



Desjardins

Money working for people

A PRESENT WITH A FUTURE

A PRESENT WITH A FUTURE

"A present with a future" calls to mind the permanent nature of Desjardins Group and its commitment to sustainable development.

By adopting the cooperative formula, Alphonse Desjardins aspired to ensure the longevity of his caisse populaire project. Today, it is reassuring to think that, thanks to its founder's foresight and because it is owned by all its members, Desjardins Group has become a collective, undeniable part of our heritage.

Through its mission and commitment to the community, Desjardins is a forerunner in sustainable development. Two of the three aspects of sustainable development, economic development and social development, have been part of our business culture since the beginning. And the third aspect, environmental protection, has been an important part of our concerns since the late 80's. Recently, in October 2005, we heightened this commitment by adopting a policy to ensure that our components will assess the economic, social and environmental impact of their decisions and promote projects that take this approach into account.

Longevity was a vital condition of Alphonse Desjardins' vision. While wanting to meet the needs of his time, the founder also wanted future generations to benefit from his initiative. One hundred and five years later, through its commitment to sustainable development, Desjardins has remained true to its nature and its roots.

PROMOTE THE INTEGRATION OF YOUNG PEOPLE

"A present with a future" expresses Desjardins Group's desire, as formulated at the Congress of 2003, to promote the social, professional and financial integration of young people between 15 and 30. With this goal in mind, the *Desjardins Youth Focus* program was created in 2004. It maintained its cruising speed in 2005, with many caisses and subsidiaries adopting action plans or initiating projects. These initiatives fall under four main areas: commercial practices; democracy; knowledge and information; and employment.

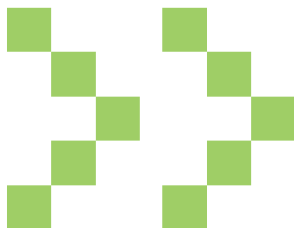
To support this commitment to youth, and to pronounce it loud and clear, in fall 2005 we launched the *Desjardins: Turbocharging a Generation* advertising campaign. This campaign, which is continuing in 2006, clearly portrays Desjardins as a modern, committed, reliable financial institution, which, most importantly, has faith in young people.

TURBOCHARGING
A GENERATION

MONEY WORKING FOR PEOPLE

Due to the cooperative nature of the caisse, linchpin of Desjardins Group, social responsibility is one of our attributes. We exercise our social responsibility in a number of ways, such as our unrivalled presence across Québec, our motivation to strengthen the Canadian cooperative system through alliances and partnerships and our openness to all people, regardless of the scope of their needs.

We have been contributing to the economic and social well-being of individuals and communities for 105 years now, and today we can now claim, loud and clear, that no other financial institution can put money to work for people like Desjardins can.



AN ECONOMIC AND HUMAN FORCE

- Assets of \$118.1 billion
- Some 5.5 million members, more than 350,000 business members, close to 40,000 dedicated employees and over 7,000 highly committed elected officers
- 1,489 points of service in Québec and Ontario: 568 caisses and 921 service centres
- 113 points of service in Manitoba and New Brunswick: 40 affiliated caisses and 73 service centres
- 53 Business Centres in Québec and 3 in Ontario
- 32 Desjardins Credit Union points of service in Ontario
- About twenty subsidiary businesses offering the entire range of financial services, many of which are active in several Canadian provinces
- 3 Desjardins Bank Service Centres in Florida and Desjardins Commercial Lending throughout the United States
- A state-of-the-art, high-tech virtual network (ATMs and Internet)

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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 by the members and administered by them, and a network of complementary financial companies 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

Desjardins is an integrated cooperative financial group that is solidly rooted in the community. Desjardins aims to be the leading financial institution, for satisfying the needs of its members and clients, for profitable business development through its accessible, efficient, and comprehensive service offering, and for its contribution to the development of the Canadian financial cooperative movement.

OUR VALUES

Money at the service of human development – Personal commitment – Democratic action – Integrity and discipline – Solidarity with the community



**As a member of the International Co-operative Alliance,
we adhere to its values:**

Self-help, self-responsibility and responsibility for others –
Democracy – Equality – Equity and solidarity



Message from the President and Chief Executive Officer

ALBAN D'AMOURS
President and Chief Executive Officer
of Desjardins Group

THE COOPERATIVE DIFFERENCE THAT PERMEATES OUR ACHIEVEMENTS

Desjardins Group's elected officers and employees feel it is important to deliver on the advantages that derive from the presence in Canada of an integrated cooperative financial group with a mission to contribute to the economic and social well-being of individuals and communities. This Social Responsibility Report describes the wealth of initiatives and accomplishments that took place in that regard in 2005.

This report also demonstrates how, with a cooperative, a strong financial performance greatly benefits not only its members, but society as a whole. At the end of 2005, we decided to allocate 43% of our surplus earnings (which totalled over \$1 billion) to paying individual and collective patronage allocations and returns.

We are constantly developing new and progressive initiatives so that the Desjardins cooperative difference is increasingly expressed through all of our activities. In our strategic plan for 2006-2008,

we have provided certain indicators that will enable us to measure the extent to which the Desjardins Group's distinctive character is actually perceived and appreciated by its members.

Those indicators reflect firm objectives with respect to accessibility of services, proper consideration of members' needs and the financial advantages of dealing with their cooperative, as well as the quality of information and educational materials available to them. Clear objectives have also been set regarding the caisses' commitment to their communities, to the vitality of their democratic organization, and to the environment.

Each Desjardins caisse is owned by its members and actively participates in local and regional development. It therefore considers the priorities of its community when planning its activities. The caisses and the subsidiaries thus promote creativity and local initiatives, as seen in the wide variety of projects in which we are involved.

This abundant creativity, which is a constant source of inspiration and wellspring of continuous improvement, is particularly evident in the accomplishments of Desjardins Youth Focus, a program in which many of our components participated in 2005.

SUSTAINABLE DEVELOPMENT: PROVIDING LEADERSHIP TO BRING ABOUT POSITIVE CHANGE

Our commitment to sustainable development is also an integral part of our new strategic plan, and in 2005 we adopted a policy in this area. The Desjardins Paper Challenge, launched during the past year, is designed to substantially reduce our paper consumption; it is the first major initiative of an action plan that will gradually encompass all of our activities. Through sustainable development, Desjardins is once again boldly addressing a crucial community issue, and intends to play a leadership role in changes to come.

HIGHEST STANDARDS FOR HR MANAGEMENT

Because we want Desjardins to be considered an outstanding employer, our HR management practices meet the highest standards. In all areas, including working conditions, promotion

of health and well-being, skills development, career prospects and work-life balance, we do our utmost to attract and retain the best and the brightest. We realize that in order for Desjardins to achieve overall, lasting performance, we need satisfied, motivated employees.

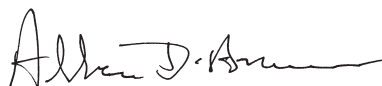
THIRTY-FIVE YEARS OF INTERNATIONAL SOLIDARITY

Since its creation in 1970, our Développement international Desjardins subsidiary (DID) has been hard at work in over twenty countries. It helps communities establish and consolidate cooperative institutions which provide the type of autonomy that paves the way for economic and social development. Much like the Desjardins caisses, DID focuses on providing services that meet real needs, and uses an approach combining education and prevention to foster financial autonomy for individuals and communities.

OUR COOPERATIVE GOVERNANCE GROWS INCREASINGLY STRONGER

Our governance mechanisms are regularly optimized and adapted to the realities of our cooperative structure. This enables us to respond to the imperatives of sound and prudent management, ensure the accountability of officers and management personnel, and report our achievements and results with full transparency. Since we are a cooperative, we place high value on listening, consultation and participation. The importance we place on these values in our governance mechanisms helps us ensure that our actions truly meet the needs of the people and communities we serve.

As you will see in this report, these characteristics are what make Desjardins a unique financial institution with a wide range of activities that generate positive benefits for the entire community.



ACHIEVING OVERALL, LASTING PERFORMANCE TO BENEFIT OUR MEMBERS AND THEIR COMMUNITIES

As a cooperative, our goal is to achieve overall, lasting performance. In other words, profitability alone has no meaning for us unless it helps ensure our long-term financial stability and provides us with all the resources we need to grow, to properly serve our members and to promote the sustainable development of the communities we serve. Our excellent financial results in recent years, our credit ratings (among the highest awarded to financial service cooperatives anywhere in the world), our unbeatable commitment to the community and our 105 years of service are all proof of our success in achieving overall, lasting performance.

We continued in this direction in 2005 with surplus earnings over expenses of \$1.1 billion, thus surpassing the significant \$1-billion threshold for the second year in a row. Furthermore, as at December 31, 2005, our assets totalled \$118.1 billion, for a 10.9% increase over the same date the previous year.

The beneficiaries of these excellent results are not just a few shareholders, but rather some 5 million owner-members and their communities. In fact, in Québec, the members attending their annual general meeting vote on the distribution of the surplus earnings of their caisse. Once they have ensured the long-term financial stability of the caisse by paying sufficient funds into the reserves, participants can then decide to divide the remaining surplus earnings among all members, on a pro-rata basis, according to the transactions each has made. These are known as individual patronage allocations or returns. Members may also choose to set aside a portion of the surplus earnings for the caisse's Community Development Fund. This Fund is then used by the caisse to support the community in a variety

DISTRIBUTION OF SPONSORSHIPS, DONATIONS AND STUDENT BURSARIES BY BUSINESS SEGMENT

	2005
Arts and culture	\$ 4.3 million
Regional economic development	\$17.1 million
Education	\$10.5 million
Mutual assistance and solidarity	\$ 6.5 million
Health and well-being	\$13.4 million
Sports and recreation	\$ 6.4 million

of ways, such as through sponsorships, donations and student bursaries. These are known as collective patronage allocations and returns.

A total of \$408 million in individual patronage allocations was distributed to caisse members in 2005, an increase of 9.7% over 2004. An additional \$58 million was handed out in collective patronage allocations, making a grand total of \$466 million, or 43% of the overall surplus earnings, given back to the community in 2005. In the past four years, we have given \$1.9 billion back to the community, which puts us among the most generous Canadian businesses.

Moreover, 93% of the caisses gave out patronage allocations at the end of 2005. This rate has been growing steadily since 2002, when only 79% of the caisses did likewise.

PROVIDING GOOD SERVICE TO OUR MEMBERS AND CLIENTS

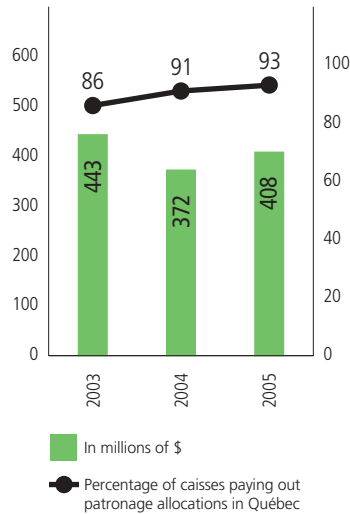
Aside from supporting the community, our strong financial performance allows us to continue to serve our members and clients effectively, be they individuals or businesses. With our surplus earnings, we can constantly improve our financial product and service offering so it best meets the expectations of our members and clients, regardless of the scope of their needs.

We also made a specific commitment to local communities across Québec by providing them with venture capital – an essential requirement for economic development.

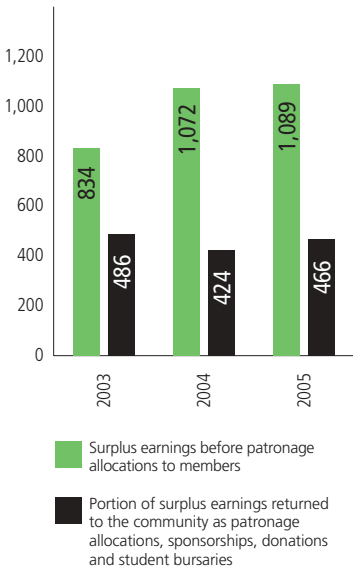
Finally, our excellent financial performance enables us to recruit and maintain a staff of qualified individuals by offering competitive working conditions and salaries, as well as exciting professional development opportunities. We also make sure that our tools remain on the cutting edge of technology, in order to maintain our reputation as a leader in IT.

Because we are a cooperative business, our sole purpose for implementing these initiatives is to offer our members and clients top-quality, useful and accessible products and services.

PATRONAGE ALLOCATIONS TO MEMBERS



GIVING BACK TO THE COMMUNITY
(in millions of \$)





Governance



OUR GOVERNANCE As a cooperative enterprise, Desjardins is owned by its members. Since member participation is central to our operations and to our cooperative governance, we must constantly ensure that all the conditions are in place to fully render the associative aspect of caisse activities and of Desjardins Group as a whole.

HIGHLY DEMOCRATIC OPERATIONS

The people who do business at a Desjardins caisse are members – not just clients. Caisse members are people who each purchased a \$5 qualifying share to become collective owners of an enterprise created in order to meet their financial services needs; they democratically determine the major orientations of that collective enterprise and share in its financial results. In other words, the caisse is a cooperative.

Since the member-owners of the caisse are the people who use its services, it goes without saying that the orientation they give their cooperative is not based on earning the highest profit; instead, the goal of the caisse is to provide them the best services under the best possible conditions. That said, profitability is also a major concern in a cooperative, but not in order to appease shareholders looking for a return on their investment.

A cooperative seeks profitability to ensure its financial longevity and develop its resources in order to be able to grow, to continue to provide the best services to its members and to participate in the sustainable development of its community. The cooperative nature of the caisse also means that its officers and employees must direct it and manage it transparently, efficiently and with discipline.

The members in attendance at the caisse general meeting constitute its sovereign authority. They elect officers from among their ranks to sit either on the board of directors or on the board of oversight, and delegate to them the necessary powers to ensure the proper administration of the caisse.

The same principle of delegation of powers provides for the democratic control of management throughout Desjardins Group. In each region, the caisse elected officers vote to form a Council of Representatives composed of ten elected officers and five caisse general managers. The 17 Councils of Representatives – one for each of the regions of Québec, one for the caisses in Ontario and one for the group caisses – represent the caisses that created them, to their community and to the Fédération

des caisses Desjardins du Québec (the planning, coordination and supervision organization of Desjardins Group). The president of each of the Councils of Representatives holds a statutory seat on the Fédération Board of Directors.

The members of the Fédération Board of Directors nominate candidates to sit on the boards of Desjardins' subsidiaries. The position of president and chief executive officer of Desjardins Group is subject to a vote by an electoral college made up of the 255 members of the Councils of Representatives.

Aside from their presence within the Group's decision-making bodies, elected officers have other opportunities to exercise their influence on the major orientations of Desjardins, such as during regional or group caisse general meetings, the Fédération Annual General Meeting and the Officers' Congress.

The caisses and their members therefore represent the very foundation of Desjardins Group's operations.

CONGRESS 2005: CAISSE OVERSIGHT AND REMUNERATION OF OFFICERS

In April 2005, some 1,100 officers were delegated by their caisses to participate in our 19th Congress, which took place in Montréal. The theme of this Congress was caisse oversight by elected officers and remuneration of the latter. Earlier, 2,416 elected officers from the caisses in Québec and 92 from the caisses in Ontario had participated in regional meetings leading up to the Congress, which was the final step in an exhaustive process.

Almost 90% of the delegates voted in favour of maintaining an independent supervisory body in the caisse, made up of members elected directly by the general meeting of caisse members. They also agreed that the mandate of this body would include the oversight of ethics, professional conduct and cooperative activities in the caisse.

This board of oversight will ensure compliance with the rules of professional conduct applicable in the caisse, including those regarding the integrity of operations, conflict-of-interest

situations, confidentiality and the protection of the interests of the organization, its members and third parties. It will also examine ethical issues that affect our values relative, for example, to commercial practices, human resources management and relations with members and the community.

This board also has a role relative to the cooperative aspect of the caisse, in evaluating the consistency of caisse orientations and activities with its mission, goals and values. It will ensure that the caisse participates in the sustainable development of its community and that the caisse has sufficient mechanisms to respond to members and consult them on subjects of importance to them. It will also evaluate the quality and availability of information intended for members. In addition, the members of this board will assess how well cooperative values are being integrated into caisse commercial practices and management practices.

While they voted in favour of strengthening the mandate of the board of oversight with respect to the aspects of the caisse regarding ethics, professional conduct and cooperation, 80% of the delegates also agreed that this board should no longer have a mandate to supervise its administrative aspects.

More than 95% of the delegates also decided that the board of oversight should retain powers of recommendation, coercion and intervention with respect to the areas under its authority. Finally, more than 98% of the delegates ratified the recommendation that this body should collaborate with the caisse board of directors by offering observations, suggestions or recommendations on any issue regarding the achievement of the caisse mission, or the protection of the interests of the caisse or its members.

Remuneration of elected officers

Nearly 60% of the Congress participants voted in favour of remunerating the elected officers of the caisses, taking into account the growing responsibilities associated with these functions. Elected officers are delegated by the members of the caisse to administer and oversee their financial cooperative. They are also responsible, by law, for making all decisions and

undertaking all actions that they believe necessary or useful to the proper functioning of the cooperative, its development and its long-term survival.

The caisse delegates expressed the desire that remuneration be proportional to the number of meetings in which the officers participate. Finally, they asked that the remuneration for members of the board of directors and the board of oversight be proportional to the overall availability required by each board.

KNOW-HOW AND GOVERNANCE: TRAINING FOR OUR ELECTED OFFICERS

Being an elected officer of a caisse today involves dealing with increasingly complex issues. Officers are also subject to unprecedented requirements in terms of governance. That is why, since the fall of 2005, we offer our elected officers a training program based specifically on their responsibilities. This program gives them a common frame of reference with respect to the following: respecting the mission, values and distinctive nature of the caisse; strategic management; performance management; supervising the general management; risk management; liaising with members and the community as well as strategic communication; and internal board operations.

Eight sessions were offered in 2005 and four others will be added to the program in 2006. In addition to the sessions already scheduled, the training can be offered upon request by the caisses.

Exclusive training for caisse presidents

While the function of elected officer is more complex than ever, the function of caisse president is even more so. That is why in 2005 we initiated a training course exclusively designed for caisse presidents and a high-level coaching service to support them in carrying out their responsibilities with respect to the operations of the caisse board of directors, supervising general management, member relations and governance.

CONSULTATIVE FORUMS ON FUNDAMENTAL ISSUES

In January 2005, the Desjardins Group Board of Directors decided to set up consultative forums on sustainable development and on diversity with respect to democracy, employment and services to consumers and businesses.

These forums, to which caisse members and officers are invited as well as experts on the subject at hand, are intended as stimulating opportunities for discussion and exchange. Members of the Group Board of Directors preside over each of these forums, and the results of the discussions are taken into consideration during Board deliberations.

Diversity in our democratic bodies

The forum on democratic diversity is one of the three that took place in 2005. In November 2005 in Québec City, around 70 members, elected officers and caisse general managers, as well as representatives of youth organizations, women's groups, culturally diverse communities and aboriginal communities expressed their points of view and their concerns on this issue.

The general consensus was that Desjardins has made progress with respect to the representation of these groups on its democratic boards and that all conditions seem to be in place to achieve even more significant improvement.

In response to the forum, an action plan will be created reflecting the needs expressed. The plan will be implemented and closely monitored; the progress of the representation indicators for the participation of those four member segments in our democratic bodies will also be rigorously followed up. The conclusions drawn by this forum will help to define our orientations, strategies and practices in terms of democratic diversity.

MEANS TO CULTIVATE OUR UNITY OF THOUGHT AND ACTION

Just over four years ago, we adopted new democratic and operational structures. These changes were mainly aimed at making the relationship between the caisses and the Group's

planning, coordinating and supervisory bodies more direct, while at the same time making our decision-making process more flexible and efficient.

We can certainly affirm that we have been quite successful, overall, at meeting these challenges. However, it has become apparent that the new arrangements were not entirely satisfactory to the caisses with respect to orientations and governance.

That is why in January 2005, we launched a consultation on the mechanisms for caisse discussions, suggestions and consultations. It arose from this consultation that both the statutory and complementary mechanisms that were set up in the caisse network for those purposes are generally perceived in a positive light by the caisses and their officers. The greatest dissatisfaction is caused by the way the concerns, needs and expectations of the caisses are taken into account, as well as by the role of our regional democratic bodies – the Councils of Representatives.

We therefore set up an action plan that will enable us to stimulate the associative aspect of our activities and cultivate our unity of thought and action.

USING TECHNOLOGY TO SUPPORT OUR ASSOCIATIVE ACTIVITIES

We are in the forefront with respect to the use of technology (ATMs and Internet, among other means) to enable our members to carry out their transactions wherever and whenever they wish to do so. We believe that technology can also be an effective ally in energizing our associative activities. More than 150 caisses now have Web sites and several others will be getting one soon. Thanks to distinctive and personalized content, the caisse Web sites are a source of information and community for their members.

In terms of associative activities, technology enables us to provide information to our members. But we don't plan to leave it at that. We aim to use new technologies to consult caisse members and eventually enable them to vote or make decisions online.

Women and young people on caisse boards



Since 2001, the proportion of women caisse officers has grown steadily, accelerating in 2005. In fact, the percentage of women who were elected as officers in 2005 (48.1%) is significantly higher than the existing proportion of women among all officers (32%).

This trend is even stronger among young people (age 18 to 34), who represent 9.1% of active officers, while a solid 42.3% of all officers elected in 2005 were between the ages of 18 and 34.

We are now looking into meeting procedures and our regulatory environment, as well the operational and security aspects involved in carrying out these activities electronically. It won't be long before we will be able to consult with members or allow them to elect caisse officers over the Internet or by other electronic means.

ETHICS AND PROFESSIONAL CONDUCT: PUTTING OUR VALUES INTO PRACTICE

The purpose of the Desjardins Group Code of Ethics and Professional Conduct is to ensure that all our elected officers and employees demonstrate responsible conduct, which is the very foundation of the trust we have established with our members, our clients and the community. In the past year we have taken several measures to make employees and officers aware of the provisions of this Code. A mechanism for reporting actions contrary to the Code and the regulatory frameworks was also set up. In addition, all officers and employees have been asked to attest that they have read the Code and that they are committed to adhering to it.

Three sessions on ethics were added to the Know-how and Governance training program offered to elected officers. In addition, ethics and professional conduct were integrated into the welcome program for new officers and employees of the caisses and the Fédération. These new officers and employees were also given a guide that uses examples taken from the caisses' daily activities and provides procedures to follow when, in a given situation, a rule in the Code is at issue.

Finally, we toured our Business Centres and administrative centres to sensitize their employees to the rules of the Code.

TRAINING ON INTEGRATED RISK MANAGEMENT

In 2005, the members of the boards of directors of the Fédération des caisses Desjardins and our various subsidiaries participated in a customized training activity on integrated risk management.

Offered by Desjardins Cooperative Institute, the purpose of this training course is to sharpen participants' reflexes for vigilance and critical thinking and to provide them a common frame of reference. The course also helps clarify the differences between the roles of members of boards of directors and members of management teams. Participants can thus be more effective in fulfilling their roles and responsibilities in terms of risk management.

ENCOURAGING GREATER PARTICIPATION IN CAISSE ANNUAL GENERAL MEETINGS

Member participation in the caisses' annual general meetings is an important indication of the vitality of our associative activities. It is therefore not surprising that the caisses use their imagination to attract the greatest possible number of members to the meeting to decide on important issues.

Caisse populaire de Cochrane, in Ontario, had students participate in its most recent Annual General Meeting. Young music students from the local high school put on a show for the audience. One student acted as a master of ceremonies

for the Meeting. Another group of students served supper, thereby earning money for a trip to Europe. The result was a 57% increase in attendance at the Annual General Meeting over the previous year.

For the past two years, **Caisse Desjardins de la Vallée du Gouffre**, in Baie-Saint-Paul, has held a contest entitled *Des Avoirs au service des Êtres* (Assets at the Service of People), whereby \$50,000 is shared among community organizations to carry out their various projects. This contest is different because it offers members the opportunity to vote during the Caisse's Annual General Meeting on the projects that they believe best correspond to the needs of the community. The contest, created by **Caisse Desjardins de Limoilou**, is very successful both because of the numerous projects that it inspires and because of the substantial increase in member attendance at the Annual General Meeting.

INITIATING YOUNG PEOPLE TO CAISSE GOVERNANCE

The Young Intern Officer program discussed on the facing page is the best way that we have found to initiate young people to the associative aspect of caisse activities and to encourage them to participate in caisse governance. However, several caisses have developed a number of other interesting initiatives to achieve the same results.

The **Desjardins Beauharnois, Châteauguay, Christ-Roi de Châteauguay, Mercier – Saint-Isidore** and **Sainte-Martine** caisses invited local young people between the ages of 17 and 30 to a symposium in March 2005. Some 200 participants were able to express themselves on subjects involving their finances, their future and their caisse. This was an excellent opportunity for caisse employees and officers to discuss things with young people and hear what they have to say. Some months later, the participants received an action plan for young people prepared by the caisses in light of the ideas and comments gathered during the symposium.

Caisse Desjardins de la Chevrotière, in Saint-Marc-des-Carières, had the excellent idea of setting up a youth committee composed of six young people from the ages of 18 to 25, responsible for all youth-oriented projects to be carried out by their financial services cooperative. Over the course of the year, these young people participated in several activities such as the implementation

of a *Desjardins Jeunes au travail* work experience program, the organization and facilitation of a press conference and of a gala evening to remit scholarships, the planning of the *Emploi Ado* teen employment program and of a meeting organized to offer students at the post-secondary level information on Desjardins products and services.

Growing number of young people among our elected officers

At the end of 2005, more than 650 young people aged 18 to 34 held officer positions on the board of directors or the board of audit and ethics of their caisses. Created in the mid-1990s, the Young Intern Officer program is one of the ways that was set up to make more room for young people in both democratic bodies of the caisses. In 2005, more than 250 young people from the ages of 18 to 30 took advantage of this program to sit on those boards as observers for a period of 12 months.

By attending the meetings and participating in discussions with elected officers, the interns learn about the role of administrator of a financial cooperative, while influencing the orientations of the caisse regarding young people. These young people gain valuable social and educational experience while acquiring knowledge and skills that will serve them very well in the future.

Mathieu Leclerc, age 27, has sat on the Board of Directors of **Caisse Desjardins Immaculée-Conception**, in Montréal, since January 2005. Involved since high school in various social activities, including among other things being a member of the Board of Directors of the Students' Association in the schools that he attended, Mathieu felt that our Young Intern Officer Program was perfect for him. "I had heard about Desjardins' social commitment to the community and the cooperative difference of my caisse – where I have been a member for 14 years. I wanted to see how this cooperative difference was being concretely expressed."

Mathieu mentions that one of the big moments in his mandate was his participation in the *Journée Jeunes leaders* (Young leaders event) which gave him an opportunity to discuss with other young people their vision for Desjardins in the future. "I was impressed to see the Desjardins management, including Mr. D'Amours, take notes during our discussions. This day was definitely one of the factors that really inspired me to continue my commitment at the caisse."

Field trip to France

In 2004, an international aspect was added to the program offering young intern officers a chance to participate in a field trip to study major cooperative financial groups abroad. In June 2005, 14 young intern officers from various regions of Québec and Ontario traveled to France for a ten-day internship and met with their counterparts in the Caisses d'épargne, the Crédit agricole, the Banques populaires and the Crédit mutuel. Through these meetings, they were able to learn about various models of financial cooperatives and understand the major challenges confronting them.



Mathieu Leclerc, Young Intern Officer at Caisse Desjardins Immaculée-Conception.

Pierre Bédard



Involvement



OUR INVOLVEMENT IN THE COMMUNITY Desjardins has always valued community involvement. Indeed, the very presence of the caisses and the deep roots they have in their communities as a direct result of their cooperative nature is the primary manifestation of our commitment to those communities. Today, all Group components provide many different types of support to the communities where they operate.

OUR DISTINCTIVE COMMERCIAL PRACTICES

DESJARDINS IS A COOPERATIVE OWNED BY ITS MEMBERS. OUR COOPERATIVE NATURE IS WHAT DICTATES THE COMMERCIAL PRACTICES FOLLOWED BY ALL OUR COMPONENTS. THOSE PRACTICES ARE BASED, AMONG OTHER THINGS, ON THE PRIMACY OF OUR MEMBERS' AND CLIENTS' INTERESTS AND THEIR RIGHT TO RECEIVE PERSONALIZED, COURTEOUS SERVICE AS WELL AS CLEAR AND RELIABLE INFORMATION ABOUT OUR PRODUCTS AND SERVICES.

PARTICIPATING IN THE CAPITALIZATION OF THE CAISSE WITH PATRONAGE ALLOCATIONS OR RETURNS

Patronage allocations or returns are one of our most tangible distinctive features. At the end of the fiscal year, the members of each Desjardins caisse come together at a general meeting to

decide how to share excess income over expenses. The members must first see to the financial longevity of their caisse by ensuring that it has sufficient reserves. Once this is done, they may decide to share what remains in surplus earnings among all the members, based on the transactions they performed at their caisse; these are called individual patronage allocations or returns. The members may also choose to transfer part of the surplus earnings into the caisse Community Development Fund, which allows the caisse to support the community through sponsorships, donations, bursaries and other contributions; these are known as collective patronage allocations or returns.

In 2005, we worked towards fulfilling one of the desires expressed by our elected officers at their 2003 Congress on Cooperative Renewal, which is to allow members to use their individual patronage allocations to contribute to the capitalization of their caisse.

To offer this program to their members, we recommend that the caisses adopt a by-law at their 2006 Annual General Meetings whereby members will be able to receive their allocations in caisse shares. These shares will be RRSP-eligible and may only

be redeemable in certain situations (such as retirement). Members opting for shares will obtain a 30% bonus on the amount of their patronage allocation or return. Starting in 2007, if everything goes according to schedule, members wishing to do so will be able to use the patronage allocations they receive at the end of the 2006 fiscal year to participate in the capitalization of their caisse.

Furthermore, beginning in 2006, a caisse can, if its general meeting so allows, pay a member patronage allocations on the amount of Desjardins investment funds that the member holds. The expansion of the basis for calculating patronage allocations is a matter of being fair to all members who contribute to the revenues of their institution. It is also a question of consistency with the development of the caisse, which is no longer only a savings and credit cooperative, but rather a financial services cooperative.

DESJARDINS MICROCREDIT FOR BUSINESS PROGRAM: POSITIVE RESULTS

The Desjardins Microcredit for Business fund is the result of a partnership between a group of caisses and a *Réseau québécois du crédit communautaire* (RQCC – Québec Community Credit Network) member organization. The RQCC allows self-employed workers and microbusinesses that have trouble getting credit through the traditional networks to obtain financing and support in carrying out their business plans

The results of the first Desjardins Microcredit for Business fund, which stemmed from a partnership between Québec City East caisses and the Québec City Community Loan Fund, were extremely positive. Indeed, since January 2004, nearly 50 applications have been submitted by Québec City East sector caisses and Business Centres. The projects supported have resulted in the creation or maintenance of approximately forty jobs.

A second Desjardins Microcredit for Business fund was implemented in 2005 in the Laurentians region. With this new Microcredit Program, created through the partnership of seven caisses in the Laurentians with the Community Loan Fund for Women, women wanting to start up, develop or consolidate their own businesses will be able to have access to financing.

In 2006, it is expected that additional Desjardins Microcredit for Business funds will be created under such agreements between groups of caisses and RQCC member organizations.

Similarly, the **Caisse d'économie Solidaire** was instrumental in putting together a group of partners that have pledged up to \$25,000 for the RQCC for 2005-2006. This contribution will support the RQCC's mission to fight poverty and to develop a more equitable economy.

DESJARDINS MUTUAL ASSISTANCE FUNDS IN 12 REGIONS OF QUÉBEC

Desjardins Mutual Assistance Funds, which originated from a collaborative effort between a group of caisses and various budget consulting organizations, help people in financial difficulty who have no access to credit by offering budget management advisory services and emergency loans, if needed.

About twenty Mutual Assistance Funds involving some 200 caisses have been created in 12 regions of the province since the concept was first launched in 2002. In total, nearly 2,000 budget consultations have been provided and more than 1,000 loans granted, totalling \$550,000.

The average loan recovery rate is 91%, which demonstrates the viability of the Desjardins Mutual Assistance Funds, which aims above all to help members become better informed and more self-reliant consumers.

PREVENTING FINANCIAL FRAUD AIMED AT THE ELDERLY

In Canada, between 4% and 6% of people over 65 are victims of fraud. That is why, in 2005, we continued to seek innovative solutions to combat this problem.

The **Daveluyville, Sud des Bois-Francis** and **Victoriaville caisses** undertook a prevention campaign in cooperation with the Arthabaska Regional County Municipality's *Comité de prévention des abus envers les aînés* (Elder Abuse Prevention

Valuable sources of information for young people

In personal finances as in many other fields, information is the key to success. The more reliable the information is, the better our decisions will be. This fact is no different for young people.

That is why our Web site offers the *Teen* and *18-24 Generation* portals to youth as a valuable source of information. Young people will find easy-to-understand financial information there, tips and advice on savings, investments, credit and insurance, as well as financial simulators. Young people can also learn more about our cooperative nature in the *How cooperation works* section of our Web site. These portals also include general information on health, career and social issues as well as many useful links. Each month, the various educational features found on these portals receive close to 50,000 hits.

As the main lender to students in Québec, we feel that it is our duty to inform young people on the best way to balance their studies and their finances. In addition to informing students on the steps to obtaining financial aid, our financial guide, *When it comes to credit, I always come out ahead*, distributed through the caisses to some 63,000 students at the beginning of the 2005 school year, provides answers to a variety of questions asked by students on financial management, the sound use of financial tools and how to use credit wisely.

Finally in 2005, in accordance with their educational mission, the Desjardins caisses offered seminars to young people who are interested in personal financial management. Many subjects were dealt with, including how to set up a budget, transaction security, credit, savings products, buying property, credit card use and registered retirement savings plans.

Committee), the Public Curator, the *Sûreté du Québec*, the Théâtre Parminou, the Bois-Francs School Board, the Arthabaska RCM and the Suzor-Côté CLSC. More than 700 people attended five luncheon meetings in five Arthabaskan towns.

The **Caisse Desjardins Bellevue** in Québec City held information sessions in collaboration with the CLSC de la Vieille Capitale, attended by some 350 senior citizens.

SUPPORTING ENTREPRENEURSHIP AND JOB CREATION

WITH DEEP ROOTS IN THE VARIOUS COMMUNITIES WHERE WE OPERATE, WE DO OUR UTMOST TO PROMOTE ENTREPRENEURSHIP AND JOB CREATION. ONCE AGAIN IN 2005, WE TOOK A NUMBER OF INITIATIVES IN THIS AREA, PARTICULARLY WITH RESPECT TO YOUTH.

THE CAISSES SUPPORT THE INTEGRATION OF YOUNG PEOPLE ON THE JOB MARKET

Over the past year, the Desjardins caisses put considerable effort into assisting young people seeking a place for themselves in the job market.

Last fall, **Desjardins caisses in Granby, Ange-Gardien, Rougemont, Saint-Césaire, Waterloo, Bromont and Cowansville** created *Je me lance !*, a brand new program aimed at high school students aged 14 to 17. *Je me lance !* will bring local young people into contact with professionals working in fields that interest them, to help them gain a better understanding of their chosen profession. Popular speaker Sébastien Benoît gives lectures on this issue at the ten high schools located in the area. Using his own experiences, he illustrates the importance of choosing an educational path that will lead to a career that suits your interests and aptitudes.

By the end of 2005, approximately 150 students had signed up and activities involving meeting with professionals began in January 2006. A career counsellor is working full time supervising the program, and local school administration officials, career counsellors, teachers, employers and professionals are also actively involved. *Je me lance !* was created to help maintain students' interest in school as well as to prevent an anticipated scarcity of skilled manpower in this region.

In an effort to mobilize local organizations, business people and municipalities, a youth forum was conducted by the **seven Desjardins caisses in Bellechasse**, a regional county municipality located in the Lévis area. This activity served to pinpoint the main issues and set priorities to help keep young people in Bellechasse. The caisses involved took the opportunity to announce that they would be allocating \$100,000 to youth-oriented projects submitted to them following the forum, thereby launching the *Ma région, mon avenir* (My Region, My Future) program. Under the program, the caisses financially supported the creation of an Internet portal providing young people with information about careers and professions available in their region.

In Québec City, the **Caisse Desjardins de Québec** and the **Caisse Desjardins Bellevue**, held job fairs (*Assure ton ascension* and *Défi Emploi Jeunesse*), enabling more than 500 young people to meet possible future employers and make other important contacts.

AN INCUBATOR FOR YOUNG ENTREPRENEURS

The **Caisse populaire Desjardins de la Nouvelle-Acadie** developed a financial partnership with various stakeholders in its area, including the town of Saint-Jacques, in order to establish an industrial incubator in their region.

The building has space at below-market rental rates for innovative businesses at the pre-start-up or start-up stage that have been in operation for three years or less. In addition to low rents, the tenants have access to consulting services from the Montcalm local development centre and the Achigan-Montcalm Community Futures Development Corporation.

The short-term goal is to establish 4 new businesses in the incubator and create 30 high-quality jobs. In the medium and long term, the project promoters hope to see the construction of industrial buildings in the vicinity of the incubator to facilitate the relocation of firms after their incubation period. They also plan to use the incubator to develop synergies among the innovative businesses of the region.

TEACHING YOUNG PEOPLE ENTREPRENEURIAL VALUES

In 2005, we provided funding towards the creation of a kit designed to teach students about entrepreneurial values. The kit was distributed free of charge throughout Québec to high school students finishing general and professional programs.

Produced by Montmorency's *Carrefour Jeunesse Emploi* (youth employment centre), the kit is also being offered to socioeconomic development organizations and other groups with the mission to promote the employability of young people or to help them find direction.

AN EXTENSIVE RECOGNITION PROGRAM FOR ENTREPRENEURS

In 2005, we launched a major program to recognize entrepreneurs in Québec and Ontario, offering 12 prizes worth a total of \$185,000.

The program includes:

- Four **Desjardins Young Entrepreneur Prizes** worth \$10,000 each, recognizing creativity and entrepreneurship in young people.
- Four **Desjardins Financial and Social Performance Prizes** worth \$10,000 each, intended for entrepreneurs with a solid financial performance combined with social commitment or a contribution to the well-being of the community or to sustainable development.
- The **Desjardins Diagno-STIQ Prize** worth \$20,000, designed to promote improvement in the management practices and enhance the competitiveness of manufacturers.
- The **Desjardins EDC International Commerce Prize** worth \$25,000, intended to support those who serve or use foreign markets.
- The **Desjardins Productivity Challenge Prize** worth \$10,000, designed to reward businesses that have significantly improved their productivity.
- The **Desjardins Business Owner Transfer Prize** worth \$50,000, intended to promote successful business transfer and succession.

The *Desjardins Jeunes au travail* program: A good idea that keeps on growing

Back in 1995, when **Michel Ménard, General Manager of the Caisse Desjardins de Lavaltrie**, began to think about a way to help local youth find their first summer job, he never expected that his idea would, some ten years later, impact hundreds of young people all across Québec.

Pierre Bédard



Michel Ménard, General Manager, Caisse Desjardins de Lavaltrie and creator of the *Desjardins Jeunes au travail* summer job program for young people.

The Caisse de Lavaltrie was the first caisse to implement the *Desjardins Jeunes au travail* summer job program, in 1996. The following year, the program for young people was launched in the Trois-Rivières area. By that time, more and more young people between 15 and 18 were enjoying paid, supervised 180-hour summer internships in a business, including job search and interview training, in order to enhance their employability.

Desjardins Jeunes au travail obtained exceptional results in 2005 due to the involvement of a growing number of caisses, *Carrefours jeunesse-emploi* centres and employers in various communities. Last year, the program was available in 15 regions across Québec and enabled close to 850 young people to find their first summer job.

"I am pleasantly surprised by the extent of the program," stated Michel Ménard. "But what gives me the most satisfaction is knowing that the *Desjardins Jeunes au travail* program is an important stage in the lives of so many youths. Every year, I collect more wonderful stories to tell about young people who benefited from the program."

“JEUNE COOP” – DISCOVERING THE ADVANTAGES OF COOPERATION

In conjunction with the *Conseil de la coopération du Québec*, we support the *Jeune COOP* (Youth COOP) program, which provides young students in the last two years of high school and their teachers with all the tools they need to start up a cooperative. This program has been responsible for creating 27 cooperatives in schools, affecting some 1,500 students. In addition, nearly 1,700 other students created their own summer jobs through youth service cooperatives.

The *Jeune COOP* program is attracting a lot of interest in schools and among extracurricular organizations, especially youth centres, because it provides a way for young people to develop their entrepreneurial skills and to become familiar with the advantages and the democratic operations of a cooperative.

LEARNING NEW SKILLS, BROADENING HORIZONS

Whether they involve restoring heritage buildings, creating infrastructures, promoting ecotourism or expanding community facilities, we support collective development projects both here and abroad under an agreement with the government of Québec and *Chantiers jeunesse*, an international youth volunteer program.

Over the last year, 17 *Chantiers jeunesse* projects allowed more than 350 young people, including students and drop-outs, employed and unemployed individuals, to learn new skills, broaden their horizons and build their self-esteem in a spirit of solidarity and respect for differences. For example, last summer about ten young volunteers from Québec, Germany, France, Japan, Mexico and Romania completed landscaping work on the buildings of the Côte-des-Neiges community housing project in Montréal.

In 2005, 200 young Quebecers took part in similar programs abroad.

REGIONAL DEVELOPMENT: AN ONGOING PRIORITY

BEYOND HAVING A PRESENCE ALL ACROSS QUÉBEC, WE CONTRIBUTE TO REGIONAL DEVELOPMENT IN MANY WAYS, IN PARTICULAR BY SUPPORTING THE DEVELOPMENT OF BUSINESSES AND COOPERATIVES AND BY FOSTERING WAYS TO HELP YOUNG PEOPLE REMAIN IN THEIR REGIONS AND STAY IN SCHOOL. IN 2005, WE AWARDED \$17.1 MILLION IN SPONSORSHIPS, DONATIONS AND BURSARIES FOR THE PURPOSES OF REGIONAL DEVELOPMENT.

\$159 MILLION TO 143 BUSINESSES THROUGHOUT QUÉBEC

In 2005, **Desjardins Venture Capital** (DVC), our venture capital fund manager, invested a total of \$159 million in new commitments in 143 businesses and cooperatives from every region of Québec.

DVC manages the assets of the six Desjardins regional investment funds and two other organizations: Capital régional et coopératif Desjardins (CRCD), a public fund with capitalization expected to reach \$1.325 billion by 2011, and Desjardins – Innovatech S.E.C.

Incorporated in July 2005, Desjardins – Innovatech S.E.C. is a fine example of partnership with the government of Québec. The new corporation backs the mission of *Innovatech Régions ressources* to support innovative companies in the life sciences, information technology and industrial technologies sectors in Québec's resource regions. A natural fit with our regional and economic development policy, the \$30 million invested in this new corporation makes CRCD the largest and most active investor in those regions. More than a financial partner, DVC supports the growth and expansion, merger, acquisition and initial public offering plans of more than 200 Québec businesses and cooperatives.

In addition, following the March 2005 announcement of the creation of the FIER fund (regional economic intervention fund) in which CRCD committed to investing \$25 million, we also participated in the establishment of nine FIER-régions funds, with investments totalling \$2.8 million.

There was unprecedented demand for the CRCD share issue in 2005, with all available shares finding takers within only a

week. CRCD's mandate is to mobilize development funds for all regions of Québec. One of its priorities is to invest in the capitalization of cooperatives and in the resource regions of Québec, which are Abitibi-Témiscamingue, Lower St. Lawrence, North Shore, Gaspé-Îles-de-la-Madeleine, Mauricie, Northern Québec and Saguenay-Lac-Saint-Jean.

Keeping young people in school

Outlying areas will remain dynamic communities as long as they continue to maintain an educated workforce. This is why many Desjardins caisses took steps in 2005 to keep young people in school.

For example, the **eight Desjardins caisses in Sherbrooke**, Sherbrooke regional school board and the City of Sherbrooke have earmarked nearly \$1 million in spending over the next three years to encourage young people at Sherbrooke's four public high schools to stay in school.

This major support program is intended mainly for the 600 young people at the greatest risk of dropping out; currently, around 450 young people in Sherbrooke drop out of high school each year.

These students will be offered a range of psychosocial and educational activities over the next three years, such as creating a mini-business, or a chance to attend carpentry or mechanics workshops. They will also be offered opportunities to tour businesses, take on internships, participate in scientific studies, social or environmental programs and creative projects. Other high school students will not be left out, since they will be invited to attend lectures and take part in activities aimed at encouraging them to surpass their current achievements and to adopt cooperative values.

Meanwhile, in 2005, the **six caisses of Charlevoix** became the main partners of the *Table de prévention de l'abandon scolaire de Charlevoix* (Charlevoix drop-out prevention roundtable), with a financial contribution of \$60,000 to be spread over the next three years. Strongly supported by many educational, socioeconomic and private stakeholders in the region, this organization strives to prevent young people from quitting school by increasing awareness and taking joint action.

Finally, in 2005, the **Saint-Joseph de Hull, Île de Hull and Saint-Raymond de Hull caisses** set up a \$60,000 fund to lower the school drop-out rate. The fund will help young people having difficulty completing their studies due to financial problems. The caisses also offer students the opportunity to obtain interest-free loans to be repaid only at the end of their studies.



Alban D'Amours, President and Chief Executive Officer of Desjardins Group, with a group of young people and key social stakeholders from Sherbrooke at the October 2005 launch of the school drop-out prevention program.

CONCRETE SUPPORT FOR COOPERATIVES IN SAGUENAY-LAC-SAINT-JEAN

As natural partners of the *Coopérative de développement régional* (CDR – Regional development cooperative), the **Desjardins caisses of Saguenay-Lac-Saint-Jean** invested \$50,000 in the *Fonds régional d'appui aux coopératives* (FRAC) regional fund to support cooperatives. Launched by the CDR in October 2005, in collaboration with Filaction and the *Réseau d'investissement social du Québec* (RISQ – Québec's community investment network), the purpose of the fund is to give local cooperative businesses access to \$500,000 in finance capital, to complement other sources of financing. More specifically, FRAC investments allow its beneficiaries to cover an occasional or temporary financial need; they may also be used as emergency funds in a recovery situation.

ENCOURAGING YOUNG PEOPLE TO REMAIN IN THEIR REGIONS

Bearing in mind that a region's vitality is dependent upon the presence of young people, we would like to do what we can to prevent the migration of those in the 18 to 35 age group to urban centres and promote their return to their home regions. We have supported the *Place aux jeunes du Québec* youth employment program for the past 15 years to show young people that it is possible to have a career in their region, and help them find a job or start their own business. This support includes paying the salaries of migration agents whose mandate is to make young people aware of labour needs and put them in touch with businesses and employers in outlying areas. Moreover, thanks to our financial support, 62 projects were carried out, enabling 889 young people to make exploratory field stays to non-urban regions of Québec in 2005. As a result of these visits, 442 young people settled in outlying areas. Finally, in December 2005 and January 2006, more than 10,000 students received an invitation from Desjardins Student Loan Management Service to sign up for these exploratory stays.

In addition, in 2005, we offered financial support towards the construction of the *Place aux jeunes* Web site aimed at young Franco-Ontarians and promoted by the Ontario caisses populaires.

TAKING CONCRETE STEPS TOWARDS BETTER HEALTH CARE

SINCE NEEDS ARE GROWING FAST DUE TO OUR AGEING POPULATION, WE CONTINUED IN 2005 TO TAKE PART IN A VARIETY OF HEALTH CARE INITIATIVES. WE PROVIDE \$13.4 MILLION IN SPONSORSHIPS, DONATIONS AND BURSARIES TO ORGANIZATIONS IN THE HEALTH CARE FIELD.

FIGHTING THE RISKS OF OBESITY

In Canada, 20% of the population is considered to be obese, while more than 50% are overweight. In addition, the costs associated with health problems linked to obesity have been estimated at \$4.3 billion nationwide.

In order to assist in the fight against obesity, which is at the root of numerous diseases including hypertension, certain cardiovascular problems and diabetes, we offer \$500,000 in financial support to the Chair on obesity research and \$600,000 to the Bertrand-Fradet cardiology Chair at *Université Laval*. Our contribution will allow this latter Chair, instituted in 1978, to continue its mission to improve the cardiology care available in Central and Eastern Québec.

As for the Chair on obesity research, established in 1997, its purpose follows along two lines: the pursuit of research on neurological and hormonal processes that regulate the expenditure of energy, and the distribution of up-to-date knowledge in the field of obesity prevention and treatment. In November 2005, we launched the *Conférences scientifiques Desjardins* scientific conferences to support the educational aspect of the Chair's mission.

DESJARDINS AND MIRA IN A FIVE-YEAR PARTNERSHIP

In October 2005, we entered into a five-year partnership agreement with the MIRA Foundation. Through this agreement, we will use our caisse network and our various means of internal and external communication to provide MIRA with services and collaborate

on various fund-raising activities. In addition, certain items used by the caisses for promotional or appreciation activities will clearly display MIRA's banner and logo, and all profits from the sale of these products will go to the Foundation.

This agreement will allow MIRA to develop its guide-dog program for children under 15, to support its current efforts with the visually and physically challenged and offer new services, particularly to autistic children. This partnership will also facilitate the Foundation's activities among non-French-speaking communities.

PARENT-CHILD CENTRE IN TROIS-RIVIÈRES TO IMPROVE CARE FOR NEWBORNS

Last year, the **Association des caisses Desjardins de Trois-Rivières** donated \$500,000 to the *Fondation du Centre hospitalier de Trois-Rivières* hospital foundation for the construction of the *Centre parents-enfant Desjardins* parent and child care centre.

This financial aid will be used to expand the neonatal unit and purchase equipment to make parents and babies more comfortable.

CLOSE ASSOCIATION WITH ORGANIZATIONS IN THE HEALTH CARE FIELD

Desjardins Financial Security (DFS), our life and health insurance subsidiary, has maintained a close and natural association for many years with numerous organizations in the health care field. In 2005, DFS donated \$1 million to groups such as the Heart and Stroke Foundation of Canada and the Canadian Mental Health Association. DFS was also a main partner in the launch of the Québec Crime Victims Assistance Centres advertising campaign and supported Kino-Québec's production of a brochure aimed at increasing awareness among retired and semi-retired individuals of the importance of staying active after retirement.

SUPPORT FOR THE COMMUNITY COMES NATURALLY

AS WE ARE A COOPERATIVE ENTERPRISE, THE ASSOCIATIVE ASPECT OF HUMAN ENDEAVOUR IS AN ESSENTIAL PART OF WHO WE ARE. THAT'S WHY IT IS NATURAL FOR US TO SUPPORT PROJECTS THAT STIMULATE DEMOCRACY AND COMMUNITY LIFE.

PLACE DE LA CITOYENNETÉ ET DE LA COOPÉRATION IN ROUYN-NORANDA

The **Caisse Desjardins de Rouyn-Noranda** joined forces with the municipality of Rouyn-Noranda in the construction of *Place de la citoyenneté et de la coopération*, a city park dedicated to citizenship and cooperation. The Caisse contributed \$100,000 and the city donated \$232,000 to this project.

Place de la citoyenneté et de la coopération recalls the origin, vitality and strength of the neighbourhoods, towns and villages that merged over the years to form the city of Rouyn-Noranda. The park design reflects the development of the parcels forming the 17 original municipalities, and showcases two of our fundamental values: solidarity and mutual assistance.

An outdoor theatre, *Scène Desjardins* was erected in the park and is a testament to local expertise as well as to the caisse's commitment to encourage and promote art and culture.

PASSION: AN ANTIDOTE FOR SUICIDE

The Beauce-Etchemin region has one of the highest suicide rates in Québec – and in Canada. Based on a hunch that a passion for living is contagious, the **Desjardins caisses in Chaudière-Nord** launched a project entitled *Desjardins, ma vie, mes passions* (Desjardins, my life, my passions).

With an annual budget of about \$10,000, a number of determined young people, having attained their own ambitious goals in their respective fields, meet with groups of young students in the region's elementary and high schools. At these meetings, speakers share their enthusiasm and their passion for life. Gail Kelly, from Saints-Anges, in the Beauce region and a member of the Canadian downhill ski team, is the spokesperson for this project and one of the six conference speakers.

AN IMPORTANT ASSET FOR COMMUNITY LIFE IN SAINT-JEAN-DE-LA-LANDE

In February 2000, when a fire destroyed the elementary school in the municipality of Saint-Jean-de-la-Lande, in Témiscouata, a crucial focal point of its community life was lost. The building housed not only the school, but the municipal offices as well, and the Dégelis-based **Caisse Desjardins Trois-Lacs** had a service centre there.

The town then decided to build a municipal complex where various services would be grouped together with the school premises. They naturally turned to the Caisse, which pledged to establish a Service Centre there and contributed \$40,000 to finance the project. The *Complexe municipal Saint-Jean-de-la-Lande* was opened in the spring of 2005. In addition to the Caisse service centre, the building includes municipal offices, the municipal library and four social housing units.

An agreement, signed by the municipality and the Caisse, defines the operating conditions of the service centre, and stipulates that a municipal employee will provide Caisse services, under the supervision of Caisse employees.

MORE WOMEN IN DEMOCRATIC INSTITUTIONS

We provide financial support to *Groupe Femmes, Politique et Démocratie* (GFPD), a women's group with the mission to educate the general public and women in particular about democratic action, promote greater participation by women in politics and support the full exercise of citizenship by all.

The GFPD seeks parity between men and women in Québec's democratic institutions and has fashioned its medium-term actions around that goal, which it believes is the primary indicator for the advancement of democracy in Québec. In order to achieve its overall mission, the GFPD organizes information and educational activities such as symposiums, forums, workshops and lectures. It also produces information and training tools including books, videos and electronic and print publications. The group is also involved in various cultural and educational activities including theatre productions, and the design and presentation of personalized training sessions.

RESPONSIBLE BEHAVIOUR AT THE WHEEL: NEARLY \$3 MILLION OVER 22 YEARS

In 2005, **Desjardins General Insurance Group** (DGIG) partnered with Operation Red Nose for the 22nd consecutive year. DGIG acted as the provincial sponsor and official insurer of this important activity promoting awareness of the dangers of impaired driving. DGIG and Desjardins Group as a whole have contributed nearly \$3 million to Operation Red Nose since the beginning of their involvement with this program.

In addition to financial support, DGIG helped Operation Red Nose get established in other Canadian provinces by lobbying the entire general insurance industry to get involved in the cause.

NEW FINANCIAL LEVERAGE IN COMMUNITY REAL ESTATE

Un Fonds pour Toit, a brand new community housing investment fund, was created in 2005 as a result of the joint efforts of the **Caisse d'économie solidaire**, *Atelier Habitation Montréal* (Montréal housing workshop) and Filaction. The first of its kind in community housing, this fund has accumulated \$300,000 in capital. The creation of this fund was the culmination of nearly two years' work.



Building bridges between communities

In order to build bridges between the French-speaking, English-speaking and Mohawk communities in their region, the **Châteauguay, Christ-Roi de Châteauguay, Kahnawake and Mercier – Saint-Isidore Desjardins caisses** granted \$15,000 in financial aid to organize the *Grande Tournée 2005 des jeunes de Châteauguay et de Kahnawake* bike tour.

From July 3 to 30, 2005, 25 young people aged 14 to 17, including Mohawks from Kahnawake and participants from French and English-speaking communities in Châteauguay, travelled 1,500 kilometres together by bicycle all over Québec, accompanied by six attendants from Châteauguay, three attendants from Kahnawake and a filmmaker from Kanesatake.

Young people from different backgrounds, but living in close proximity to each other, had the opportunity to get to know and appreciate each other through an intense life experience. Cultural exchanges, festive activities and sightseeing were all part of the journey. As follow-up to the *Grande Tournée*, a documentary film was slated to be shown at the area's schools during the winter of 2006.

The *Grande Tournée* wagered on solidarity, mutual assistance and bringing individuals and communities closer together. Reading the daily log on the last day of the trip, it certainly looks like that wager was won:

"Our 1,500 kilometre trip is ending joyfully and with the feeling that something has been accomplished. We are taking home so many memories, and above all, new friendships made during the trip. We will cherish these memories for the rest of our lives and all these images will forever be imprinted in our minds. Real life is now returning, summer is ending... too quickly for most of us."

Community real estate developers often have opportunities to buy property, but sometimes have difficulty obtaining financing due to insufficient capital or stringent conditions imposed by creditors. The fund facilitates the process of buying land for community housing projects.

FOR THOSE WHO BELIEVE IN PARENTING AS A VOCATION AND IN CHILDREN AS MEMBERS OF SOCIETY

In March 2005, the *Maison des familles* opened in Rimouski, thanks to the financial assistance of the **Rimouski and Rimouski-Neigette Desjardins caisses**, which contributed \$80,000. The family centre was created by mothers and fathers who believe in parenting as a vocation and in children as full-fledged members of society and who, as a result, stay informed and encourage open discussion on the subject of parenting. Places like the *Maison des familles* have important spin-offs for the region because they strengthen local connections and support community members in their everyday lives.

\$200,000 COLLECTED FOR TROUBLED AND HOMELESS YOUTH

With money raised at a golf tournament in August 2005, we were able to donate \$200,000 to the *Fondation des Auberges de cœur*. The money will be distributed among the 27 *Auberges du cœur* in Québec that each year provide shelter to thousands of troubled and homeless youths.

SOLID COMMITMENT TO EDUCATION

BECAUSE WE ARE AWARE OF ITS IMPORTANCE FOR OUR MEMBERS AND FOR THE PUBLIC AS A WHOLE, WE SUPPORT EDUCATION IN MANY DIFFERENT WAYS. IN ADDITION TO FUNDS THEY PAY DIRECTLY INTO THEIR COMMUNITIES, THE CAISSES CONTRIBUTE FINANCIALLY TO FONDATION DESJARDINS, THE PRIVATE FOUNDATION THAT GRANTS THE HIGHEST NUMBER OF UNIVERSITY BURSARIES IN QUÉBEC. IN 2005, DESJARDINS CONTRIBUTED \$10.5 MILLION IN SPONSORSHIPS, DONATIONS AND BURSARIES TO THE FIELD OF EDUCATION.

MORE THAN \$1.2 MILLION IN BURSARIES AND PRIZES

In the past year, **Fondation Desjardins**, a private foundation financially supported by the Desjardins caisses and subsidiaries, provided 367 bursaries and prizes totalling \$642,576, under a number of programs aimed at providing financial assistance to students, developing employability among young people, fostering entrepreneurship and increasing job creation.

Bursaries for university students

In 2005, the Fondation awarded 216 bursaries to university students, amounting to a total of \$425,000. There were 138 female and 78 male recipients of bursaries for 173 Bachelor's degrees, 30 Master's degrees and 13 Doctoral degrees.

Employability assistance

The Fondation awarded bursaries and prizes worth \$102,000 to 137 young people to facilitate their access to the job market, help them go back to school or advance their careers. Among these young people, the 80 recipients of the Raymond-Blais bursaries submitted 26 art projects, 27 technical or professional training projects, 17 business projects, 7 international research projects, one sports project, one cultural project and one agricultural project.

Entrepreneurial assistance and job creation

The Fondation granted 14 prizes with a total value of \$115,000 to support projects by entrepreneurs and members of community organizations. These Desjardins Annual Prizes were awarded to *Service Animation Jeunesse Outaouais* from Saint-Sixte, in the Youth Assistance category, to *Festival en carton du Témiscouata* from Cabano and to *Société des amis du Moulin du Portage* from Lotbinière, in the Community Development category, to *Corvée*, *Coop de solidarité en soins et services* from Saint-Camille, in the Senior Citizen Assistance category and to *Société de gestion environnementale M.R.C. Maria-Chapdelaine* from Dolbeau-Mistassini, in the Sustainable Development category.

Finally, in 2005, Fondation Desjardins signed a ten-year agreement with the *Fondation pour l'éducation à la coopération* (FEC) cooperative education foundation. Under this agreement, Desjardins paid an additional \$1 million into the Fondation Desjardins capital fund, the income from which, estimated at more than \$60,000 per year, will allow the FEC to support action taken on behalf of cooperative education. Fondation Desjardins also granted a total of \$19,500 in education- and cooperation-related bursaries in 2005, namely a \$7,000 Doctoral scholarship, a \$7,500 research grant and \$5,000 for cooperation-oriented projects recognized under the *La Relève en action* (The next generation in action) program.

\$250,000 FOR TEACHING MUSIC

The **Association des caisses Desjardins de Trois-Rivières** granted \$250,000 to the *Fondation du Cégep de Trois-Rivières* for the creation of the *Aire Desjardins space*. The money was dedicated entirely to the school's music program and will be used to build an audition room, audio control room and digital sound recording lab, as well as a 175-seat concert hall, to be called the *Salle de concert Desjardins*. In addition to allowing students to put on shows for local or regional audiences, the *Aire Desjardins* will also be used as a music teaching venue.

MAKING DESJARDINS' HISTORY BETTER KNOWN

Now more than a century old, Desjardins Group has a rich history and the lessons to be learned from it are increasingly relevant today. As a result, the **Société historique Alphonse-Desjardins** (SHAD) carried out a number of activities in 2005, to make Desjardins' history and its cooperative nature better known to young people and other groups.

SHAD's mission also includes the preservation and showcasing of the Maison Alphonse-Desjardins, which was the home of the founder and of the first Desjardins caisse. During the last year, more than 8,000 people, not only from all over Canada but also from some forty other countries spanning five continents, visited this historic site. Of these visitors, 54% were from the general public, 31% from schools and 15% from Desjardins.

MAISON FAMILIALE RURALE COMMERCE ET TOURISME: THEORY AND PRACTICE GO HAND-IN-HAND

In 2005, the **Région-Ouest-de-Mégantic, Notre-Dame de Fatima, Sainte-Cécile de Frontenac, Woburn, Granit** and **St-Hubert de Audet Desjardins caisses** continued their commitment to provide \$280,000 over 3 years to the *Maison familiale rurale* (MFR) *Commerce et Tourisme* (rural family centre for commerce and tourism). This institution provides general and professional high school instruction according to an alternating work-study formula: students take theory courses for two weeks, followed by two-week internships throughout the year. At the end, this dual training allows the student to obtain a Secondary School Diploma (DES) and a Secondary School Vocational Diploma (DEP) in Sales Consulting.

Enabling the academic and social reintegration of young people

Owing to a \$100,000 financial contribution **from the Desjardins caisses of Vieux-Longueuil** to the *Maison des jeunes Kekpart* youth centre, some forty marginalized young people aged 15 to 18 will be able, starting in 2006, to finish high school while learning a trade connected with the dramatic arts.

The building of the *Centre de formation des arts de la scène Desjardins* (Desjardins dramatic arts training centre), adjacent to the *Maison des jeunes*, is slated to begin in March 2006 and courses will start in September. Some students will come from high schools in the area, but others will be recruited in places they frequent, such as the *Maison des jeunes*, arcades, bars and pool halls.

As of September 2006, these young people will have two days of courses each week towards obtaining a secondary school diploma and three days of courses to learn a trade connected with dramatic arts. At the end of the program, they will undertake a group project to complete their training and take part in paid internships with partners such as the *Cirque du Soleil* and the TVA television network.

"The dramatic arts courses act as a great incentive for the young people involved to complete their high school studies," believes Richard Desjardins, General Manager of the *Maison des jeunes Kekpart*. "With this project, we hope to prevent the greatest number of cases of social marginalization possible and promote the reintegration of some forty young people per year by exposing them to a positive learning experience and allowing them to prepare for their future."



Richard Desjardins, General Manager of the *Maison des jeunes Kekpart*.

Pierre Bédard

The MFR also offers the community solutions with respect to the lack of manpower in the business and tourism sectors, the high drop-out rate and the migration of young people from the region, while at the same time offering young people training that matches the needs of local businesses and promotes their integration into the job market.

The commitment from the caisses goes far beyond their financial assistance. For example, two elected officers and two caisse general managers are members of the *Maison familiale rurale* board of directors.

In 2005, some twenty students attended the *MFR Commerce et Tourisme* program in the Mégantic region, and it is expected that there will be about thirty students attending in 2006.

A SCHOOL ABOUT MONEY

Together with the *Carrefour jeunesse emploi* (Youth employment centre) and public, private and community partners in their region, the **Outaouais region Desjardins caisses** took part in the establishment of the very first *École de l'argent* (Money School). Its purpose is to develop an entrepreneurial attitude among young adults aged 16 to 35 through workshops, role play scenarios and lectures.

This project draws on the expertise of the caisses, in particular with respect to business start-ups and personal budget planning.

THE SCHOOL CAISSE: THE BENEFITS OF SAVINGS AND MUTUAL ASSISTANCE

In 1901, Alphonse Desjardins founded the first school caisse. Since then, many generations of elementary school students have learned from their School Caisse the importance of managing their money well. Today, the school caisse is involved in more than 1,100 elementary schools in Québec and 100 schools in Ontario, and more than 120,000 young people participate.

The **Caisse Desjardins de Beaurivage** believes in the benefits of the school caisse and this is why, for the past three years, the caisse has organized a contest that stresses mutual assistance and community action. The prize structure in this contest rewards

class groups and their teachers rather than individual students, demonstrating to students how just one action can create positive spin-offs for a whole community.

Aside from gifts and prizes, the officers of the Caisse Desjardins de Beaurivage feel that their approach allows students to acquire sound savings habits and appreciate the benefits derived from community action. The result is that the School Caisse has an exceptionally high (89%) participation rate that has allowed 217 young people to acquire sound savings habits.

A FULL RANGE OF ARTS AND CULTURAL ACTIVITIES

OUR INVOLVEMENT IN MUSIC, BOOKS, CINEMA AND THE VISUAL ARTS TESTIFIES TO THE IMPORTANCE WE ATTACH TO DRAMATIC AND CULTURAL ARTS. IN 2005, WE CONTRIBUTED A TOTAL OF \$4.3 MILLION IN SPONSORSHIPS, DONATIONS AND BURSARIES TO THE FIELD OF ARTS AND CULTURE.

MUSIC, FRONT AND CENTRE!

Once again in 2005, we supported a number of activities featuring all types of music. For example, we renewed our partnership with the **Festival de Lanaudière** for the next three years. Over the last 10 years we have been sponsoring a series of five large Sunday afternoon concerts, which have been very popular and allowed Festival attendees to appreciate various musical styles.

We also offer our support to **Jeunesses Musicales Canada** for the *Concerts Desjardins*, which is a concert series presented in Canadian rural and urban centres.

In May, we also supported **Maestra** and its series of four concerts in Montréal. This musical encounter seeks to release the potential of women and the richness of their musical creativity. We also presented the concert *Merci ma Sœur !*, underlining the contribution by religious communities, which founded a number of music schools that were precursors of today's faculties of music.

We took the opportunity to announce our participation in the *Jeunes créatrices en musique* music contest that strives to raise awareness of female musicians' involvement in the creation of music, promote the potential of young female music-makers from a variety of cultural backgrounds, by making the most of different musical styles. In this contest, we have offered a \$1,000 bursary in the contemporary popular, electro-acoustic and contemporary classic music category.

In addition, we renewed our partnership with the **Festival d'été de Québec** (Québec City summer festival) for a further three years and submitted a new and revised version of *Grands événements Desjardins* (Desjardins major events).

We once again joined with established and young artists at the 23rd edition of the **Festival en chanson de Petite-Vallée** song festival. As a partner in the Festival since its very beginning, we also acted, for the third consecutive year, as the host at one of the finals, namely the *Finale Interprète Desjardins*, the winner of which received a \$1,000 bursary. As a true launching pad for young talent, the Festival has continued to grow over the last two decades, bringing new life to the development of French-language culture and songs in Québec.

In 2005, we also increased our involvement with the **Granby International Song Festival**. After having contributed in various ways to the first 36 versions of this festival, Desjardins quite naturally became the main sponsor last year. The Granby Festival not only enjoys great prominence among young people as place to launch their careers, but it also promotes the emergence of new performers and writer-composers of French-language songs.

In addition, we again supported the **Guelph Jazz Festival** in which we are also the main partner. With a solid international reputation, the festival has featured jazz and contemporary popular music since 1994 through the presentation of original, innovative and unusual programs.

BOOKS AND VISUAL ARTS

For the fourth year in a row, we sponsored the activities of the **Bouquinistes du Saint-Laurent**, who organized outdoor book fairs in Montréal, Québec City, Ottawa and Gatineau.

We were also involved with the **Musée national des beaux-arts du Québec**, among other things for the *Riopelle Impressions sans fin* (Riopelle: Impressions without end) exhibition, presented from October 2005 to January 2006.

WATCHING THE SILVER SCREEN

Québec cinema is growing strong and we were happy to be associated with its success in 2005 as the **official presenter of the film *Maurice Richard*** dealing with the life of the famous hockey player.

At the premiere, we took the opportunity to award **two \$10,000 bursaries to promote new cinematic talent**. Offered for the sixth year in a row, these bursaries promote the emergence of new cinematic talent. The bursary for the best screenplay of a feature film in a fictional category was awarded to Frank Le Flaguais of Montréal. In the "Quest for Future Images" category, Katia Paradis, of Montréal, received the other bursary for her *Trois Rois* (Three Kings) project, which takes you on a trip to the heart and soul of Belize, a tiny country in Central America.

In addition, we renewed our sponsorship of the **Cinéfest Sudbury International Film Festival** for a further three years. Held since 1989, this festival is the meeting place for amateur filmmakers and one of the most popular cultural activities in northern Ontario.

APPRECIATING YOUNG ARTISTS AT THE COLLEGE LEVEL

In 2005, for the sixth consecutive year, we continued our association with the **Réseau intercollégial des activités socioculturelles du Québec** (RIASQ) intercollegiate socio-cultural activities network as official host and main sponsor of Cégeps

en spectacle, including the *Festival intercollégial de théâtre*, the *Festival intercollégial de danse* and the *Exposition intercollégiale d'arts plastiques* intercollegiate theatre and dance festivals and fine arts exhibition, respectively.

These activities involve 130,000 students at 65 colleges and have contributed, over the years, to the emergence of talent and artists who are today recognized and appreciated by the Québec public.

CRAZY ABOUT ADVERTISING

In 2005, the **Caisse Desjardins du Mont-Royal**, in Montréal, organized the *Craqué de la pub!* contest, for young people from the Plateau Mont-Royal neighbourhood to create an advertising concept to present the Caisse as an institution that is in touch with the pulse of the neighbourhood.

The first prize for \$3,000 went to the *Brasseur d'idées* (Brainstorming) team, who suggested that green-coloured bicycles be purchased, with the caisse's name inscribed on them, to be made available, free of charge, to Plateau residents. People at the caisse are currently at work on an action plan and intend to establish partnerships to implement the project.

RELÈVE DESJARDINS AT THE ABITIBI-TÉMISCAMINGUE FILM FESTIVAL

For the 24th edition of the International Film Festival in Abitibi-Témiscamingue, the **Caisse Desjardins de Rouyn-Noranda**, while maintaining its usual \$15,000 sponsorship commitment, agreed to support the new *Relève Desjardins* project that highlights the success of emerging young creators in the multimedia teaching program at the *Université du Québec en Abitibi-Témiscamingue* (UQAT).

Introduced in 2002, the Bachelor's degree in multimedia at UQAT, which is unique in Québec, educates an increasing number of students every year. To give them more exposure, Festival management decided, in 2005, to present the best productions of 2004.

CLOSE TIES WITH FARMERS

BECAUSE DESJARDINS IS PRESENT IN ALL COMMUNITIES THROUGHOUT THE PROVINCE, AND THE NUMBER ONE LENDER IN THE QUÉBEC AGRICULTURAL MARKET, WE ARE NATURALLY WELL AWARE OF THE IMPORTANCE OF AGRICULTURE IN OUR SOCIETY. IN ADDITION TO THE SUPPORT THAT CAISSES IN AGRICULTURAL AREAS GIVE DIRECTLY TO THEIR COMMUNITIES, WE ARE ALSO INVOLVED IN BROADER INITIATIVES TO ASSIST STAKEHOLDERS IN THIS IMPORTANT SECTOR.

OPEN HOUSE AT QUÉBEC FARMS

As their main partner, we collaborated with the Québec Union des producteurs agricoles farmer's union for the *Portes ouvertes sur les fermes du Québec* (Open house at the farms of Québec) in September 2005.

The 208 farms and the *Maison de l'UPA* that opened their doors that day were toured by a total of 105,747 visitors, greatly exceeding expectations. Agricultural producers were able to showcase the multifaceted nature of their profession just before harvest time and receive appreciation for their home-grown products.

SPONSORING AGRICULTURAL TELEVISION

Along with several partners, including Coop fédérée, Agropur, Hydro-Québec, the government of Québec and the Union des producteurs agricoles du Québec, for the second year in a row, we sponsored a television series entitled *Par-dessus le marché* (Beyond the market). Hosted by Martin Drainville and broadcasted on the TVA network, the program is intended to bring the agro-food industry home to consumers; each week, there are reports on the production, processing and distribution of agricultural products.



Human Resources



MANAGING OUR HUMAN RESOURCES Desjardins is built on human capital that includes close to 40,000 employees and more than 7,000 elected caisse officers. Our very existence and success depend more than anything else on their skill and commitment, so we don't cut any corners when it comes to offering them a stimulating professional environment and an enjoyable and respectful workplace.

DESJARDINS COOPERATIVE INSTITUTE, OUR OWN CORPORATE UNIVERSITY

Launched in 2004, the mission of the **Desjardins Cooperative Institute** (DCI) is to contribute to teaching our values, mission, orientations and strategies to elected officers and managers. Through DCI programs, participants from our various components have the opportunity to enrich their knowledge of Desjardins' governance and management practices.

From the very beginnings of DCI, the two programs offered to our officers and managers have maintained high attendance rates and received glowing reviews from participants.

From May 2004 to September 2005, approximately 2,400 people attended the "Desjardins: Building the Future" program, which focused on the Group's values, orientations and strategies. More

than 1,000 officers and managers attended the "Desjardins: Destination Excellence" program, which has been offered since January 2005 to help participants learn to plan and make decisions with a focus on overall, lasting performance. Both programs achieved a general satisfaction rate of 99%.

TAKING OUR EMPLOYEES' QUALITY OF LIFE SERIOUSLY

In a world where health care costs are rising – in large part due to an ageing population – and where a healthy lifestyle is a priority for most people, the decision to invest in the health and well-being of our employees was obvious.

Over the last few years, we have implemented an impressive number of activities aimed at supporting the health and well-being of our personnel. Desjardins' "Health and Well-Being" program sensitizes our employees to the importance of having a healthy lifestyle. Activities offered under this program include encouraging staff to quit smoking and to be physically active, an annual flu shot campaign, and personal support for those who have health issues.

The “Quit to Win” challenge saw over 500 employees commit to quitting smoking in 2005. That makes over 1,625 employees who have taken up the challenge over the last three years.

To promote physical activity, we encouraged our employees to participate in the “Be Active and Win Challenge” in 2004 and 2005. In all, nearly 13,000 staff members rose to the challenge each year. And, to make sure they don’t drop those good habits adopted during the challenge, many of our components offer to reimburse employees for part of the expenses related to participating in their physical activity of choice.

Also in 2005, for the third consecutive year, we offered our staff free flu shots. As well as protecting the health of our employees and the people around them, this vaccination campaign enables us to take pre-emptive measures against loss of productivity associated with the illness and, in the case of a more virulent strain, against a possible staffing shortage during strategic high business periods.

We also offered many of our employees a series of presentations aimed at helping them improve their overall health and quality of life. These presentations dealt with general health issues, diet, physical activity, heart health and stress management.

The purpose of all these steps taken over the last few years toward improving the health of our employees is to help them find a better balance between their personal life and professional activities.

WEB SITE ON WORKING CONDITIONS AND HUMAN RESOURCES PROGRAMS

As of September 2005, employees of the caisses and of the Fédération des caisses Desjardins du Québec have access to a Web site with information on their working conditions, as well as on human resources management programs and policies.

The site, called *Desjardins and Me*, is easy to access and user-friendly. It has a general section with information on health, integrated management of illness-related absences, work-life balance,

Impressive results

The 600 or so employees assigned to our card-payment services were the first to complete the full three-year cycle (2001-2004) of Phase 1 of the Desjardins Health and Well-Being Program. The results were impressive, to say the very least.

According to a study of 70% of these employees undertaken by the *Direction de la santé publique de Montréal* and the Montréal Heart Institute, in collaboration with the *Institut national de la santé publique du Québec*, the program helped reduce absenteeism by 28% and annual turnover by 54% between 2001 and 2004.

What’s more, the number of participants obtaining a grade of 75% or higher on their overall state of health (physical activity, diet, weight, smoking, alcohol, use of medication, stress, etc.) doubled, from 18% in 2001 to 36% in 2004.

working conditions, remuneration, group insurance and the Desjardins Group Pension Plan. It also has a secure section where employees can access personal information depending on their employee status.

CAREERS AT DESJARDINS

In 2005, we posted over 5,500 job openings, which together received no less than 76,000 applications. Without a doubt, Desjardins continues to be an attractive employer, particularly for young people, considering the interest we receive from colleges and universities.

Over the last few months, we have continued our efforts to create the proper conditions for each of our employees to pursue the career path that best suits their interests, abilities and objectives, either within their own component or elsewhere in the Desjardins network.

Among other things, we continue to improve pay equity in our overall benefits package and to develop policies that promote increased mobility between components, which have adopted standardized management regulations for their profit-sharing plans. For the first time, they also worked together to complete their annual salary adjustment procedure. After a total of four years of work, in 2005 we met our goal of offering our employees a competitive overall benefits package, while at the same time strengthening our position on equity and mobility.

We also offer our employees concrete means of finding the best possible balance between their work and personal lives. This was the motivation behind the 2005 revision of certain aspects of our working conditions.

Discover a wide range of careers

Desjardins Career Day is just one of many steps taken last year to increase mobility among our various components. This event has now taken place for two consecutive years.

In 2005, the main objective of the event was to expose our employees to the full range of careers that exist within our network of components. This helped them realize that we offer a wide variety of diverse and stimulating careers that can contribute to their personal and professional development.

AN EXCEPTIONAL YEAR FOR SKILLS DEVELOPMENT

Without a doubt, this has been an exceptional year for skills development among our employees and elected officers. We invested more than 3% of our payroll in Québec in training programs, which now come in a variety of formats – task-specific training, customized courses and “à la carte” sessions – in order to best meet the needs of the caisses and other components. In 2005, nearly 300 people participated in task-specific training, more than 1,200 employees received customized course content and 9,730 others opted for “à la carte” training sessions.

In 2005, we also implemented a new version of our integrated skills management system (SIGDC), an application that lets us closely monitor training programs and offer online courses.

To ensure that we always have a skilled workforce, poised to fill all key positions at any time, we also focused on employee succession planning in 2005. Much of our effort focused on training successors for senior management.

On the training front, one of last year’s biggest challenges was to redefine the position of caisse general manager, and publish a training directory specifically aimed at this group. By the end of 2005, close to 225 general managers had taken one of the four training modules offered.

A DIVERSE WORKFORCE: OUR NEXT CHALLENGE

In our 2006-2008 strategic plan, we express the desire to significantly increase our business volume in the Greater Montréal area, as well as in the Canadian market in general. This goal presents us with a major challenge: workforce diversity.

This issue was one of our main concerns last year. In fact, we held a consultation on the subject in Montréal in June 2005, which was attended by approximately 60 people, including Desjardins experts, staff and elected officers.

Our presence in Québec and the rest of Canada fuels our drive to serve all people: men and women, young and old, new Canadians, and members of English-speaking and aboriginal communities.

As of the end of 2004, 51% of caisse members were women, as were 43% of managers and 18% of Desjardins’ senior management. The proportion of senior management positions held by women at Desjardins is equivalent to that of the majority of big businesses, but we fall short of Canadian banks, where this proportion reaches 27.5%. By 2013, we expect 45% of our

senior management to retire, which will present us with an excellent opportunity to diversify our management profile. Our goal is to include more women and more people from culturally diverse and aboriginal communities.

Our desire to have more of a presence in the Greater Montréal area is justification enough for the need to have a more ethnically diverse workforce; 19% of people living in the area are members of a culturally diverse community (30% on the Island of Montréal alone) and 20% are English-speaking. However, in that same region, only 7% of our personnel are from an ethnic background. Although we offer services in 16 languages at 14 caisses in the area, we need to take greater steps in the future to ensure that the profile of our workforce more closely represents the local population.

Today, increasing the diversity of our workforce has little to do with social altruism and more to do with good business. According to a recent Standard and Poor's study of 500 large corporations, companies that systematically promote women and the integration of minorities achieve an 18.3% average annual rate of return on their investment, as compared to 7.9% for companies that do not.

The next few years will be a critical time for human resources management. We will have to strike a balance between our workforce profile and the expertise needed to reach the objectives set for our target markets.

Bias toward youth

Our recruitment and hiring practices focus on youth; 17.5% of our workforce is 18-30 years old. To ensure that young people are aware of our career opportunities, we make it our priority to reach out to them. Our online recruitment site is an important tool for this purpose. Many of our components also participate in Desjardins Career Days at colleges and universities. They also promote Desjardins during activities like the *Foire de l'emploi de Québec* and the *Salon de l'emploi de Montréal*, as well as in student newspapers, directories and other publications targeting young people.

Duyen Chau Nguyen is 24 years old and has worked for the Fédération des caisses Desjardins du Québec since 2002. At the time, she had a Diploma of Collegial Studies in business and was pursuing a Bachelor of Finance. Duyen was hoping to find work related to her studies.

Since starting her job at Desjardins, Duyen has completed her studies and has already begun to rise within the ranks. Her first position was as a business development counsellor for very small businesses. Now she works with small- and medium-sized businesses, a position she has held since January of 2006.

Before finding her place with Desjardins, Duyen had worked part-time for several financial institutions, but the positions she had there didn't encourage her to stay. "At Desjardins, I was given an interesting job despite the fact that I didn't have much experience. I'm thinking of pursuing my career with Desjardins. I really like the team spirit and the company's commitment to young people."



Duyen Chau Nguyen

Pierre Bédard



Environment



PROTECTING THE ENVIRONMENT Desjardins has always been a socially responsible enterprise. Since we are a cooperative, two of the three aspects of sustainable development (economic development and social development) have been part of our business culture right from the beginning. Our commitment to the third aspect, environmental protection, goes back about fifteen years, and in 2005 it was integrated into our strategy with the establishment of our policy on sustainable development.

SUSTAINABLE DEVELOPMENT: OUR COMMITMENT

In October 2005, we adopted a sustainable development policy to ensure that all Group components will assess the economic, social and environmental impact of their decisions.

What this means in concrete terms is that in the course of their financing and investment operations, our components will gradually develop green technologies and integrate socially responsible criteria into their policies.

We are also moving toward optimal utilization of renewable and non-renewable resources. This will be done through reduction at source of residual materials, increased recycling and recovery, use of energy-efficient equipment, reduction of greenhouse gases and, wherever possible, selection of non-toxic materials.

As a purchaser of goods and services, we are increasingly choosing suppliers and sub-contractors who follow the principles of sustainable development, and we will keep them informed of our expectations in this regard. The Fédération des caisses Desjardins, which is the Group's coordinating organization, will soon be revising its purchasing policies in this direction. We have started training our employees who handle purchasing, and we will be encouraging our suppliers to adopt practices that are more environmentally responsible.

We also plan to play a role in promoting sustainable development. For example, we will be inviting each of our components with a policy on sponsorships and donations to include sustainable development as a category of projects or initiatives eligible to receive support.

In 2006, we will be adopting a three-year sustainable development action plan with specific objectives for each of the initiatives put forward, as well as performance indicators to ensure the monitoring and success of these projects.

The commitment of Desjardins and its employees to sustainable development is already visible in many areas. For example, we have created ethical and environmentally responsible investment funds, established environmentally friendly policies on credit and local development, and improved the efficiency of transportation for our employees. We charter buses daily for employees who travel between Lévis and Montréal, and we encourage the use of videoconferencing for meetings held between employees in different regions.

Our sustainable development policy strengthens our commitment to a healthier environment. Desjardins follows the Declaration of the United Nations Financial Institutions on Environment and Sustainable Development, and sits on the board of *Éco-entreprises Québec*. Desjardins is also a member of the advisory committee of the *Centre québécois sur les changements climatiques* (Québec Centre on climate change) and the Executive Forum on Climate Change.

TWO PRIZES THAT REFLECT OUR COMMITMENT TO THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

For its 35th anniversary, **Fondation Desjardins** highlighted its commitment to the environment and sustainable development by creating the Desjardins Annual Award for Sustainable Development, to honour volunteers whose accomplishments promote individual and collective responsibility toward long-term development. Fondation Desjardins also created the Desjardins Financial and Social Performance Prize, for Québec and Ontario entrepreneurs with a distinguished record of financial performance and a commitment to contributing to their community's well-being and sustainable development.

Fondation Desjardins has a long history of commitment to the environment. For the past 20 years, it has been awarding two research grants of \$25,000 and \$15,000 in the area of Environment and Society.

RESPONSIBLE PAPER CONSUMPTION

In April 2005, as a partner in Earth Day, we launched the Desjardins Paper Challenge. The purpose of this initiative is to sensitize officers and employees of all our components, as well as our members and clients, to our responsibility as active members of the community to use paper wisely.

In practical terms, the goal of the Desjardins Paper Challenge is to reduce paper consumption by 15% over three years, and to increase the use of recycled paper by the same amount. The Fédération des caisses Desjardins du Québec and most of its subsidiaries met the Paper Challenge in 2005, and we will encourage the caisses to do the same in 2006.

THE ENVIRONMENT AND SOCIAL INVOLVEMENT GO HAND IN HAND

After a cross-Canada promotion in 2005, about 27,000 VISA Desjardins cardholders opted for online statements, which reduced our paper consumption considerably. The communities of clients who have selected online statements will also benefit, as we have pledged to donate \$5 per new online statement to Centraide in Québec and to United Way in the rest of Canada, for a total of \$135,000.

There are over three million VISA Desjardins cardholders throughout Canada, and each month, we issue over two million statements of several pages each, which adds up to about 3,500 trees per year.

HELPING RESTORE STREAMS AND RIVERS IN QUÉBEC

In May 2005, we established a partnership with the Fondation de la faune (Québec wildlife foundation) and the Union des producteurs agricoles (Québec union of agricultural producers) for a major project to restore streams and rivers in Québec.

With our contribution of \$200,000 over five years, we are the main private financial partner of the Program to Develop Biodiversity in Streams Crossing Agricultural Land. The objective

of this program is to restore and support biodiversity in several streams and rivers located in drainage basins in principally agricultural areas.

MAKING PORK PRODUCTION MORE EFFICIENT AND ENVIRONMENTALLY FRIENDLY

For the third consecutive year, the **Desjardins caisses in the Lanaudière region** of Québec made a financial contribution to the centre for pork production research and training at the Ferme-École Desjardins (Desjardins farm school). The mission of this centre is to develop and promote a thin-bedding technique combined with composting, which will considerably reduce environmental damage caused by pig farms, thereby promoting development of the pork industry and improving its public image.

The Desjardins farm school, located in Saint-Thomas, is an agricultural establishment devoted to the development of the agri-food sector in the Lanaudière region, and focuses specifically on agricultural training, experimentation, and the transfer of knowledge and new technologies.

INFORMATION CLEARINGHOUSE ON RESPONSIBLE CONSUMPTION

The **Caisse d'économie Solidaire Desjardins**, in Québec City, has become the main sponsor for ethiquette.ca, whose mission is to create a bilingual information clearinghouse and directory to promote consumer products and services available in Québec which meet certain criteria for community involvement and environmental viability. The main tools of this organization are a Web site listing responsible companies and products, and an e-newsletter discussing new developments in this area.

An innovative and educational enviro-project

In 2005, **Caisse Desjardins de La Prairie**, in the Montreal area, became financially involved in a major educational "enviro-project" at Notre-Dame – Saint-Joseph elementary school in La Prairie.

The Notre-Dame – Saint-Joseph school park, inaugurated in the spring of 2004, emerged from a partnership between the Grandes-Seigneuries School Board and the town of La Prairie. The park forms a green walkway between the school's two buildings, showcasing organic market gardening. It covers the complete cycle of a food crop or ornamental crop, from selection and purchasing of seeds to preparation of compost, including starting the seedlings in greenhouses, planting, weeding, harvesting, sale of fresh produce and conservation.

About one hundred students share responsibility for the production line, although most of the school's 550 students participate in this extensive project in one way or another. In addition to the production line, there is a sewing workshop that produces jute grocery bags and bread bags, plus a team that promotes production and consumption of organic products.

"This educational project provides students with a sensory and cognitive experience of direct contact with nature," says the school's principal, Pierre-Étienne D'Amours. "It fosters an attitude of respect for life, of which plants are the first step. It helps students develop into well-balanced human beings and gets them thinking about their role as responsible citizens."



Pierre-Étienne D'Amours, principal of Notre-Dame – Saint-Joseph school and **Daniel Bouthillette**, teacher in charge of the project.

Pierre Bédard



International Solidarity



INTERNATIONAL SOLIDARITY True to our cooperative nature, we support the communities where we have our roots. However, this doesn't mean we are insensitive to the fate of other communities around the world. In 2005, we again responded when disasters struck around the globe. What's more, through our subsidiary, Développement international Desjardins, which celebrated its 35th anniversary in 2005, we also continued to offer technical support and investment services in developing and emerging countries. That's what we call putting money at the service of people... all over the world!

CONTINUING TO STRENGTHEN HAITI'S CAISSE NETWORK

We had good news about Haiti in 2005: The Canadian International Development Agency (CIDA) granted **Développement international Desjardins** (DID) a mandate to continue working with the country's caisses and Central Bank for the next ten years.

The mandate recognizes the vitality of these Haitian institutions, as well as Desjardins' commitment and expertise which, through DID, have been present in Haiti for 10 years. This is a major step for Haitian caisses; and will help them continue the important work they have been carrying out for local people.

Today, there are about sixty caisses in Haiti, all based on the Desjardins model, and solidly rooted in their respective communities. The Haitian caisses are now in the process of grouping together into one network, which will be supported by an integrated

computerized infrastructure. Over the next few years, these caisses will also focus on developing new and advanced products and services similar to the "crédit écolage" school loan, a credit product that lends parents a much-needed helping hand when the time comes to enrol their children in school.

LIFE AND HEALTH INSURANCE PRODUCTS ADAPTED TO LIFE IN AFRICA

With the support of **Développement international Desjardins** and **Desjardins Financial Security**, our life and health insurance subsidiary, financial cooperative networks in West Africa introduced a loan-life insurance product in 2005 that is especially adapted to the realities of life in Africa.

While lending a greater degree of professionalism to insurance practices in financial cooperatives, this basic insurance product also increases the client's coverage against life's unfortunate events. Moreover, the product offers a lump sum payment to the policy holder's family to help offset such costs as a suitable burial that respects the family's customs.

Dreaming of a better world

In 2005, more than 400 young adults from 40 countries entered the “Building the Future Now!” contest. The contest was organized by **Développement international Desjardins** in collaboration with Radio-Canada International.

Young people around the world were invited to express, either in writing or through illustration, their vision of a fairer, more prosperous and more equitable world – values which are very dear to Desjardins and which are of key concern to our youth.

The contest winners – Vicky Morin of Saint-Roch-des-Aulnaies (writing category); and Marie-Joëlle Fournier of Rimouski, (illustration category) – had the opportunity to visit several caisses populaires in Burkina Faso in August 2005. There, they met with caisse members and staff who helped them better understand how access to financial services can improve the lives of the disadvantaged.

The travellers were truly touched by Burkina Faso, as seen by one of their comments upon returning home.

“It was with a heavy heart and a lump in my throat that I left Ouagadougou. I’m nasaré (from a wealthy country), and I can’t change that, but ever since I set foot on this baked-red land in Ouagadougou, I feel part Mossi.”



Marie-Joëlle Fournier (left) and Vicky Morin (centre) with employees and caisse officers from Caisse populaire de Ziniare, in Burkina Faso.

Yves Dufour – DID

This type of loan-life insurance is innovative in many ways. It may be used with most credit products, and its standard format allows the caisses to help nearly one million borrowers throughout West Africa over the medium term.

SUPPORTING THE RECONSTRUCTION OF THE CAISSE NETWORK IN SRI LANKA

The tsunami that struck the coasts of Southeast Asia in December 2004 caused massive damage, destroying among other things a number of financial institutions, which slowed the tremendous local efforts towards reconstruction. As a result, **Développement international Desjardins** (DID) decided to help provide relief from the financial aftermath of the tsunami by managing a one-million-dollar fund created in response to this tragedy.

To fulfill its commitment, DID joined forces with the SANASA network in Sri Lanka; a network of 8,000 financial cooperatives with nearly one million members. Together, the two institutions conducted an extensive study to identify the losses suffered by the SANASA cooperatives and create an inventory of needs that must urgently be met. The aim is to help cooperative members regain access to their savings and financial services, so they can actively participate in reconstruction efforts.

SANASA Chairman, Dr. Podi Appuhami Kiriwandeniya, commented on how quickly Desjardins and DID intervened to help his institution, saying that they were among the first partners to commit themselves to helping Sri Lanka.

Furthermore, the money advanced by Desjardins has been leveraged to obtain additional funds of approximately \$1.5 million from the governments of Canada and Québec. The Société d’habitation du Québec agreed to provide \$250,000 to the SANASA support project, and to contribute its expertise, while the Canadian International Development Agency (CIDA) signed an agreement-in-principle with DID to add more than one million dollars to this amount.

THE COOPERATIVE MOVEMENT - A MAJOR ECONOMIC PLAYER

As a financial cooperative, Desjardins Group is associated with the cooperative movement in Québec, across Canada and all over the world. In fact, Desjardins plays an active role in many cooperative organizations, whether they be local, regional, provincial, national or international.

Cooperative businesses are agents of change, and are active all over the world. They make a substantial contribution to the economy.

In Québec, the cooperative movement includes more than 3,000 businesses and mutual companies in sectors ranging from financial services and insurance, to agriculture and food, housing, forestry, funeral services and education. Together, these businesses comprise:

- Over 7 million members
- Some 79,000 jobs
- \$18 billion in business volume
- Some \$120 billion in assets

In Canada, there are approximately 10,000 cooperative businesses, which are owned by over 15 million members, provide jobs for close to 160,000 people, and represent combined assets of \$167 billion.

Globally, the cooperative movement includes nearly 750,000 cooperative in more than 100 countries, with 775 million members. On the whole, cooperatives provide employment for 100 million people around the world.

VERSION FRANÇAISE

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

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Fondation Desjardins fulfills its mission to uphold education by distributing academic bursaries and grants for creativity and research for young people, as well as prizes to support entrepreneurship and job creation. The private foundation that awards the most university academic bursaries in Québec, since its creation in 1970 Fondation Desjardins has presented more than 7,700 prizes and bursaries, totalling some \$9 million.



Caisse member, community involved student and Fondation Desjardins bursary winner

Like some 12,000 other people in her community, **Valérie Michaud** is a member of the Caisse populaire Desjardins l'Anse de La Pocatière.

To help her complete her doctorate in administration at UQAM, Ms. Michaud received a \$15,000 research grant from Fondation Desjardins in 2005, as part of the Girardin-Vaillancourt program in the Environment and Society category. She is studying the management and governance of Québec solidarity cooperatives in the environmental and agricultural sectors.

Ms. Michaud is also very concerned by socio-environmental issues. She is co-founder of AlterUQAM, a multidisciplinary research student collective that participated in the World Social Forum 2005 in Porto Alegre, Brazil. She has also been an active volunteer member of Équiterre since 2000, not to mention her past involvement in Environment Canada's Youth Round Table on the Environment, the Coopceerroazul fair trade coffee cooperative in Costa Rica, and Vichama, a dynamic artistic collective.

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Desjardins

Money working for people