representatives, and each one acts as the voice for the caisses in its region, representing the caisses before the Fédération des caisses Desjardins du Québec and the community. The president of each council sits on the Fédération Board of Directors. All members of the Fédération Board of Directors are thus democratically elected, and provide fair representation for all regions of Québec, the caisse populaires of Ontario and the group caisses. In addition, the Group President and C.E.O. is chosen

by an electoral college made up of 255 members of the councils of representatives.

Apart from the direct influence brought by the presence of at least one member of each council of representatives on the Fédération's Board, the elected officers of the caisses have a further opportunity to influence the major orientations of the Fédération and the Group through their participation in regional general meetings or group caisse meetings, at the Fédération General Meeting, the Officers' Congress and the annual meeting of caisse presidents and General Managers.

THE CAISSE ELECTED OFFICERS PARTICIPATE IN GROUP GOVERNANCE

Our cooperative distinction is expressed through corporate governance that respects the roles and responsibilities of each person, with special emphasis on participation by and consultation of the member-owners and their representatives. Our democratic operations and our cooperative management methods are mutually supportive and guarantee that our decisions are in line with the expectations and needs of our members, and that they appropriately meet the challenges of our industry.

A GREATER PLACE FOR MEMBERS

The fast pace of modern life and the difficulties involved in balancing work and family are among the factors that prevent members from participating in the associational aspect of their caisse. The many consultations that were conducted by the caisses to communicate with their members have clearly shown that members want to actively take part in decisions. Following the Officers' Congress on Cooperative Renewal held in 2003, we put forth a variety of measures to modernize our democratic mechanisms, our associational practices and our consultation methods.

In 2004, the caisses were given the tools to be able to consult their members on important issues throughout the year. For example, members were asked for their opinions regarding the *Desjardins Youth Focus* program at their caisses, and were consulted with respect to issues such as changing business hours and the content of the caisse social involvement plan.

PARTICIPATION IN ANNUAL GENERAL MEETINGS

In November 2004, the 500 employees and officers of the nine Desjardins caisses in Sherbrooke held the *Ralliement social de Desjardins* meeting, one of the objectives of which was to triple member participation at general meetings. Caisse populaire Desjardins de Limoilou, the result of an amalgamation of caisses, decided to consult all former officers of the amalgamated caisses twice per year. The members of Caisse populaire Desjardins de Saint-Romuald transformed their 2004 Annual General Meeting into a mini Congress, where some 250 members discussed development issues for their community.

CONSULTATION MECHANISMS

Desjardins' democratic culture goes above and beyond each owner-member's right to vote at the annual general meeting of their caisse. Our way of operating, while clearly sharing the responsibilities among the members of the Board of Directors and the management team, also involves a great deal of member consultation. Our forums for facilitation and for exchange of ideas at all levels, are regularly improved to make our democratic action even more effective and respectful of the responsibilities of each person. As a result, our orientations and achievements are well aligned with the needs of our members and their communities, as well as the needs of the caisses that serve them.

The caisses also take many other initiatives to consult their members. Some communicate with their members using personalized e-mails, or through brochures handed out by employees to ascertain satisfaction, to bring up proposed improvements, invite members to an annual general meeting or transmit some other information. Some caisses choose to conduct formal polls or hold special events. The Caisse Desjardins de Sillery and the Caisse populaire Desjardins des Laurentides, for example, were recognized at the *Gala du Prix de la distinction coopérative (Cooperative Difference Awards Gala)* of their respective regional division for their constant efforts to always be attentive to their members. The former caisse had already established a cooperative orientations committee 15 years ago, to make sure that the members are listened to and that their comments are implemented in the caisse service offer. The latter has highly dedicated employees who conduct a weekly survey so they can react as quickly as possible to members' needs.

CAISSE MEMBERS ELECTING THEIR OFFICERS



7,600 elected officers

We strive to secure adequate representativity of our membership on our boards.

At the Fédération des caisses Desjardins du Québec, 5 Board of Directors members are women, with 4 sitting on the Board of Ethics and Professional Conduct. Among the 7,600 elected officers, 29.4% are women and young members aged 18 to 35 represent 8.2%.

Almost 60% of Québec caisses have elected more than 30% of women to the Board of Directors or Board of Audit and Ethics and in one out of five caisses, women account for more than half of governing body members.



In addition, the Fédération des caisses Desjardins du Québec, the caisses and the subsidiaries regularly survey their members and clients on a number of subjects including their satisfaction with regard to service quality. As part of our quality approach, we have a procedure for settling member complaints called *Your Satisfaction is My Priority*, which provides for complaints to be handled at the caisse by employees, and to be sent to Desjardins Member Services or to the Desjardins Ombudsman as needed.

Aside from caisse annual general meetings and the quarterly disclosure of financial results, Desjardins has a number of tools for informing its members and communicating efficiently with them: annual reports, the Community Involvement Report, the *Mes finances-Ma caisse*, *Desjardins Entreprises* and *Partenaires* magazines, a toll-free number, the Member Relations section of the Desjardins Web site, and a telephone service for members to call.

SUPPORT FOR OFFICERS

As all levels of the organization, elected officers enjoy incomparable support to fully and efficiently carry out their functions. Many tools are made available to them and we provide them with the means to properly understand the responsibilities related to these functions and to integrate successfully into their caisse boards.

In addition, our mentoring program, which is being offered to all new officers as of 2004, makes it possible for less experienced people to be mentored by more seasoned officers to help them become familiar with Desjardins' values, structures and modes of operation more quickly. Among the programs offered by the **Desjardins Cooperative Institute**, our "corporate university" launched in 2004, there are some that are specifically designed for officers. By participating in such programs, officers become immersed in the Group's orientations and strategies and are then motivated by a common understanding of the cooperative difference, the issues and the challenges of Desjardins.

ETHICS AND PROFESSIONAL CONDUCT

To ensure that its practices are in line with its stated values, Desjardins drew up a Code of Ethics and Professional Conduct in 2004 that includes rules common to all its components as well as special rules reflecting the requirements of each sector of activity. The Code helps guide the behaviour of each individual and illuminate the decision-making process so that the resulting actions respond to the high demands of integrity and exemplary behaviour that we insist upon; it also is an opportunity for us to reaffirm our commitment to ethics based on integrity, transparency, social responsibility and altruism. The new Code was distributed throughout the caisse network; members of the public may consult the rules regarding our officers and employees on our Web site at www.desjardins.com.

In recent years, where the responsibilities and accountability of company executives have been largely redefined and where oversight and audit mechanisms have been shored up, we plan to better clarify the role and responsibilities of caisse elected officers in terms of oversight and professional conduct. At the same time, we will determine the optimal structures that will enable us to best serve the interests of the members and the caisses.

The 19th Desjardins Officers' Congress in 2005 will focus, among other things, on the oversight role of elected officers.



DISTINCTIVE COMMERCIAL PRACTICES

At Desjardins, every caisse aims to provide access to high quality financial services for all members, adapted to their needs, regardless of the scope of those needs, thereby ensuring them concrete financial benefits and thoughtful, considerate service on a human level. Furthermore, the mission of every caisse is to contribute to the cooperative, economic and financial education of its members, as well as the development of the community and that of cooperation itself. These three goals make up the very basis of our cooperative difference, and are incorporated in all our commercial practices.

MAINTAINING ACCESS TO SERVICES

Maintaining access to high quality financial services for all members throughout the province, regardless of the scope of their needs, is a priority for Desjardins Group. The caisse network in Québec has more than 1,400 points of service – by far exceeding the number of branches of all our banking competitors combined.

The caisses have taken a number of initiatives to adapt to their members' mobility. As a result, many of them revised their business hours in 2004 to better accommodate the needs of their communities, the expectations of their members and the priorities retained as part of the overall network redesign plan. Like a growing number of caisses, Caisse d'économie Desjardins Éduco and Caisse Desjardins des fonctionnaires du Québec reach more and more of their members, who are scattered over a wide territory, through their Web sites. Furthermore, in 2004, having already established the largest network of ATMs in Québec, with a total of 2,922 in Canada, Desjardins became the first

financial institution to launch talking ATMs, accessible to the illiterate and the visually impaired.

MAKING OUR SERVICES ACCESSIBLE TO NEW CLIENTELES

In 2004, we acquired the assets of four remote bank branches located in Senneterre, Lebel-sur-Quévillon, Matagami and Fermont, thereby enabling clients of these establishments to continue to be served locally. Clients of the first three banks became members of the Est de l'Abitibi, Lebel-sur-Quévillon and Amos Desjardins caisses, while a new point of service for Caisse d'économie des travailleurs unis opened in Fermont. Caisse populaire Desjardins d'Amos also inaugurated a new service centre at the Eastmain-1 site to better serve workers at this remote location. Also, in order to provide access to services for our English-speaking and allophone clienteles, the new Desjardins West Island Service Centre can serve members in six languages. Meanwhile, for the past several years, Desjardins has been working with an organization that provides training to new immigrants on how financial services work in Québec. As a result, Desjardins

is often the first financial institution to offer services to new Quebecers upon their arrival. Desjardins is also dedicated to developing closer ties with native communities, in particular through financing practices adapted to their needs. Thirty-six Desjardins caisses serve areas with native populations.

SOLIDARITY PRODUCTS

Desjardins Mutual Assistance Funds are a direct result of the caisses' cooperative difference with respect to commercial practices. Stemming from a partnership between participating caisses and budget consultation organizations, the purpose of these Funds is to assist people in financial difficulty who have no access to traditional credit, by providing advisory services in budget management along with emergency loans, if needed. As such, Mutual Assistance Funds help us meet the needs of all members, regardless of the scope of their needs, while promoting their economic and financial education, and encouraging them to become informed, independent consumers. Since their introduction in 2003, some twenty Mutual Assistance Funds have been created by 224 caisses in 12 regions. By the end of 2004, close to 1,600 budget consultations had been offered and over 600 loans granted, for a total of approximately \$330,000. The satisfaction rate among members using the service is quite high, ranking at 99% in 2004. Because the results were so positive, Desjardins decided to take a step forward by encouraging more caisses to offer this solidarity product to their members.



THE CAISSES' SOLIDARITY PRODUCTS MEET EXISTING NEEDS SEEN HERE AND ABROAD, AND ATTEST OUR COOPERATIVE DIFFERENCE. THE UN PROCLAIMED 2005 "INTERNATIONAL YEAR OF MICROCREDIT", WHICH SHOWS HOW MUCH WE'RE IN TOUCH WITH ALL MEMBERS.

DESJARDINS MICROCREDIT TO BUSINESSES.

Last year, 15 caisses in the Québec City East Regional Division successfully completed a Microcredit to Businesses pilot project, in partnership with the Réseau québécois du crédit communautaire (Québec Community Credit Network) and the Fonds d'emprunt économique communautaire de Québec (Québec Community Economic Loan Fund). As a result, self-employed workers and microbusinesses excluded from the traditional credit networks were able to obtain financing and assistance in carrying out their business plans. After nearly a year, the project lived up to its promises, and the results are very encouraging. Caisses in other regions have now expressed interest – in particular those of the Ottawa Valley, Eastern Townships and Lower Saint Lawrence regions, in addition to a number of economic and community organizations.

EMPLOYEE FINANCIAL ASSISTANCE PROGRAMS

Assistance programs for employees experiencing temporary financial difficulties are further evidence of the cooperative difference of group caisses in terms of solidarity. As a result, Caisse d'économie des employés de la S.T.C.U.M. created a \$50,000 fund for that purpose, while Bombardier employees can receive emergency loans thanks to a \$20,000 fund created by Caisse d'économie Desjardins Éduco, in partnership with the Association of Machinists & Aerospace Workers. Air Canada employees have also had access to a similar assistance program for four years now. In addition, Canadian Armed Forces posted in Afghanistan, Bosnia and Haiti were able to benefit from the "Leave in Peace to Keep the Peace" program created by Caisse d'économie Desjardins des employés et employés du Ministère de la Défense nationale (Québec). Under this unique program, the caisse looks after all their financial affairs during their tours of duty.

Many group caisses have launched student bursary programs to promote the professional development of members and their children. The Caisse d'économie Desjardins des employés en télécommunications "Sharing for Success" program and the Caisse Desjardins des fonctionnaires du Québec "Investing in Your Future" program are two examples.

FINANCIAL INFORMATION AND EDUCATION

In line with its financial and cooperative educational mission, Desjardins makes sure that members have the tools and information they need to manage their assets and finances. The www.desjardins.com Web site is the most visited financial Web site in Québec and third-most popular in Canada, and is ranked first in the top 25 sites in Québec, followed by the Desjardins Financial Security site in second place. The site provides a multitude of information: details on our financial products and services; advice regarding savings, investment, credit and insurance; and links to our subsidiaries' sites and to other sites of interest to our members.

TOP NOTCH PUBLICATIONS

We publish three client magazines to help us keep our members informed. The *Mes finances-Ma caisse* magazine, which has been published for over 40 years, is the most widely distributed personal finance magazine in Québec. It was completely revamped in 2004 to allow members the opportunity to benefit even more from the expertise of Desjardins asset management advisors. The magazine publishes 225,000 issues five times a year, distributed free of charge to caisse members, with 150,000 delivered to members at home. Businesses and agricultural producers also have their own magazines. Published three times a year, *Desjardins Entreprises* and *Partenaires* have a circulation of 50,000 and 20,000 respectively.

MUCH-APPRECIATED TRAINING PROGRAMS

Each year, thousands of members attend Desjardins Seminars conferences offered by caisses throughout Québec. In 2004, topics discussed included the economy today, winning strategies for securing retirement income, tax planning and investment income. Over the course of 2004, Disnat Online Brokerage also offered 85 free seminars to nearly 2,000 people, enabling them to further their knowledge on a variety of market investment-related fields.

GROUP CAISSES IN THE WORKPLACE

By offering personal financial training and adapted services in the workplace, Caisses d'économie du Réseau de la santé contribute to the growing financial autonomy of members of the Fédération des infirmières et infirmiers du Québec (Québec Federation of Nurses). The Caisse Desjardins des fonctionnaires du Québec offered a total of 60 conferences in 2004, on such topics as retirement, succession, mortgages, mutual funds and quality of life.

LISTENING TO CONSUMERS

Desjardins Financial Security organizes regular meetings with various associations in order to get a better idea of the needs and expectations of consumers. For the past three years, our life and health insurance subsidiary has carried out nationwide surveys in order to find out Canadians' health and retirement concerns. This information helps them design products and services that better meet the needs and expectations expressed by respondents.

COUNTERING THE ECONOMIC EXPLOITATION OF SENIORS



Desjardins has more than 650,000 members who are 65 years old or over

"In Charge of Your Life and Your Property"

Inspired by an initiative of Caisse de Saint-Dominique, the "In Charge of Your Life and Your Property" program, aimed at curtailing the financial exploitation of the elderly and protecting their assets, was launched in 2004. Several caisses have already begun implementing the program, including the Granby-Bromont caisse in the Eastern Townships.

The program is especially directed at making members aware of the problem, through a descriptive brochure. It also provides tools for helping employees identify cases of abuse and suggest ways to resolve the issue in a confidential manner, while respecting the wishes and the privacy of the person involved. The caisse is also equipped to kindly and discreetly direct affected members to experts and external resources that can help, all while respecting the confidential nature of its relationship with members and gaining their full consent before proceeding.



FAVOURABLE WORKING CONDITIONS FOR EMPLOYEE PROFESSIONAL AND PERSONAL DEVELOPMENT

OUR EMPLOYEES – OUR GREATEST ASSET

Overall sustainable performance relies on the contribution of skilled, knowledgeable, motivated people who are always willing to go the extra mile to achieve excellence. Our 39,000 employees and managers make up a pool of unparalleled human expertise; they are our greatest asset.

That is why over the past three years, we have implemented an extensive Human Resources Plan, which shows our staff how important their contribution is to achieving our goals and remaining the leader in the financial product and service industry. This recognition is especially evident in our efforts to offer them a stimulating work environment replete with opportunities for development, as well as competitive working conditions and remuneration. Making people the focus of our concerns, our policies and our personnel management practices is largely the result of our cooperative values, and our commitment to our employees is as important to us as our commitment to our members, our clients and the community.

SATISFIED AND MOTIVATED EMPLOYEES

Staff satisfaction and motivation surveys were carried out in January 2004 at the Fédération and in April 2004 throughout the caisse network. These surveys confirmed significant improvements in satisfaction levels since 2002, with an increase of 3 points in each case. Our Desjardins Financial Security and Desjardins Asset Management subsidiaries also measured their employee satisfaction levels. In both cases, the results were extremely positive. Meanwhile, our Desjardins General Insurance Group (DGIG) subsidiary was ranked

among the top 50 employers of choice in Canada by *The Globe & Mail's Report on Business Magazine* and Hewitt & Associates. We would like to highlight that employee responses to satisfaction surveys count for 70% in this ranking. Some 2,400 DGIG employees throughout Québec and other Canadian provinces – or close to 80% of its staff – responded to the survey.

COMMUNICATION AND TRANSPARENCY

Guided by a culture that stresses communication and openness, we maintain productive exchanges with our employees through surveys and various print and electronic communication tools, as well as through regular meetings wherein we discuss our strategic vision, our business objectives and our financial performance. This approach was especially fruitful in 2004, during the period of major organizational changes resulting from the Group's new strategic structure, the Fédération's revised offer of services to the caisse network and the reassignment of Desjardins Financial Corporation and Desjardins Trust activities to the Fédération. Considering the scope of its effect on our employees and managers, we have a duty to make sure that they are informed of the issues involved in this reorganization and the steps associated with its implementation. We have worked

very hard to make sure that the transition is made smoothly and that those affected are reassigned to other areas within the Group, so that everyone involved and their collective agreements are respected.

COMPETITIVE REMUNERATION

Our employees enjoy one of the most competitive benefit and pay scales, which match their skills, knowledge and productivity. In 2004, the pay scale was adjusted, leading to an overall payroll increase of more than 6%, while profit-sharing and group insurance plans open to all employees were also expanded. For example, the caisses' and Fédération's profit-sharing program is specifically aimed at having employees directly benefit from caisse profits and motivating them to work towards achieving the cooperative network's annual business plan objectives. This bonus program has now been implemented in 92% of caisses and as at December 31, 2004, represented 7.3% of the payroll.

BALANCING WORK AND PERSONAL LIFE

One of the measures we have adopted to promote harmony between employees' work and personal lives is an hour-bank management system where surpluses and deficits depend on various events and each person's specific needs. We also offer our employees a generous parental leave program for both births and adoptions. Other items that make it easier for Desjardins employees to juggle work and family include the creation of a daycare centre at the Lévis premises nearly 25 years ago. There is also a daily shuttle service every weekday morning and evening between Lévis and Montréal. Finally, in order to promote our employees' well-being and reduce travel requirements, Desjardins offers various technological solutions such as working from home, videoconferencing and teleconferencing.

HEALTH AND WELL-BEING

We have been investing in the health and well-being of our employees for many years now. The purpose of our *Desjardins Health and Well-being Program* is to make sure our employees take responsibility for maintaining their own health and to encourage them to begin a personal reflection process and to adopt a healthy lifestyle. Employees can attend conferences given by specialists during working hours, on such topics as stress, physical activity and nutrition. A voluntary follow-up program is also available, to help them set priorities and create an action plan to improve certain aspects of their health and well-being. At the Fédération, the employee participation rate in this program has reached 75%, and the satisfaction level is even higher.

We also implemented other much-appreciated measures, including a free, province-wide flu virus vaccination program in the workplace, as well as an education program stressing the importance of practicing physical activity combined with the reimbursement of fees related to physical activity starting in January 2005. Our new employee stop-smoking program has led to a 25% reduction in the number of smokers at the Fédération in the last year alone; the number is now down to 16%, compared to the provincial average of 30%. Well-being is also a priority among our subsidiaries. For example, the *Have Fun at Work* program at Desjardins Financial Security and Desjardins Asset Management helps employees reduce stress.

SKILLS DEVELOPMENT

In 2004, we dedicated over 4% of our total payroll to employee training, which is solid proof of how much we value the development of our employees' skills. By the end of the year, 90% of caisses in Québec and Ontario, all our corporate financial centres and most Fédération business units were involved in an extensive service quality training and mobilization program called the *Quality Train*. Under this program, 4,659 officers, 1,569 General Managers and administrators, and 22,253 employees had participated in a mobilization session at the end of the year, while 1,531 General Managers and administrators and 21,326 employees had participated in training sessions on the foundations of excellence. Meanwhile, close to 4,000 caisse employees benefited from programs offered by our training centers to improve their skills and knowledge in 2004. In order to increase access to training and reduce costs and

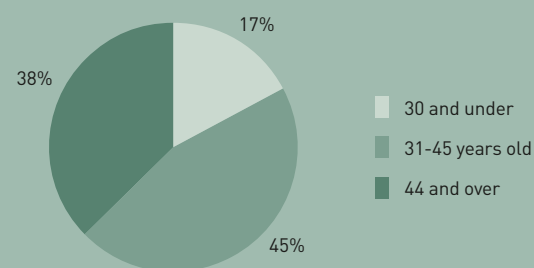


\$1.9 billion
in salaries and
fringe benefits

This was Desjardins' total payroll in 2004.

Number one private employer in Québec and one of the 20 largest in Canada, Desjardins boasts more than 39,000 employees and managers working in the caisse network and the business places of its various components.

Desjardins employees by age group as of December 31, 2004



Women in management positions

- Women account for nearly 19% of caisse General Managers and 60% of heads of services or teams.
- 46% of all management positions in the caisses and nearly 18% in the Fédération are held by women.
- In our subsidiaries, 23% of senior management is made up of women.



travel time for our employees, we also installed an online training system. Our subsidiaries are also investing in staff training programs, both internally as well as through well-known external organizations. For example, 1,094 Desjardins Financial Security employees took the Life Office Management Association training course in 2004.

DESJARDINS COOPERATIVE INSTITUTE

In 2004, we launched our very own “corporate university”, the Desjardins Cooperative Institute, which was created to be a stimulating forum where officers and managers from all our components come together to study, discuss, reflect on and absorb the values, vision and strategic orientations of the Desjardins Group cooperative movement. The Desjardins Cooperative Institute is thus a resource and a mobilizing force, based on a common understanding of the cooperative difference. By expanding their knowledge base, they acquire a culture of management and governance unique to Desjardins and learn to adopt behaviours and practices that strengthen the cooperative foundations of the Group. Ultimately, those who benefit most are our members and clients. The very first DCI program, *Desjardins: Building the Future*, was offered 16 times in 2004 at as many locations, with the first 794 participants registering a satisfaction rate of 98%. Pilot sessions for Program 2, *Desjardins: Destination Excellence*, were also held towards the end of 2004.

CAREERS AT DESJARDINS

We have numerous internal promotion and pre-qualifying programs that, each year, enable hundreds of people looking for advancement to apply, have their potential evaluated and undergo structured training to make their dreams come true. By the end of December 2004, we had pre-qualified 377 of our employees and managers for the position of caisse General Manager, with 119 having completed the development program for the position and 86 still in training. At the same time, a total of 1,344 people had benefited from training activities as part of our program to encourage local promotions in areas outside urban centres, and 95 financial planners had either started or finished the necessary training to progress to a higher level in their field.

We put a lot into these programs, as well as into measures we created to promote balance between our employees’ work and personal lives, develop their skills and knowledge and increase the presence of women in management positions. While progress in that respect is not as quick as we would like it to be, women today hold 18.8% of caisse General Manager positions, 17.8% of managerial positions at the Fédération and 23% of senior management positions among our subsidiaries. Furthermore, 24% of women managers at the caisses are now pre-qualified and could eventually apply for and obtain General Manager positions.

All of our components, meanwhile, are actively working on integrating young people into their organizations under the *Desjardins Youth Focus* program. Several of these initiatives are described on pages 15 to 20. We would like to add that 371 young people fresh out of college and university were recruited and trained in 2004.

Finally, human resource management was key throughout Desjardins in 2004, which should create an even more favourable environment for progress and for realising the potential of all our employees. We already had one *Career Day* in 2004, held simultaneously in Montréal, Lévis, Mississauga and Toronto, which helped spread information about employment prospects in all our components, similar to what our recruitment micro-site has been doing since April 2004, by displaying all Desjardins Group positions available.

DESJARDINS YOUTH FOCUS



FOUR BRIDGES TO THE FUTURE

The *Desjardins Youth Focus* program demonstrates how important young people are to us. It is a massive and concerted effort by all Desjardins components in support of the social, professional and financial integration of 15 to 30-year-olds. The program was launched at the start of 2004, with the creation of four bridges - **COMMERCIAL PRACTICES, DEMOCRACY, KNOWLEDGE AND INFORMATION, AND EMPLOYMENT** - that lead the way to a multitude of projects throughout Québec and Ontario.

The *Desjardins Youth Focus* program is a reflection of our cooperative values in which young people are the key players, and the caisses are involving them directly in the development of their action plans. That ensures that the projects chosen, and their offer of services, properly correspond to the reality of local young people. Many caisses have set aside a special place for them in their annual general meetings or have held meetings and forums to discuss issues such as: Who are they? What do they need? What difficulties are they experiencing?

Already more than 60% of the 572 caisses in Québec and Ontario have launched *Youth Focus* projects, and over half of the others will do so in 2005. The subsidiaries also began or completed various projects aimed at better serving young people or welcoming them into their organizations. Desjardins Group as a whole is highly mobilized by this far-reaching program, which was the result of discussions at our Congress on Cooperative Renewal and which will continue over the next few years. Pages 16 to 20 present an overview of the Group's activities solidifying our commitment through each of the four bridges.

OUR MAIN PARTNERS

• Carrefour Jeunesse Emploi du Québec • Chantiers Jeunesse • Concours québécois en entrepreneurship • Conseil de la coopération du Québec • Fondation pour l'éducation à la coopération • Office franco-québécois pour la jeunesse • Place aux jeunes du Québec • Réseau des centres de formation en entreprise et récupération (CFER) • Réseau intercollégial des activités socioculturelles du Québec (RIASQ) • Cégeps en spectacle



THE COMMERCIAL PRACTICES BRIDGE

Our commercial practices towards young people encompass not only the way we do business with them but also the entire range of products and services we offer, which are especially tailored to their needs. With more than 250,000 student loans in force, Desjardins is the top lender to students in Québec. And for their other financial needs, our d.plan for Students includes products and services adapted to their specific realities, such as the Student Advantage Line of Credit, the d.plan for Students VISA Desjardins card, as well as the D Capital Solution.

With the implementation of the *Desjardins Youth Focus* program, all our components are motivated to adapt their service offering even better to meet the needs of young people, enabling them to build up solid and confidence capital with respect to their future business relations with Desjardins. As a result, since obtaining a loan with the usual standards is often difficult for young people with no credit history, the caisses have altered their practices to accommodate their reality. Desjardins shows more confidence to young people by taking into account their savings habits, social commitments, work experience and loyalty to Desjardins. We also revised our methods to avoid the inconvenience of cash stoppage, by offering an authorized transit adapted to the needs of each person.

Some caisses and components also took initiatives of their own with respect to their young clientele. For example, the Caisse populaire Desjardins de l'Ardoise launched the *Desjardins Jeunes Entrepreneurs* microcredit program to help young entrepreneurs with no access to traditional forms of credit to carry out their projects, while fostering the creation of jobs in the Richmond area. Meanwhile, Caisse Desjardins des fonctionnaires du Québec launched its *Habitat jeunesse* program, which enables members aged 35 and under to obtain financial support when applying for their first mortgage.

Buying a car is also a key moment in the lives of young adults, and the cost of insurance can often be a major deterrent. Desjardins General Insurance has adopted new rate-setting practices to take into account the growing experience of these young people.

PREVENTIVE PRACTICES

A number of measures have also been set up to prevent young people under 30 from getting heavily into debt. These include the publication of an educational bulletin on credit and a pamphlet with advice for all new d.plan for Students cardholders, as well as telephone calls to young people whose payment habits are changing, to help them prevent their situation from further deteriorating. Finally, our *Chrome* program for teenagers aged 12 to 17 is aimed at encouraging them to develop healthy financial practices. Through our *Operation Top Secret* contest launched at the end of the year, young members participating in the program learn, among other things, how to use their Desjardins Access Cards safely.



INTEGRATING YOUNG PEOPLE INTO OUR SEATS OF POWER, HELPING THEM TAKE THEIR PLACE IN SOCIETY AND BECOME COMMITTED CITIZENS, AWARE OF THE ADVANTAGES OF THE COOPERATIVE FORMULA.



THE DEMOCRACY BRIDGE

YOUNG OFFICERS AT DESJARDINS

The 18-34 age group is already well represented among our democratic functions. As at December 31, 2004, there were more than 500 young men and women sitting as elected officers on their caisse's Board of Directors or Board of Audit and Ethics. We would like to see more of this group in our ranks, to allow their voices to influence us even further.

Our *Young Intern Officer* program is one way for us to create a greater place for young people and encourage the caisses to integrate this demographic into their activities. In 2004, 90 young people from age 18 to 30 took advantage of this program to sit on their caisse's Board of Directors for 12 months as non-voting members. At meetings and discussions of elected officers, interns learn what it means to be a director in a financial cooperative, while participating in their caisses' youth-related orientations. The experience is rich in social and educational value, as they acquire knowledge and skills that will serve them in their future careers. Following their internships, many go on to become elected officers. In 2004, the program was expanded to include a travel-study portion to visit four major cooperative groups in France. Seventeen of the young

intern officers who entered a contest will be able to learn about different financial cooperative models and the main challenges they face.

DISCOVERING THE ADVANTAGES OF THE COOPERATIVE FORMULA

Desjardins supports the *Jeune COOP* program, in conjunction with the Conseil de la coopération. The program provides young people and educational professionals in the later years of high school with the tools they need to set up co-operatives. Because of its simplicity and the fact that it fits in with the "good citizenship" and "direction and entrepreneurship" aspects of the current educational reforms, *Jeune COOP* has already attracted considerable interest among schools and organizations such as youth centres. By the end of 2004, nearly a dozen cooperatives had been created in schools, and close to a dozen more were in development.

Desjardins is also a partner of the Fédération coopérative de développement régional du Québec in the *Défi de l'entrepreneuriat jeunesse* challenge, aimed at promoting entrepreneurship among future businessmen and women and encouraging them to develop cooperative attitudes and practices. We are also associated with various programs instituted by the Fondation

pour l'éducation à la coopération, such as *La Relève en action* (*Emerging Professionals in Action*), which acknowledges the efforts of young co-operators trying to make cooperation and inter-cooperation work in their communities.

TURNING TODAY'S YOUTH INTO TOMORROW'S ACTIVE AND COMMITTED CITIZENS

Under an agreement with the Québec government and Chantiers jeunesse, Desjardins supports group development projects here and abroad: restoration of heritage buildings, creation of eco-tourism infrastructures and expansion of community facilities, etc. The 13 work experience programs carried out in 2004 enabled almost 200 students, drop-outs, young workers and unemployed people to learn new things, expand their horizons and boost their self-esteem in the spirit of solidarity and respect for differences. A further 194 young Quebecers participated in programs abroad. Since 1994, 4,200 young people from here and elsewhere have participated in the Chantiers jeunesse that have often led to the creation of new jobs, in addition to other concrete, sustainable spin-offs to the community.

"Journée Jeunes Leaders"

For the fourth year in a row, young elected officers and intern officers participated in Desjardins' Journée Jeunes Leaders program, which is a day set aside to give them the opportunity to speak with members of the Group's senior management, including the President and C.E.O. This year, young employees of Desjardins caisses and subsidiaries also participated, giving the program an entirely new dimension. Participants brought attention to the aspects of the *Desjardins Youth Focus* program that were most important to them.



THE KNOWLEDGE AND INFORMATION BRIDGE

In founding the first School Caisse in 1901, Alphonse Desjardins discovered a powerful tool for making young people aware of proper financial management and getting them interested in the values of saving and cooperation. Today, the School Caisse is still carrying out its mission in 900 elementary schools across Québec, particularly with respect to teaching sound consumption habits.

The Knowledge and Information Bridge enables Desjardins to keep up this work by providing young people with the financial knowledge they need to help them make informed choices and properly manage their own personal finances in order to carry out their plans and dreams. Meanwhile, all the Desjardins components are pitching in to help young people develop good savings and credit habits and to become savvy consumers when it comes to personal finances.

GETTING BETTER ORGANIZED BY GETTING BETTER INFORMED

The *Teen* and *18-24 Generation* portals on our www.desjardins.com Web site are excellent sources of financial information for young people, explained in easy-to-understand language, complete with tips and advice on savings, investments, credit and insurance, as well as various simulator tools. The portals also present short articles on cooperation (*How Cooperation Works*) and general interest information on health, career and society, as well

as a variety of useful links. Towards the end of the year, our Desjardins General Insurance subsidiary also added a link to information on drinking responsibly and driving under the influence, in collaboration with **Operation Red Nose**. The various educational columns on the Desjardins youth portals receive between 10,000 and 15,000 hits each month.

Desjardins, the top lender to students in Québec, also makes a special point of educating young people on the best ways to balance money and their studies. In addition to informing students about how to get financial assistance, our *When It Comes to Credit, I Always Come Out Ahead* Guide, distributed to some 140,000 students at the start of the 2004-2005 school year, answers a multitude of frequently asked questions regarding proper financial management, and the judicious use of financing tools and credit. Desjardins took advantage of its association with the Réseau intercollégial des activités socioculturelles du Québec (Québec Intercollegiate Network of Socio-cultural Activities), which works closely with 60 CÉGEP-level schools, to meet with young people and distribute this information.

BUILDING THE FUTURE NOW!

In 2004, **Développement international Desjardins** discovered an original way to incorporate the *Desjardins Youth Focus* Knowledge and Information Bridge idea into its activities in launching an international text and illustration contest, in collaboration with **Radio-Canada International**, called *Building the Future Now!* Young people all over the world were invited to share their visions of a fairer, more just and more prosperous, modern world – values that are dear to Desjardins and very important to young people as well. Winners will be taken to visit cooperative savings and loan networks in other countries to learn about their effects on community development.

HELPING YOUNG PEOPLE
INTEGRATE INTO THE JOB MARKET
EDUCATION: \$5.5 MILLION IN 2004 INCLUDING
MORE THAN \$1 MILLION IN SCHOLARSHIPS



THE EMPLOYMENT BRIDGE

SCHOOLING

Education is one of the most important issues facing us today, as our ability as a society to innovate and to successfully navigate an increasingly complex world relies upon a solid basic education for everyone, as well as access to higher education for as many people as possible.

FONDATION DESJARDINS GRANTS AND BURSARIES: \$551,000

Fondation Desjardins offers more university scholarships than any other private organization in Québec. The caisses and various other Desjardins components sponsor these programs, thereby ensuring their continuity. In 2004, they put in more than \$300,000, to which the Fédération des caisses Desjardins du Québec added a donation of \$71,000. Since its creation over 30 years ago, Fondation Desjardins has spent over \$8 million on grants and bursaries to encourage young people to continue their studies and reach higher levels of excellence.

In awarding these bursaries, Desjardins is proud to support people on the road to academic success who are doing great things for the community. We simply give them an extra little push to encourage them to go that extra mile. In 2004, Fondation Desjardins gave out 217 Bachelor's, Master's and PhD-level bursaries, and another 134 employability-related grants, for a total of \$551,000.

CAISSE SCHOLARSHIPS: \$554,000

In addition to helping finance the Fondation's activities every year, Québec and Ontario caisses handed out more than 200 student bursaries in 2004, totalling over half a million dollars. For example, Caisse Populaire de La Tuque and Caisse d'Économie des Employés de la C.I.P. awarded twenty \$500 bursaries, while the Caisses Desjardins de Lac-Saint-Jean-Est spent \$18,750 on professional, college and university-level scholarships.

WORKING TO LOWER THE DROP-OUT RATE

Desjardins caisses support many organizations and programs in their respective communities aimed at lowering the school drop-out rate, such as Québec's network of 17 Centres de formation en entreprise et récupération (Business and Recycling Training Centres). The CFERs enable young people to complete their studies while

learning about the environment and also provide them with an exceptional opportunity to boost their self-esteem. At the Saint-Raphaël de Bellechasse CFER, 10% of students decided to stay in school and 80% of graduates found unspecialized jobs in local businesses.

EMPLOYABILITY

The first and foremost demonstration of our commitment can be seen in the way we take them into account in our recruiting and hiring practices. In fact, a full 17% of our staff is between the ages of 18 and 30. Besides our recruitment microsite on desjardins.com, we also go see young people right where they are, to let them know about career opportunities at Desjardins. A number of our components participate in Desjardins career days in college and universities, while some subsidiaries such as Desjardins

\$820,000 GIVEN TO HIGHER EDUCATION

- Université Laval • Université de Montréal • Université du Québec à Montréal
- Université du Québec à Trois-Rivières • Université du Québec en Abitibi-Témiscamingue • Université du Québec à Chicoutimi • Université du Québec à Rimouski

OTHER INSTITUTIONS AND ORGANIZATIONS SUPPORTED BY DESJARDINS

- Young Achievers Awards • Institut maritime du Québec • Collège Marie-Victorin • L'école et les arts (School and Art program) • Conseils du loisir scientifique • Fondation Bouchard de La Pocatière • Institut national de la recherche scientifique • Salon de la formation professionnelle et technique (Professional and Technical Training Trade Show) • Fondation Sourdin • Fondation Édouard-Brochu • Concours provincial de français de l'Ontario (Ontario Provincial French Contest) • SOS Devoirs – Ontario



General Insurance Group promote themselves as career options at job fairs in Québec City and Montréal, as well as in newspapers, student agenda books and publications for young people.

SUMMER JOBS WITH THE DESJARDINS YOUTH WORK EXPERIENCE PROGRAM

With the *Desjardins Youth Work Experience* program, Desjardins caisses enable teenagers aged 15 to 18 to perform a 180-hour summer internship — paid and supervised — at local businesses, complete with interview training, to develop their employment skills. Carried out in conjunction with Carrefours Jeunesse Emploi and local businesses, the program obtained exceptional results in 2004, with 72% more caisses participating than originally hoped for. Conceived in the Lanaudière region in 1996, some 67 caisses in seven regions across Québec have since adopted the program, with some caisses collaborating to provide an even greater impact. As a result, in the summer of 2004, more than 250 young people found their first job thanks to Desjardins.

BUILDING CAREERS IN OUTLYING AREAS AND REVERSING THE EXODUS OF YOUTH

Desjardins is actively working to counter the exodus of young people between the ages of 18 and 35 to urban centres and encourage qualified young people to migrate to regional areas. As part of our efforts to demonstrate that it is possible to build successful careers back home, facilitate the professional integration of young people and help them create their own businesses in outlying areas, Desjardins has been a supporter of *Place aux jeunes du Québec* for

the past 15 years. Among other things, we finance the salaries of agents whose jobs are to make young people aware of specific labour needs and connect them with local businesses and employers. Furthermore, our financial support made it possible to carry out 67 projects, enabling 926 young people to perform 221 exploratory short-term stays in 14 regions across Québec. In 2003-2004, a total of 228 young people ended up migrating to regions they visited. In December 2004 and January 2005, over 20,000 students received invitations from the Desjardins Student Loan Management Service to sign up for these exploratory stays.

ENTREPRENEURSHIP

Today's young people are also tomorrow's entrepreneurs. It is therefore very important to cultivate in them the desire to create their own employment, by developing their sense of entrepreneurship.

We support the *Québec Entrepreneurship Contest*, the purpose of which is to educate students and young entrepreneurs about the business world and about cooperation, while promoting collective and individual entrepreneurship in regional areas. For the past two years, we have also supported the regional division of the Contest.

Our Desjardins Venture Capital subsidiary offers a mentoring program for young entrepreneurs with highly qualified personnel with experience at the helm of known businesses.

Every year, Fondation Desjardins, in collaboration with a number of our subsidiaries, including Caisse centrale Desjardins, awards three *Desjardins Young Entrepreneurs* bursaries to 18 to 35-year-old leaders of start-up businesses in Québec. In 2004, these bursaries went to: Précicom Technologies, of Thetford Mines, a company providing IT support, which received the \$6,000 Central Québec regional bursary and the \$10,000 provincial bursary; Elyss cuir, of Saint-Émile, a designer and manufacturer of high-end leather clothing and accessories, which received the \$6,000 Eastern Québec regional bursary; and Flik Studio, of Montréal, offering video production and postproduction services, which received the \$6,000 Western Québec regional bursary.

TALENTED YOUNG PEOPLE

Desjardins is associated with the Réseau intercollégial des activités socioculturelles du Québec (RIASQ), as official presenter and main sponsor since 1997. The major events that we sponsor, namely *Cégeps en spectacle*, the *Festival intercollégial de théâtre*, the *Festival intercollégial de danse* and the *Exposition intercollégiale d'arts plastiques*, reach close to 140,000 students in 60 colleges. In 2004, Fondation Desjardins did its part for the next generation by awarding three \$10,000 grants to support young film-makers.



SUPPORTING SUSTAINABLE ECONOMIC DEVELOPMENT IN OUTLYING AREAS

As the largest financial cooperative group in Canada and the number one financial institution in Québec, Desjardins is on the front lines of regional development. Wherever we are, our actions are designed with a view towards sustainable development, thereby creating wealth and contributing to the economic prosperity of communities.

DIRECTLY CONTRIBUTING TO THE ECONOMY

In 2004, the various Desjardins components paid a total of \$588 million in direct, property and sales taxes, as well as other federal, provincial, municipal and school taxes. Furthermore, their annual purchases of goods and services add up to approximately \$582 million, thereby enabling their partners and suppliers to prosper and, as a result, to create jobs in the areas in which they operate.

A FORCE TO RECKON WITH

Thanks to our financial performance, which we expect to be overall and long-lasting, we provide employment to more than 39,000 people across Canada, paying them \$1.9 billion in salaries and benefits, with the usual spin-offs to the economy. In Québec, where we are the largest private employer, more than 35,000 people hold good, stable jobs at Desjardins, and our cross-Canadian business development – especially in Ontario – has led to over 3,900 more.

REGIONAL PRESENCE

Our physical human presence in the areas served by the caisses, their service centres and corporate financial centres, as well as the business offices of our subsidiary corporations, makes a substantial contribution to the economic vitality of regional areas. Whenever possible, we encourage the deconcentration of our activities, such as in Gaspé, Québec, where the Desjardins Student Loan Management Service employs approximately 100 people (mainly young people in their thirties), making it the top private employer in the area, with a payroll of \$3.5 million.

In 2004, Desjardins paid out \$17.5 million in sponsorships and donations for the sustainable economic development of outlying areas.

DESJARDINS: EMPLOYMENT IN OUTLYING AREAS AND URBAN CENTRES

- Top private employer in Québec, with 35,493 employees
- One of the top 20 employers in Canada, with 39,347 employees
- The caisse network has 22,651 employees throughout Québec and the subsidiaries employ 7,697 people, province-wide
- The 5,145 employees of Fédération des caisses Desjardins du Québec, including those of its business units and trust services division are divided among the head office at Lévis, the Montréal offices as well as the 17 regional offices
- Desjardins also has 3,854 employees in the other provinces, 2,083 of whom work for the caisses and their federations, and 1,771 for our subsidiaries.



We have approximately 1,200 account managers, of which nearly 1,000 can be found in the 55 CFCs, serving over 125,000 entrepreneurs, making financial commitments of close to \$30 billion.

THE FINANCIAL STRENGTH OF DESJARDINS AT THE SERVICE OF BUSINESSES

Desjardins is the only financial institution that makes so many resources available to serve the needs of business people. Thanks to our network of corporate financial centres (CFC), we accompany businesses, as creators of economic activity and jobs, in their growth and their search for greater prosperity. CFC account managers, backed by experts from our various subsidiaries, provide a complete service offer that meets the needs of all types of businesses – small, medium and large. Today, this network has matured into the largest business force in Québec, financing close to 45% of businesses province-wide. It is a force capable of providing professional support to entrepreneurs in their quest for greater productivity and market development in Québec, Canada, North America and around the world.

SUPPORTING SMALL BUSINESSES AND THE SELF-EMPLOYED

Small businesses and self-employed workers are not left out of our business development strategies. In fact, they make up 70% of our business clientele. In 2004, we decided to reposition and simplify our offer of services to them, in order to maintain access to high quality services adapted to the needs of these businesses – which are often the embodiments of the hopes and dreams of their founders. In 2004 Desjardins supported 185,000 members in this category, with commitments totalling \$2.6 billion, making us the leader in this market in Québec.

ACCOMPANYING FARMING ENTREPRENEURS

Desjardins is also the leader in farm financing in Québec, cornering 43% of the market. Businesses in this sector are at the core of the economy of many regions, and it is essential that we accompany them as we have always done – not only through the periods of success and prosperity but also through the more difficult times like those experienced in recent years by the agri-food industry. For example, thanks to their extensive knowledge of the field, agri-business account managers are able to demonstrate flexibility and understanding when assessing the needs of cattle farmers in financial distress.

With a financing portfolio worth \$4.5 billion, Desjardins finances some 18,000 agri-businesses throughout Québec.

Desjardins also assists agricultural businesses by organizing information sessions and making advisory services and planning tools available to them, such as our farm transfer program, which ensures continuity when family farms are passed down from one generation to the next.

SUPPORTING ENTREPRENEURSHIP

Another way that Desjardins contributes to sustainable regional development involves enabling future entrepreneurs to take full advantage of their potential and create businesses based on solid foundations. In providing them with a greater chance of success, we hope that they will prosper and benefit the community through their investments and the jobs they create. Desjardins is also a proud partner of Fondation de l'entrepreneuriat, which promotes the entrepreneurial culture as a means to ensure the economic and social development of Québec.

We also support women leaders in business, especially in outlying areas, and have developed a special approach for them enabling CFC account managers to better

understand their needs and provide appropriate assistance. Meanwhile, the Fédération des caisses Desjardins du Québec is the main partner of the *Prix femmes d'affaires du Québec* awards honouring women entrepreneurs, professionals and upper-level managers who stand out in the business world.

VENTURE CAPITAL AT THE SERVICE OF SUSTAINABLE REGIONAL DEVELOPMENT

One of the most important tools we have to create wealth and support sustainable economic development in regional areas is venture capital. In that respect, the contribution of our Desjardins Venture Capital (DVC) subsidiary is crucial. DVC complements the actions of the caisses by injecting venture capital into cooperatives and businesses and by offering them the assistance they need for start-up, growth and market development.

In addition to our corporate financial centres, which can be found throughout Québec and Ontario, the 16 regional offices of Desjardins Venture Capital are just so many open doors allowing entrepreneurs access to a full range of financial services, including venture capital and quasi-equity financing.

As Desjardins' venture capital fund manager, DVC also manages the assets of Capital régional et coopératif Desjardins (CRCD), a public fund whose capitalization is expected to reach \$1.375 billion over the next 10 years. In 2004, through its eight funds under management – including CRCD – DVC invested \$127 million in 97 businesses and cooperatives.

As at December 31, 2004, CRCD held investment commitments totalling \$209 million in 113 Québec companies, \$55 million of which went to cooperatives and businesses in Québec's resource regions.

More recently, Desjardins once again demonstrated its commitments to regional economic development by announcing its participation in the Québec government's Fonds d'intervention économique en région (Regional Economic Intervention Funds or FIER). This commitment will involve a \$25 million investment by Capital régional et coopératif Desjardins in FIERs-PARTENAIRES partnership funds and the financial participation of Desjardins Regional Investment Funds in the creation of FIERs-RÉGIONAUX regional funds, in addition to an offer to analyze projects free of charge and become co-investors in projects likely to provide strong benefits to the area.

DESJARDINS VENTURE CAPITAL: INCOMPARABLE LEVERAGE IN SUPPORT OF OUTLYING REGIONS



Partnering with more than 170 enterprises and cooperatives in Québec, thereby helping support some 15,500 jobs.

NEW COMMITMENTS IN 2004: TOTAL OF \$127 MILLION

Eastern Québec

\$18 million to 25 businesses

Businesses financed: 59

Jobs created or maintained: 5,130

Central Québec

\$42 million to 22 businesses

Businesses financed: 34

Jobs created or maintained: 2,649

Western Québec

\$55 million to 42 businesses

Businesses financed: 67

Jobs created or maintained: 7,413

Ontario

\$12 million to 8 businesses

Businesses financed: 16

Jobs created or maintained: 1,093

DESJARDINS VENTURE CAPITAL INVESTED IN BUSINESSES FROM VARIOUS SECTORS IN 2004:

- Groupe Canmec, in the Saguenay, which specializes in the design, manufacture and installation of industrial equipment
- Topigen Pharmaceutiques, of Montréal, specializing in research on the treatment of respiratory diseases
- Cactus Commerce, of Gatineau, which provides software and services for online business processes
- Les Entreprises Michel Lapierre, which operates the "Le Marché Végétarien" food chain in the Sherbrooke/Trois-Rivières corridor
- Matériaux Spécialisés Louiseville, of the town of Louiseville, which specializes in the production of fibreboard panels and derivative products for the construction industry.

MONEY AT THE SERVICE OF PEOPLE

DESJARDINS GIVES A CONSIDERABLE AMOUNT OF MONEY IN THE FORM OF SPONSORSHIPS AND DONATIONS TO FACILITATE ACCESS TO HEALTH CARE, FIGHT POVERTY, SUPPORT PHYSICAL ACTIVITY AND SPORTS, AND PROMOTE ARTS AND CULTURE. ABOVE AND BEYOND THE MONEY INVESTED, THE DESJARDINS COOPERATIVE DIFFERENCE STEMS FROM ITS DEEP-ROOTED NETWORK OF CAISSES AND THE DAILY COMMITMENT OF ITS EMPLOYEES AND ELECTED OFFICERS TO SOCIETY. IN ADDITION, THROUGH THE COMMUNITY DEVELOPMENT FUNDS, MEMBERS CAN ALLOCATE CAISSE SURPLUS EARNINGS TO COLLECTIVE PROJECTS TO BENEFIT THEIR COMMUNITY.

PUTTING OUR HUMAN AND FINANCIAL STRENGTHS TO THE SERVICE OF PEOPLE AND THEIR COMMUNITIES IS ANOTHER WAY FOR US TO COMBINE VALUES WITH ASSETS – AND CONTRIBUTE TO THE WELL-BEING OF INDIVIDUALS AND COMMUNITIES.



HEALTH \$12.3 MILLION IN 2004

Facilitating access to quality health care for all people, both in urban centres and in outlying areas, and contributing to the advancement of medical research and prevention are priorities for us and for our members. Each year, we support numerous university hospital foundations and regional health and social services institutions, as well as various other community projects. The following contributions are just some of the new commitments we made in 2004.

SUPPORT FOR HEALTH CARE

The caisses in the Centre-Mauricie and Haute-Mauricie areas gave \$75,000 to the Fondation CHSLD Centre-Mauricie to improve the quality of life of people living in the residences of the region. The Lachine/Saint-Pierre and Dorval-Pointe-Claire caisses together with the Fédération donated \$20,000 to the Fondation du Centre hospitalier de Lachine for the purchase of equipment and the financing of a geriatrics investment program. Caisse populaire Desjardins de l'Héritage des Basques became the first major partner of the Fondation du Réseau de santé et de services sociaux des Basques (Les Basques Health and Social Services Foundation), committing to a donation of \$100,000 over five years. Caisse populaire Desjardins de Maria allocated \$10,000 from its Community Development Fund to the Centre Hospitalier Baie-des-Chaleurs. Thanks to a \$10,000 donation from Caisse populaire Desjardins de Joliette, the parent-child unit of the Centre hospitalier

régional de Lanaudière was able to improve care for mothers and newborns through the purchase of two new pieces of medical equipment. Desjardins Financial Security and Desjardins General Insurance along with 65 caisses will also be donating \$700,000 over four years to the Télémétrie Chaudière-Appalaches program to outfit ambulances with telemetric equipment enabling real-time transmission of patients' medical data to hospitals in the region.

HELPING OURSELVES THROUGH HEALTH CARE COOPERATIVES

To deal with the shortage of doctors and the difficulties in accessing health care services in their area, Aylmer citizens formed an innovative partnership with health care professionals and local organizations to create the Aylmer Health Coop. Open since January 2004, this cooperative has been able to rely on the financial and technical support of Caisse populaire Desjardins d'Aylmer and Desjardins Financial Security. In addition,

SOME OF THE HEALTH-CARE INSTITUTIONS AND ORGANIZATIONS BENEFITING FROM OUR SUPPORT:

• Montreal Children's Hospital • Hôpital Sainte-Justine • Centre hospitalier universitaire de Québec • Institut universitaire de gériatrie de Montréal • Centre hospitalier universitaire de Sherbrooke • Montréal Heart Institute • Centre hospitalier Pierre-Boucher • Ottawa's Montfort Hospital • Hôtel-Dieu de Montmagny • Centre hospitalier/Centre hospitalier de soins de longue durée de Papineau (Papineau Hospital and Palliative Care Centre) • La Maison des greffés du Québec for transplant patients • Mouvement d'aide et d'information SIDA du Bas-Saint-Laurent (Lower Saint Lawrence AIDS assistance and information group) • Centre Jean-Lapointe for teens • Institut de recherches cliniques de Montréal (Montreal Clinical Research Centre) • Fondation Air Médic • Maison Mathieu-Froment-Savoie • Portage • Multiple Sclerosis Society of Canada, Québec Division • Québec Cystic Fibrosis Foundation • Association québécoise pour les enfants déficients • Maison de soins palliatifs Le Radeau palliative care institute



the *Desjardins Développement Communautaire* 2004 annual prize for community development was awarded to the Coopérative de solidarité Santé Les Grès. Founded in 1995, this health services cooperative was the first of its kind in Quebec. It shares its expertise with both national and international partners in an effort to persuade more and more people to “help themselves” by opting for the cooperative formula. In 2004, Caisse populaire Desjardins Nérée-Beauchemin gave \$6,500 to the Coop, and its directors and employees devoted an enormous number of hours to volunteering. Meanwhile, the Maskinongé CRM association of caisses donated \$10,000 to the cooperative.

PREVENTION

Desjardins Financial Security took an active part in the week-long Anti-Stress Campaign organized by the Québec chapter of the Canadian Mental Health Association. In its role as major partner of the campaign, DFS offers visitors to its Web site a new tool for managing stress in the workplace: the “Stress-lastique” technique.

SUPPORT FOR PALLIATIVE CARE

Caisse populaire Desjardins de Rivière-du-Loup contributed \$250,000 towards the construction of the Maison Desjardins de soins palliatifs to provide terminally ill patients and their families with appropriate palliative care services in Kamouraska, Rivière-du-Loup, Témiscouata and Les Basques. The Caisse populaire Desjardins in Drummondville, meanwhile, will inject \$250,000 over five years into a new endowment fund for the palliative care unit at the Hôpital Sainte-Croix.

MUTUAL AID AND SOLIDARITY \$6 MILLION IN 2004

For Desjardins, mutual aid and solidarity are fundamental values. In all the communities we serve, this is reflected in our financial backing for humanitarian organizations, the personal commitment of our employees and officers, as well as original initiatives to help in the fight against poverty.

COMMITTED CAISSES

For the third consecutive year, Caisse populaire Desjardins de Rivière-du-Loup organized a charity show bringing together caisse and community members in support of Centraide/United Way, the Maison de la famille du Grand-Portage family centre and the Fondation Olivier-Paradis. The event was standing-room only and raised \$12,000. The employees of Caisse populaire Desjardins de Saint-Romuald launched a fundraising campaign among staff, officers and directors in aid of the Chaudronnée des cuisines collectives community kitchens and the Maison des jeunes de Saint-Romuald youth centre.

DONATIONS THAT GO A LONG WAY

Through its Community Development Fund, Caisse populaire Desjardins Bellevue de Québec paid for a new minivan to be shared by four community groups. The “Bellevuemobile” will cover the transportation needs of the Bénévolat Saint-Sacrement meals on wheels program, the Centre des loisirs Saint-Sacrement rec centre, the Coopérative de services à domicile du Cap-Diamant homecare coop and the T.R.A.I.C Jeunesse organization for kids.

Caisse Desjardins Pierre-Boucher in Longueuil donated \$50,000 to the Baladeur René adapted transport service for the purchase of a new bus. The organization and its volunteers help people with disabilities in the borough of Vieux-Longueuil feel less isolated by providing transportation for close to 5,000 people every year. The St-Raymond, l'Île de Hull and St-Joseph de Hull caisses donated \$52,000 to the Soupe populaire de Hull to cover its running costs and carry out a feasibility study for a community grocery which would be run as a social solidarity cooperative.



IMPROVING QUALITY OF LIFE FOR SENIORS

In response to the desperate lack of housing for seniors in the area, Caisse populaire Desjardins de Loretteville contributed \$15,000 to the Logis Confort corporation for the opening of an alternative institutional residential centre for heavily dependent seniors. Caisse populaire Desjardins du Lac-Memphrémagog gave \$30,000 to the Carrefour du partage de Magog to cover its moving costs. The organization provides home-delivered meals and offers assistance for the elderly and people living alone. In 2004, Fondation Desjardins awarded the Desjardins *Aide aux aînés* Annual Prize for helping seniors to the Centre de Bénévolat de la Rive-Sud (South Shore Volunteer Centre). Since 1978, the centre has been promoting volunteerism and supporting volunteers and other community organizations while providing a range of services to seniors in ten Montréal South Shore municipalities.

HELPING CHILDREN

For the third year in a row, Desjardins Securities brokers donated all commissions earned during the company's one-day *"On travaille pour les enfants"* ("We're Working for Kids") fundraising campaign to the Montréal Canadiens Children's Foundation. Over the last three years, our brokerage firm has donated close to three quarters of a million dollars this way to support organizations working on behalf of sick or underprivileged children throughout Québec.

Caisse populaire Vision in Ottawa backed the "Operation School Bag" campaign led by Coopérative Ami Jeunesse, to provide children in poorer areas with the school supplies they needed. Several caisses individually supported the Club des petits déjeuners du Québec breakfast club, including the Caisse populaire Desjardins Sieur-de-Roberval.

Finally, Fondation Desjardins awarded two *Aide à la jeunesse* prizes this year for helping young people: the Air Cadet Squadron 921 of L'Ancienne-Lorette was recognized for its participation in the Québec International Air Show in collaboration with Fondation Maurice Tanguay for sick children, while the Maison des enfants le Dauphin children's centre was chosen for its *"Confidences à un dauphin"* program, which sends personal and confidential replies to the approximately 5,000 letters it receives from pupils of 15 Laval elementary schools each year.

HELPING PEOPLE WHO HELP PEOPLE \$2.2 MILLION TO CENTRAIDE/UNITED WAY



\$1.5 million of this record amount is thanks to our employees' generosity and \$44,000 from our retirees.

Every year for over 25 years, thousands of our employees and retirees respond to the call for solidarity made by Centraide/United Way. The extraordinary commitment made by some of those involved was recognized in 2004 when we were awarded the Centraide of Greater Montréal Solidaires prize for the 2003 employees' fundraising campaign. Aware of the ever increasing needs of the most disadvantaged and spurred on by the leadership of Desjardins' President and C.E.O., who co-chaired the Centraide of Greater Montréal campaign, the volunteer organizers across Québec exceeded themselves in 2004 by raising \$300,000 more than in 2003. Of the record \$2.2 million raised, \$1.5 million came from employees, \$44,000 from retirees and \$680,000 from the various Desjardins components.

Their success earned the Fédération des caisses Desjardins du Québec and its employees a Centraide "Coup de cœur" trophy for Desjardins' Québec City Regional Division, in recognition of its outstanding work and the significant increase in donations by the company and its employees. A Diamond Certificate, Centraide's highest award, was also received by the Fédération's employees.



Activities associated with the showcasing and development of Desjardins' artwork collection are proof of its commitment toward supporting artistic creation, distributing artwork and sensitizing employees and officers to the visual arts.

Dominique Gaucher
All Over #2, 2004 (detail)
Oil on canvas
122 cm x 122 cm

ARTS AND CULTURE \$4.5 MILLION IN 2004

ARTS AND CULTURE FOR ALL

Recognizing the important role of arts and culture in our society, Desjardins tries to make them accessible to as many people as possible through donations and sponsorships. By sponsoring the play *La Mémoire de l'eau* staged by the Compagnie Jean Duceppe in 2004, Desjardins enabled thousands of people across Québec to experience the passion of the theatre. By the same token, our association with the *Picasso and Ceramics* exhibit gave art lovers in Québec City and Toronto the chance to discover an impressive and original collection of works by the famous artist.

The caisses also make tangible contributions to smaller communities everywhere by providing spaces that contribute to their cultural and economic vitality. For example, Caisse populaire des Plateaux and other Sherbrooke-area caisses donated \$100,000 to the Fondation du Séminaire de Sherbrooke for improving the infrastructures of the Léonard-St-Laurent theatre. Caisses in the Rimouski-Neigette area, meanwhile, granted \$150,000 to the construction of the new Desjardins-Telus concert hall in Rimouski. Together with other Desjardins components, the Maskoutain and Richelieu-Yamaska-area caisses contributed a total of \$250,000 to the building of the Juliette-Lassonde arts center in Saint-Hyacinthe.

FRONT AND CENTRE

Because of our extensive network and direct links to the community, Desjardins also participates in most of the cultural festivals that take place every year throughout Québec. As proof of its commitment to the community, Caisse populaire Desjardins de l'Anse (Portneuf) was one of the major partners in the festivities celebrating the 325th anniversary of the founding of Cap-Santé, one of the oldest towns in Québec. Caisse Desjardins de la Vallée de Saint-Sauveur, meanwhile, sponsored the first edition of the Festival du conte des Pays-d'en-Haut (Stories from the Pays-d'en-Haut), which took place over the weekend of Hallowe'en. And thanks to a three-year partnership agreement between the Trois-Rivières-area Desjardins caisses and the Mondial des amuseurs publics de Trois-Rivières busker festival, the event will now carry the Desjardins name in its official title.

For many years now, Desjardins has been associated with the main large-scale international events that have contributed to Québec's reputation world-wide, while promoting the emergence of up-and-coming artists. These include the Montréal Francolies, Québec City's Festival d'été summer festival, Rimouski's International Jazz Fest, the Festival en Chanson de Petite-Vallée song festival, the Granby International Song Festival and the Festival de Lanaudière. Desjardins also got involved for the first time last year in Montréal's Festivalissimo event, in addition to renewing support for the Vues d'Afrique extravaganza, the Festival du monde arabe (Arab World Festival), the Ukrainian Festival and the Fête du Têt Vietnamese New Year festivities. Among our new commitments in 2004 was Desjardins' participation as a top-level partner of the Guelph Jazz Festival and sponsorship of the Sudbury International Film Festival in Ontario as well as *L'Écho d'un peuple* and the Franco-ontarien Festival. In an effort to encourage closer ties among cultural communities.

CULTURAL EVENTS AND ORGANIZATIONS SUPPORTED BY DESJARDINS:

- Secondaire en spectacle • Centaur Theatre Company • Book fairs in the Eastern townships, Québec City, Montréal, Trois-Rivières and the Ottawa Valley • Musée des Beaux-Arts du Québec • Musée d'art contemporain de Montréal • Musée d'art de Joliette • Centre d'Art de Richmond • Diffusion culturelle de Lévis • Conseil des métiers d'art du Québec • Montréal, Québec, Abitibi-Témiscamingue, l'Estuaire and Montérégie symphony orchestras • Violons du Roy • Les Grands Ballets canadiens • Opéra de Québec • Festival international de musique actuelle de Victoriaville • Festival western de Saint-Tite • Festiblues international de Montréal • Festival de musique sacrée de l'Outaouais • Festival des harmonies et orchestres symphoniques de Sherbrooke • Carrefour mondial de l'Accordéon de Montmagny • Concerts La Nuit sur l'Étang de Sudbury



SPORTS AND RECREATION \$6 MILLION IN 2004

Through its numerous contributions to sports and leisure activities, Desjardins aims not only to encourage the population to stay in shape but also to support the development of athletes' careers and encourage values such as personal effort, teamwork and discipline.

Desjardins has been a partner of Corporation Sports Québec for over 15 years, and in 2004 announced its association as official presenter of the 40th Québec Winter Games Championships in St-Hyacinthe and the 41st Québec Summer Games Championships in Amos, in collaboration with local caisses. In this way, Desjardins hopes to promote the practice of sports among young people and encourage them to follow their dreams. In keeping with our commitment toward young people, we also supported the elite-level Benjamin and Cadet leagues of the Québec Kin-Ball Federation and Québec's junior provincial golf team, made up of 17 boys and 12 girls between the ages of 14 and 18.

Desjardins actively supports major events that attract athletes from around the world. Sponsored by Caisse populaire Sieur-de-Roberval and the Fédération, the 50th Traversée internationale du lac Saint-Jean swimming marathon also received support from the Fédération des caisses Desjardins du Québec for its fundraising campaign.

The caisses are also major supporters of local amateur sports. Caisse populaire Desjardins de Victoriaville donated \$45,000 over three years to the Victoriaville Tigres of Québec's Major Junior Hockey League, becoming one of the main sponsors of the team, which brings talented young people to the region and is a model for the next generation. Caisse populaire Desjardins des Laurentides sponsored the creation of a competitive cross-country ski club for local young people through its Community Development Fund.

Some caisses support deserving athletes directly, such as Caisse du Petit-Pré, which sponsored cyclist Marie-Hélène Prémont right from the start with a bursary enabling her to continue her studies and her training. Ms. Prémont went on to win a silver medal in 2004 at the Olympic Games in Athens. Meanwhile, Caisse populaire Desjardins du Vallon supports five young high-level athletes in tae kwon do, karate and speed-skating through its Community Development Fund, and Desjardins Financial Security (DFS) renewed its sponsorship of Dean Bergeron in 2004. The athlete won several medals at the Paralympic Games in Atlanta in 1996, in Sydney in 2000 and in Athens in 2004, and is also an employee of DFS, which has supported him by both providing financial assistance and facilitating his participation in competitions since 1995.

FUN FOR THE WHOLE FAMILY

Facilitating access to recreation for children, adults and seniors is yet another way we contribute to the well-being of individuals. That is why, for example, the Desjardins caisses in the Central Québec region gave \$33,000 to the Notre-Dame-de-la-Joie summer camp in Nicolet, to improve its facilities. The camp offers vacations adapted to the needs of single-parent families and special programs for intellectually challenged children and adults. Through its Community Development Fund, Caisse populaire Desjardins du Canton d'Aston participated in a sponsorship campaign for the future Richard-Lebeau multipurpose centre – a sports and recreation centre that will also provide community and academic activities. Finally, Caisse populaire Desjardins des Quatre-Vents supported the first edition of the 50+ Games in Gaspésie—Îles-de-la-Madeleine, thereby allowing several hundred seniors to compete in some 15 different sports.



WE BELIEVE IN DEVELOPMENT THAT RESPECTS PEOPLE AND THEIR ENVIRONMENT

As part of its cooperative nature, Desjardins has long embodied the elements of sustainable development: it involves not only economics, but also the social, cultural and environmental factors that contribute to the overall balance of society. We stand by our values and assume our mission by promoting development that respects people and their living environments.

PRESERVING AND PROTECTING THE ENVIRONMENT

Our commitment to protecting the environment dates back to the 1980s, when we adopted the Desjardins Environmental Option. This was originally a primarily educational process aimed at demonstrating that protecting the environment is a productive move for communities. Shortly after the adoption of the Environmental Option, environmental concerns were written into our credit policies and our goods and services purchasing practices. We also created the Desjardins Environment Fund and awarded a number of research grants through Fondation Desjardins. More recently, in 2003, Desjardins signed on with the United Nations' Statement by Financial Institutions on the Environment and Sustainable Development.

More concretely, we granted \$75,000 over a three-year period (2004-2007) to the Éco-Conseil program at the Université du Québec à Chicoutimi, thereby contributing to the development of new environmental skills and knowledge in Québec. This unique graduate level program, the only one of its kind in North America, uses an overall, integrated view of environmental issues to train business employees as "eco-counsellors". In 2004, Fondation Desjardins also awarded Catherine Martineau-Delisle, a PhD student at Université Laval, a \$25,000 research grant for her thesis on environmental sociology.

We also collaborated on Équiterre's *Guide de la consommation responsable* (Guide for Responsible Consumers). Équiterre is a partner of Corporation Saint-Laurent, an organization whose goal is to raise awareness about the importance of improving the environment. The group also organizes Earth Day events. As well, Desjardins makes substantial financial contributions to well-known organizations such as the Fondation québécoise en environnement, while many caisses support local initiatives such as the Chemin du Roy school board's good citizenship and the environment program in the Maskinongé-Trois-Rivières-

Les-Chenaux region, sponsored by the Samuel-de-Champlain, Trois-Rivières and Sainte-Geneviève-de-Batiscan caisses.

SUPPORTING BUSINESS GROWTH IN THE ENVIRONMENT SECTOR

In 2004, our Desjardins Venture Capital subsidiary invested approximately \$2 million in environment sector businesses in various regions across Québec: Fertilal and BioMax specialize in the treatment and management of organic residual waste, Écycycle Technologies designs, manufactures and markets wind energy conversion equipment, and Gestion Arnold Gauthier collects and recycles potentially hazardous products.

ENVIRONMENTALLY-FRIENDLY AGRICULTURE

Desjardins is the leading financing provider for agricultural businesses in Québec, and was one of the first to sensitize the farming community to environmentally friendly practices, most notably by raising its credit standards and requirements. In Montérégie, local caisse support for the *Action concrète à la ferme* (Concrete Action on the Farm) environmental program enables agricultural producers to carry out water, air and soil pollution reduction projects. Our *Partenaires* magazine, published three times a year for agri-business members, addresses environmental issues.

THREE FOR THE PRICE OF ONE...

Our Desjardins Financial Security subsidiary recently signed an agreement to recycle its fluorescent light bulbs. When they burn out, the bulbs are sent to a company that separates the aluminium, the glass and the fluorine for recycling. Three environmental solutions for the price of one!

... AND TWO BIRDS WITH ONE STONE!

The past few years our Desjardins Venture Capital subsidiary has been participating in a program to recycle used printer and fax cartridges to benefit the Mira Foundation. Used cartridges are collected by the foundation and sold to recycling companies. Profits go towards training guide dogs and service dogs.



NOTHING IS WASTED – EVERYTHING IS RECYCLED!

We have adopted environmentally friendly practices with respect to our own activities as well: Recycling ink cartridges and aluminium cans has become an automatic reflex in all Group buildings. Shuttles offering daily transportation for our employees between Montréal and Lévis as well as video-conference and online training systems reduce travel requirements, thereby lowering greenhouse gas emissions. Recycling excess goods and residual wastes reduces the amount of garbage we throw away: certain iron products are sold, which reduces soil contamination, and outdated office equipment is donated to non-profit organizations.

DESJARDINS: A DEMANDING BUYER

Desjardins insists as much as possible on purchasing goods and services from suppliers with environmentally friendly practices, and our property service contracts reflect our environmental concerns. This includes the use of sand rather than abrasive materials for de-icing parking lots, the purchase of carpeting made from recycled materials and strict monitoring of the handling of refrigerant gasses and potential leaks. Furthermore, we require our suppliers to use non-toxic, pesticide-free biodegradable products when maintaining Desjardins-owned land and buildings.

THE DESJARDINS PAPER CHALLENGE

Like all other financial institutions, Desjardins uses an enormous amount of paper in its day-to-day operations. In order to reduce our overall paper consumption as well as educate Group components, management and employees on optimal paper use and promote the use of recycled paper, we created the *Desjardins Paper Challenge*. This project, which falls under our environment educational mission, will be launched on Earth Day in May 2005.

FAIR TRADE

Because what we do here can positively affect the lives of people living elsewhere, fair trade practices are very important, since they leave more profits in the hands of local producers, while promoting more environmentally-friendly production methods. For the past several years, many of our components have been offering their employees fair trade coffee in the workplace, which has actually earned our Desjardins Financial Security subsidiary the honour of being named the largest consumer of this product in Québec by Oxfam-Québec.

RAISING AWARENESS AMONG EMPLOYEES AND MEMBERS

Some of the ideas we have implemented to encourage employees to adopt environment-friendly behaviours include workplace lunch conferences at Fédération des caisses Desjardins du Québec and mini information bulletins sent along with our internal communications. And the addition

of an environmental issues column in our *Mes finances-Ma caisse* magazine, published five times a year, enables us to educate our members on conservation.

NEXT STEP: CREATING A SUSTAINABLE DEVELOPMENT POLICY

In 2004, recognizing that its success and that of society as a whole is linked to the viability of our eco-systems, Desjardins began working on a sustainable development policy as a model for balancing the economic, social, ethical and environmental aspects of business development. To be adopted in 2005, this policy will provide Group components with a frame of reference for implementing environmentally-friendly practices and will sensitize our management, employees, members, suppliers and partners to the importance of adopting behaviours and making decisions that promote sustainable development.

We will also be improving our business practices and activities with respect to our five major roles, namely market intermediary, lender and investor, investment manager, corporate consumer of goods and services, and socially responsible business.



COOPERATIVES ARE BUSINESSES THAT ARE COLLECTIVELY OWNED BY THEIR MEMBERS, WHOSE NEEDS THEY WERE CREATED TO SERVE. COMMUNITIES SEE COOPERATIVES AS TRUE ALLIES, HELPING THEM IN THEIR EFFORTS TO ENSURE THEIR OWN DEVELOPMENT AND GUARANTEE ACCESS TO HIGH QUALITY FINANCIAL SERVICES.

OUR CONTRIBUTION TO THE CANADIAN COOPERATIVE MOVEMENT

The Canadian cooperative financial network holds enormous growth potential and Desjardins, a major stakeholder, intends to work hard to fulfill that potential. By consolidating our presence in the financial services field, and by sharing our expertise with other cooperatives, we can help strengthen the Canadian cooperative movement and ensure that communities have access to high quality financial services.

PRESENCE ACROSS CANADA

All across the country, people are choosing to belong to financial services cooperatives like Desjardins rather than becoming clients of standard banking institutions. From New Brunswick to Ontario, Manitoba to British Columbia, 10 million Canadians have made the choice to become members of a caisse or credit union.

Through our life and health insurance, property and casualty insurance and securities subsidiaries, as well as through our partnerships with caisses and credit unions, we are already earning nearly 19% of our business volume and employing more than 3,800 people in provinces outside Québec, not to mention the many other spin-off benefits that result from our presence in local communities. We hope to increase this presence in order to provide even more Canadians with equal access to cooperative institutions offering high quality financial services to everyone, regardless of the size of their needs, in both small towns and urban centres.

THE CAISSES POPULAIRES OF ONTARIO

Thanks to our partnership with the Ontario caisses populaires, renewed in 2003, the Ontario caisses are now able to speed up their business development and are better equipped to meet the needs of Francophone communities with an offer of top-quality financial services.

True to their mission, they can support projects and initiatives that contribute to the well-being of their communities. For example, in September 2004, the Coniston Pavilion opened its doors as a residence for northern Ontario retirees. The building has 20 apartments, several doctors' offices and a gym, and is managed by the Caisse de Coniston Board of Directors, which carried out this \$2.4 million project in conjunction with Caisse populaire Nolin de Sudbury and private sector entrepreneurs.

Ottawa's Caisse populaire Trillium inc. scholarship fund issued 40 study bursaries to Franco-Ontarian students with learning difficulties at the Ottawa and Hawkesbury campuses of Cité collégiale, the largest French-language college in Ontario.

Finally, the Fédération des caisses populaires de l'Ontario is a supporter of *L'Écho d'un peuple*, a huge cultural show with massive tourist appeal featuring over 200 actors, dancers and acrobats playing more than 1,000 characters. It was presented in the summer of 2004 for the first time in Casselman, a town in Eastern Ontario. This large-scale event is a perfect expression of one of the missions of the Ontario caisses populaires, which is to promote the economic, social and cultural development of French-speaking Ontario.

For more than a decade, the caisses populaires of the New Brunswick, Manitoba and Ontario federations have been part of the large Desjardins family. These are partnerships that demonstrate what we can accomplish when we work together with other cooperative institutions across Canada.

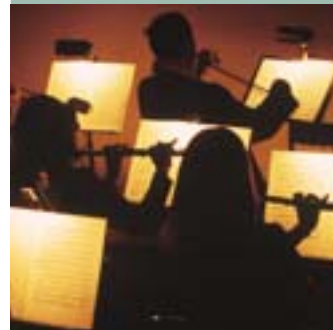
DESJARDINS CREDIT UNION

Thanks to our financial support, Desjardins Credit Union (DCU) was able to acquire the Province of Ontario Savings Office (POSO) in 2003. With \$2 billion in assets, DCU, a major credit union in Ontario, will gradually begin offering its 75,000 members and clients a range of products and services comparable to those offered by the Desjardins caisses in Québec and the Ontario caisses populaires. The English-speaking community can access DCU services at 28 points of service, six of which are in the Greater Toronto Area.

Because DCU subscribes to the same mission, vision and major orientations as Desjardins Group, the organization implemented a democratic structure in 2004, adapted from the existing model in Québec, which it has been promoting among its members and employees. DCU personnel received intensive training on cooperative values and are encouraged to become active participants in the local communities served by DCU. Furthermore, DCU established local advisory boards in each of these communities, in order to foster the creation of community ties and complement local development projects.

In 2004, Desjardins Credit Union became the only financial institution to sponsor the *Mom & Caregiver Captured Moments Calendar*, with profits going to the Children's Health Foundation, an organization that helps sick kids in South-Western Ontario. More than 700 children participated in a drawing contest for the 2005 calendar, and 29 drawings were chosen. The calendars were sold at DCU branches in London, Woodstock, St. Marys, Walkerton and Aylmer.

DESJARDINS SUPPORTS INITIATIVES TO IMPROVE THE WELL-BEING OF COMMUNITIES ACROSS CANADA



Toronto Symphony Orchestra

Families looking to discover classical music can now do so thanks to the *Desjardins Family Pack* concert series.

In 2004, our Desjardins General Insurance Group subsidiary lent its name as official sponsor and insurer to *Operation Red Nose* in Alberta and Ontario. *Operation Red Nose*, a service for accompanying drivers home in order to prevent accidents caused by drinking and driving, was offered throughout the month of December in Sudbury, Kingston, Chatham, Hearst, Belleville and North Bay in Ontario and in Edmonton and Lethbridge in Alberta.

Meanwhile, Desjardins Financial Security renewed its sponsorship of two major Canadian events, namely the Mother-Daughter Walk for Heart and Stroke held by the Heart and Stroke Foundation in over 70 cities across the country, and the Becel Ride for Heart corporate cyclo-thon in Toronto, Calgary and Edmonton.

In 2004, Desjardins sponsored a number of large-scale sporting and cultural events, such as the Canadian University Football Championships (Desjardins Vanier Cup) in Hamilton, as well as the Canadian Masters Tennis tournament and the prestigious *Picasso and Ceramics* exhibit in Toronto.



WE'RE PASSING ON OUR KNOW-HOW TO DEVELOPING COUNTRIES AND COUNTRIES IN TRANSITION

For Desjardins, access to financial services is not a privilege: it's a right.

That's why Développement international Desjardins (DID), our subsidiary specializing in technical support and investments in community financing, has been working for nearly 35 years to develop and implement innovative strategies for often overlooked sectors of underprivileged populations in developing countries. These include women, people living far from urban centres and small business owners. By passing on its expertise in this way, DID helps over 2.5 million people in some 20 countries throughout Africa, Asia, Central Europe and Eastern Europe strengthen their ability to take action. To highlight the importance of extending access to financial services to the greatest number of people possible in order to improve living conditions in the economic independence of less fortunate communities, the year 2005 has been declared the International Year of Microcredit by the United Nations.

MEXICO

On the heels of the success of SERFIR, an institution set up by DID in two Mexican states, DID obtained a mandate to continue its implementation in the state of Tabasco. Since 2003, SERFIR has been offering high quality financial services to the largely native rural populations of Huasteca and Chiapas. One of this steadily growing institution's original strategies is its "Mobile SERFIR" service, whereby credit union employees visit remote communities to collect savings so that people who live there can avoid the long walk to the credit union. SERFIR also offers a credit program for women microentrepreneurs, called Credimujer. The purpose of this program is to help women generate their own income, leading to greater independence for them.

CFCs IN AFRICA

Because of the major economic impact of African entrepreneurs on their communities, DID was inspired by Québec's corporate financial centres to provide access to financial services adapted to local needs. Following the implementation of the first such centre in Rwanda in 2003, two new centres were created in 2004, in Burkina Faso and in Senegal.

MALI

In Mali, DID introduced pocket computers to enable employees of credit unions that did not have the means to become fully computerized to enter transactions quickly, reliably and profitably. The tool was then adapted for credit agents, enabling them to go to borrowers wherever they may be, and have on hand all the information necessary for processing and following up on loan applications.

TANZANIA

In May 2004, DID obtained a major contract to continue developing savings and loan cooperatives in Tanzania, Africa. This project, financed by the British government's Department for International Development, is a first for DID in an Anglophone community.



DESJARDINS DEDICATES \$1 MILLION TO DISASTER RELIEF IN SOUTHEAST ASIA AND HAITI

NORTH-SOUTH PARTNERSHIP FIRST PAYMENT OF \$315,000 TO A PARTNER IN BURKINA FASO

Some 262 Caisses in Québec and Ontario, along with the Fédération des caisses Desjardins du Québec, participated in an unprecedented gesture of solidarity towards African credit unions supported by DID, by contributing a total of \$1.6 million to the North-South Partnership. In September 2004 the first installment of \$315,000 was paid to the credit union network in Burkina Faso (Réseau des caisses populaires du Burkina Faso), which as a result can now continue the process of computerizing its approximately 100 credit unions serving no less than 354,000 members.

LEADERSHIP AMONG INTERNATIONAL COOPERATION ORGANIZATIONS

Cooperatives play a key role in both developing and industrialized countries. That's why it is so important for us to work together with international organizations such as the International Co-operative Alliance, the International Confederation of Popular Banks, the International Co-operative and Mutual Insurance Federation and the International Co-operative Banking Association. Our international reputation, combined with our excellent financial performance and recent achievements in Canada and elsewhere around the world, turn Desjardins into a model that, in the eyes of many, is an inspiration to the development and strength of cooperatives on five continents.



Generous donations collected through the caisses from Desjardins members and employees amounting to \$305,700 were transferred to the Canadian Red Cross.

By contributing to the rebuilding of the economy in these devastated areas, Desjardins Group's initiative will make it possible to respond to the massive needs that have arisen in the wake of recent natural disasters. In this way, Desjardins complements the indispensable role already being played by international assistance-providing organizations. A million-dollar rebuilding fund has been created and built up by the Group and the caisse and subsidiary networks in both Québec and Ontario. A portion of the money will also be used to provide technical assistance to Haiti, which was ravaged by hurricane Jeanne in September 2004. In Southeast Asia, Desjardins expects that over the next two years its contribution will help rebuild areas affected by the tsunami of December 26, 2004.

Backed by its expertise and its network of cooperative partners in Southeast Asia, DID will ensure the leadership and coordination of these funds, to make sure that the money is put to best use.

Desjardins' contribution will be coordinated with those of the Québec government, the Canadian International Development Agency (CIDA) and the United Nations (UN).

In the days and weeks immediately following the tsunami, Desjardins caisses played a major role in accepting cash donations from members, in addition to making their own donations. The Group also participated in the VISA Canada program, whereby nine assistance-providing organizations received an amount corresponding to the fees for transactions carried out by these organizations in December 2004 and January 2005.

THE COOPERATIVE MOVEMENT IS:

IN QUÉBEC

- 3,200 COOPERATIVES WITH 7.5 MILLION MEMBERS, 79,000 JOBS, \$17 BILLION IN BUSINESS VOLUME AND \$104 BILLION IN ASSETS

ACROSS CANADA

- OVER 10,000 COOPERATIVE BUSINESSES, OWNED BY 15 MILLION MEMBERS, CREATING CLOSE TO 160,000 JOBS, WITH COMBINED ASSETS OF \$167 BILLION

WORLDWIDE

- NEARLY 750,000 COOPERATIVES IN MORE THAN 100 COUNTRIES, 775 MILLION MEMBERS AND 100 MILLION EMPLOYEES

VERSION FRANÇAISE

La version française de ce Bilan de responsabilité sociale peut être obtenue sur demande.

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With a view to extending access to financial services to more people and helping improve the living conditions of less affluent populations, Développement international Desjardins has been sharing our know-how all over the world for the past 35 years.

www.desjardins.com



Desjardins

High values. Sound assets.