



MILLIONS OF GOOD REASONS

2006 SOCIAL RESPONSIBILITY REPORT



Money working for people

MILLIONS OF GOOD REASONS

Desjardins owes its existence to the members who came together to create their own financial institution that would provide them with the financial products and services they needed. Since 1900, when the first Desjardins caisse was founded in Lévis, people from many communities have been pooling their resources to set up hundreds more caisses. Over the years, the caisses have generated sufficient surplus earnings to enable them to create subsidiaries to meet the increasingly diversified needs of their members. Today, Desjardins represents an inalienable collective wealth and is the largest cooperative financial group in Canada, offering its millions of members an extensive range of financial products and services.

But Desjardins, like the caisses that created it, is more than just a financial institution. Because of its cooperative nature, it takes an active part in the economic and social development of the communities in which it operates. That is why, year after year, the caisses give back a large portion of their surplus earnings to their members and the community. And it is for the same reasons that the caisses and their subsidiaries put forward distinctive commercial practices that turn their cooperative values into concrete action. In other words, Desjardins' community involvement is without comparison.

COMMITMENT TO EVERY SINGLE MEMBER AND CLIENT

Companies nowadays are constantly seeking to improve the quality of the services they offer their clients. This objective is even more important in a cooperative enterprise such as Desjardins, whose clients are also, in most cases, its owners. That is why service quality is one of the six orientations of Desjardins Group's 2006-2008 Strategic Plan.

Since 2002, we have been working steadily to make our employees aware of how important this issue is to us. In 2006, we initiated an ongoing improvement process that would enable us to strengthen our position as leader in that area, so we could offer our "millions of good reasons" service that meets their expectations as user-owners.



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 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, which are self-help, self-responsibility, democracy, equality, equity and solidarity.



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.



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ALBAN D'AMOURS

President and
Chief Executive Officer,
Desjardins Group



CONCERTED EFFORTS DRIVE EVER BETTER REPORT

The publication of this year's *2006 Social Responsibility Report* is cause for pride for all of Desjardins Group, as it outlines the scope and diversity of community involvement by the caisses and the other components of Desjardins.

When he created savings and loan cooperatives with a mission to serve their members and their communities, founder Alphonse Desjardins showed great vision in recognizing the complementary nature of the caisses' economic and social roles.

Over time, Desjardins Group has been able to further diversify and expand its action, through increasingly greater human, technological and financial means.

The broad spectrum of achievements associated with Desjardins Group today is not merely due to our desire to progressively increase the number of actions taken. It is also due to a common will increasingly asserted by our employees and elected officers to make sure that Desjardins' cooperative distinction is expressed to the fullest. It is no coincidence that this same ambition is one of the organization's strategic orientations and, as such, is backed by a growing quantity of specific and measurable objectives.

EXPRESSING OUR COOPERATIVE NATURE IN MANY WAYS

As this Report will show, our ongoing emphasis on continually improving democratic governance, along with the actions we take to ensure that our elected officers and employees are able to carry out their responsibilities as efficiently and effectively as possible, are important aspects of our make-up as an integrated cooperative financial group.

The same holds true for our commercial practices which, because we are a cooperative organization, are based on providing solutions adapted to our members' needs, from the most basic to the most complex.

And since the caisses are themselves a product of collective will and initiative, their commitment – and that of the entire organization they created – reflects the scope and diversity of the needs and aspirations expressed by the communities they serve.

Similarly, as our goal is to achieve strong financial performance while at the same time fulfilling all the promises of cooperation, we need to be able to rely on elected officers and employees who are attentive to members and clients, as well as committed to Desjardins for the long haul. We are well aware that our organizational culture can only flourish if we have loyal employees who are driven by the challenges they are asked to meet, as well as by their own personal and professional progress. Our management values and attitudes towards our human resources are therefore fully inspired by our cooperative values.

Desjardins welcomes all its members and clients without discrimination. This openness to diversity also extends to our democratic bodies and our employees, who are increasingly representative of the communities we serve.

Meanwhile, as environmental issues weigh increasingly heavily over all of our collective decisions, Desjardins Group also acts as a socially responsible enterprise, by encouraging practices and behaviour compatible with sustainable development, both in its offer of financial products and in its activities as a corporate consumer of goods and services.

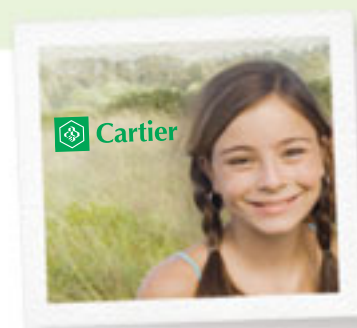
Desjardins Group has continued to make its considerable expertise in setting up and managing cooperative savings and loan networks available to communities in numerous developing or emerging countries. Développement international Desjardins has been delivering technical support and assistance to such communities for the past three decades.

CHANGING OUR REPORTING PRACTICES

As part of our efforts to adopt best practices in terms of social responsibility reporting, as of next year we will gradually introduce the use of Global Reporting Initiative (GRI) criteria in our new social and cooperative responsibility report. Because the common guidelines proposed by this organisation are becoming more and more widely used throughout the world, we are in the early stages of a consensus that will make it easier in the future to compare performance from one company to the next.

We remain deeply convinced of the relevance of the cooperative formula in today's world. That is why we will continue to make sure that the strength and expertise of Desjardins Group is always available to serve collective aspirations.

Allen D. Brown



DESJARDINS, THE LARGEST COOPERATIVE FINANCIAL GROUP IN CANADA

- Assets of \$135.1 billion
- More than 5.7 million members in Québec and Ontario, including over 400,000 business members, close to 40,000 dedicated employees, and nearly 7,000 highly committed elected officers
- 1,439 points of service in Québec and Ontario: 549 caisses and 890 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
- Approximately 20 companies offering a wide range of financial services, with many of them active in several Canadian provinces
- 3 service centres of the Desjardins Bank in Florida and Caisse centrale Desjardins U.S. Branch
- A state-of-the-art virtual network on automated teller machines and the Internet

AN ENTERPRISE BY AND FOR THE PEOPLE

At the start of the new millennium, Desjardins members form an increasingly diversified mosaic. The fact that people of all origins can find a place within Desjardins Group and grow there as members, elected officers or employees, is a source of pride for Desjardins. Cooperation, which fosters the values of equity and openness, is inseparable from the harmonious integration of differences, and Desjardins has long recognized the advantages of diversity. By expanding its capacity for inclusion, Desjardins intends to further its mission of contributing to the economic and social well-being of individuals and communities.

Once again, in 2006, Desjardins proved that cooperation is perfectly compatible with achieving good financial results. Year after year, this success is reflected in the ratings assigned to Desjardins by credit rating agencies and the fact that, throughout the world, Desjardins Group is cited as an excellent example of cooperation. These marks of recognition, which are in fact indicators of our overall performance, clearly show that cooperation is a winning formula.

Given its commitment to its millions of member-owners, Desjardins must remain a solid and profitable institution. In 2006, our financial performance was once again excellent. Our surplus earnings reached \$988 million, which, while a slight decline compared to 2005, is a result that closely matches our forecasts. As at December 31, 2006, Desjardins Group's assets were \$135.1 billion. Moreover, we are still one of the best capitalized financial institutions in Canada. The efforts invested by all components of Desjardins to reach this level of performance have only one purpose: to achieve sufficient overall profitability that is reassuring to our members and our clients.

Desjardins members – the owners of the caisses – are the first to benefit from this success. In Québec, caisse members decide

upon the distribution of surplus earnings.

At the annual general meeting, after having made the necessary decisions to ensure their caisse has sufficient general reserves, the members vote on the allocation of surplus earnings in the form of individual and collective patronage dividends. They also decide on the portion of surplus earnings to be earmarked for the Community Development Fund, which contributes to the implementation of several forward-looking projects in the community, thereby helping to improve quality of life for those who live there.

In 2006, \$483 million was paid out in patronage dividends to caisse members, which represents an increase of 18.4% over the previous year. But the caisses, naturally tuned-in to the needs of their community, do not only give out individual patronage dividends: nearly \$64 million was also paid out to various organizations by the caisses and Desjardins Group as a whole in the form of collective patronage dividends (sponsorships, donations and scholarships). Some \$547 million thus returned to the caisse members and the community represents 55% of the surplus earnings before patronage dividends to members realized by Desjardins Group. For the last five years, this sum has totalled almost \$2.2 billion, which makes Desjardins Group the financial institution that makes the most direct contribution to individual and collective prosperity in Québec, while posting some of the most solid performances in Canada in this regard as well.

At the end of 2006, 95% of the caisses distributed patronage dividends to their members, a proportion that has been steadily rising in recent years.

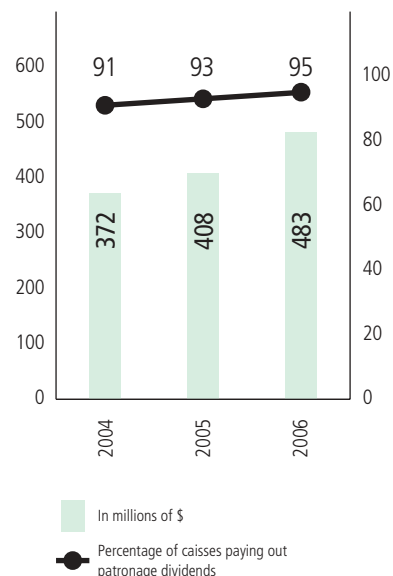
A SOCIAL ROLE WORTHY OF OUR FINANCIAL PERFORMANCE

As a result of their performance achieved in collaboration with the other Desjardins components, the caisses offer competitive services to consumers and businesses, and Desjardins provides the regions with much-needed venture capital to spur their economic growth. These excellent results also allow Desjardins Group, the top private employer in Québec, to offer competitive salaries and working conditions in order to attract and retain qualified personnel. In addition, Desjardins constantly invests in employee training and in upgrading its technological tools.

Our financial results not only show that cooperation goes hand in hand with efficiency, skill and forward-vision, but they also supply Desjardins Group with a certain amount of financial leeway, allowing the organization to continue developing a distinctive service offering.

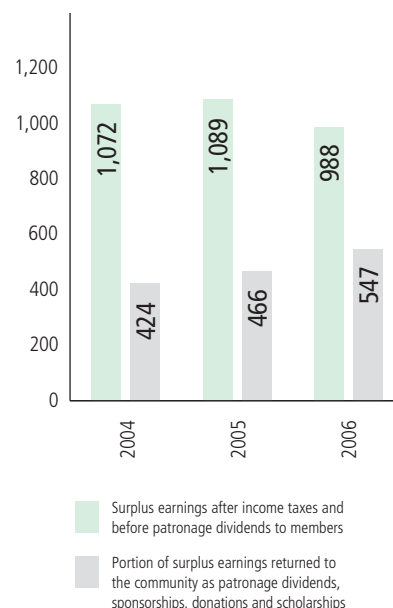
An active force in all sectors, Desjardins supports a great many institutions, organizations and projects that are often critical to the lives of communities and regions. While pursuing its primary objective of offering its members and clients services of the utmost quality, Desjardins continues to explore new ways to express its cooperative nature through each of its initiatives.

PATRONAGE DIVIDENDS TO MEMBERS



GIVING BACK TO THE COMMUNITY

(in millions of \$)



SPONSORSHIPS, DONATIONS AND SCHOLARSHIPS PER BUSINESS SEGMENT

| | 2006 |
|----------------------------------|-----------------------|
| Arts and culture | \$ 5.6 million |
| Regional economic development | \$ 18.9 million |
| Education | \$ 7.4 million |
| Mutual assistance and solidarity | \$ 7.3 million |
| Health and well-being | \$ 16.1 million |
| Sports and recreation | \$ 8.1 million |
| Environment | \$ 0.5 million |
| Total | \$63.9 million |



GOVERNANCE

OUR GOVERNANCE As Alphonse Desjardins saw it, it would be unthinkable to create a cooperative without solid democratic foundations. Democratic processes and requirements have thus always been integral parts of our ways of doing things, especially in the caisses, where power is exercised democratically by the members and their representatives. The values of equality, equity and solidarity, which gave rise to the first Desjardins caisses 106 years ago, are still the inspiration behind our operations.

AMALGAMATIONS: THE CAISSES ADAPT TO CHANGE

Society is changing, and institutions must adapt to change if they are to survive. Through a close relationship with their financial services cooperatives, members and communities have always made sure that their caisses keep up with the times without losing sight of their true nature.

In the last century, the parish was central to our social organization, and it was on that basis that citizens would group together to found a caisse. This meant that, by the middle of that century, there were almost as many caisses as there were parishes. In Québec, the “Quiet Revolution” of the 1960s marked a decline in the standing of the parish as social structure. This and a series of other economic and sociological factors led the caisses to group together.

In 2006, Desjardins’ decision-making bodies decided to rethink the structure of these groups. Consultations throughout Desjardins and subsequent reflection on the issue led to the emergence of a new concept, the “basic communities of interest,” which would support decisions regarding caisse amalgamations. This notion takes into account various aspects such as micro-markets, communities in which socioeconomic organizations are established and the geographic position of the caisses.

The concept of a basic community of interest is based on the fact that the caisse is much more than a financial institution: it is a tool for community development. Far from obliging the caisses to group together, the basic community of interest will define the limits within which the member-owners can consider amalgamating caisses without sacrificing the democratic vitality of their caisse and its proximity to the community. Starting in 2007, the caisses’ decision-making bodies will make a list of their basic communities of interest, which will then be submitted to the Board

of Directors of the Fédération des caisses Desjardins du Québec, the organization that supports the caisse network and coordinates Desjardins Group as a whole. This exercise has one basic purpose: to enable the caisses to remain closely in tune with the interests and needs of their members.

RENEWAL OF CAISSE DEMOCRATIC DECISION-MAKING BODIES

Desjardins Group’s democratic vitality is also illustrated in the changes made to the caisses’ decision-making bodies. At their Congress in 2005, elected officers confirmed the responsibilities of the caisse boards of directors in terms of orientation, strategic decisions and follow-up.

However, they decided that a second independent decision-making body should directly represent the members in each caisse. Thus, the Board of Supervision, which replaces the Board of Audit and Ethics, closely follows up on the cooperative life of the caisse as well as the aspects of ethical and professional conduct of its activities. The democratic and associative life of the caisse comes under the Board of Supervision’s responsibility, as does the issue of cooperative and financial education; among other things, the Board of Supervision will make sure that the caisse works with other cooperatives and makes concrete commitments with respect to community development.

In light of new supervision and governance obligations, an Audit Committee, composed of members of the caisse Board of Directors, is mandated to follow up on audit activities and make recommendations to the Board.

NUMBER OF WOMEN AND YOUNG ELECTED OFFICERS IN CONSTANT PROGRESSION

Desjardins has devoted a great deal of energy to attracting women and young people to its ranks of caisse officers. In the past few years, we have clearly seen the results of these efforts. Among the newly elected officers in 2006, 47.9% were women. The overall percentage of women officers rose from 28.6% to 33.2% between 2001 and 2006, proof of this growing trend.

Other good news is that the presence of young people on caisse boards of directors is increasing slowly but surely. The number of officers aged 18 to 34 who were elected in 2006 is estimated at 39%, while the overall percentage of officers in this age group is 10%.

OFFICERS WELL-EQUIPPED TO FULFIL THEIR ROLE

We have a long and rich tradition when it comes to training our elected officers, whose commitment is stronger since they have all the tools they need to properly fulfil their role. The "Know-how and Governance" program held 314 training sessions between January and December 2006, in which 4,384 officers from Québec and Ontario participated.

In response to the changes brought about in the caisses' democratic decision-making bodies, a new training program, designed for Board of Supervision members, was proposed to the officers. By the end of 2006, no less than 1,943 individuals, officers on the Board of Supervision and caisse general managers had taken these training sessions. A coaching program and working tools were also offered to members of the Audit Committees in order to help them properly accomplish their mandate.

Again with the purpose of helping our elected officers better fulfil their responsibilities, we provided them with a database on the subject of ethics, professional conduct and sustainable development. In addition, starting in 2007, officers from participating caisses will have an electronic tool giving them secure remote access to certain documents required to carry out their functions and enabling them to exchange information with other officers of their caisse.

We also continued our integrated risk management training for members of the boards of directors of the Fédération des caisses Desjardins du Québec and the subsidiaries, an initiative that was launched in 2005. This training has given some 130 officers and managers the opportunity to further their knowledge and improve their skills in order to help them better fulfil their role with respect to risk management.

Caisse officers can play a very proactive role. In the Lanaudière region, a dynamic association set up 12 years ago has been offering caisse officers a forum where they can discuss and reflect on their functions. This organization offers monthly information meetings that contribute to strengthening the officers' commitment and sense of belonging.

GREATER ATTENTIVENESS, A MORE DYNAMIC DEMOCRACY

Consulting elected representatives of the caisses and taking their opinions into consideration is an important element of our democratic and associative life. In 2006, several actions were aimed at giving a better voice to the members of our various democratic decision-making bodies and making it easier for them to express their opinions.

We set up a mechanism enabling the presidents of the Councils of Representatives, the caisses' democratic decision-making bodies to communicate rapidly and efficiently with Desjardins Group management. In the same vein, the relevance of services offered by the Fédération des caisses Desjardins du Québec is constantly evaluated by the caisse presidents and general managers. The roles of the Councils of Representatives and their meetings were re-examined by the Fédération Board of Directors. Based on attentiveness and respect, the measures adopted to establish two-way, open communication with the caisses are aimed, in particular, at making it easier for representatives to voice their opinions during meetings, explaining the meaning of decisions and informing the caisses of the outcome of the consultations in which they participated.

COOPERATION IS SOMETHING YOU LEARN

The caisses' interest in educating their members about cooperation is not only to help those members better manage their finances but also to promote cooperative values. To this end, many caisses give new members a welcome kit, while others offer a free subscription to *Mes finances – Ma caisse*, a magazine on personal finances published by Desjardins five times a year.

In addition, the *desjardins.com* Web site offers a new section entitled *Cooperate for a better quality of life*. It describes Desjardins Group's commitment to individuals and to communities and offers visitors to the site concrete ways to take cooperative action.

YOUNG INTERN OFFICERS: TRAINING THE NEXT GENERATION

Preparing a replacement pool among the next generation is a major concern for Desjardins, as it is for any democratic organization that seeks to ensure its longevity. The caisses know that their future cooperative vitality depends on their ability to attract young people to their decision-making bodies. In the past few years, Desjardins has expended a great deal of energy in getting young people interested in becoming officers. At the end of 2006, no less than 699 people under the age of 35 held positions on the Board of Directors or the Board of Supervision of their caisse, which means 10% of the total number of officers. This number has doubled in the past five years.

The Young Intern Officer program is one of the means adopted by Desjardins to give young people a real place and an influential voice in the organization. Those who benefit from this program participate in their caisse Board of Directors or Board of Supervision for a period of 12 months. By taking an active part in the meetings, they discover all the facets of a Board member's role and can thereby actively participate in the strategies adopted by their financial services cooperative concerning young people. In short, not only does the program give them an interesting experience but they also acquire knowledge and skills that will be useful to them later on. Young intern officers also have the opportunity to enter a contest to win a field trip to visit cooperative financial services groups in other countries.

To actively assist the caisses in recruiting young intern officers, an agreement was signed with the *Ordre des comptables en management accrédité* (CMA – Order of certified management accountants) in Québec. Its objective is to offer the caisses access to a pool of competent young professionals who may be interested in becoming caisse officers.

We can conclude that the Young Intern Officer program is very effective, since some participants are elected as officers following their internship. In 2006, 54 young interns, or 30% of the program's participants, were elected full officers.

Moreover, starting in 2007, Fondation Desjardins will be awarding young Desjardins officers a prize of \$3,500 in recognition of their contribution to Desjardins Group.

STIMULATING MEMBERS' INTEREST IN THE DEMOCRATIC ASPECT OF THEIR CAISSE

Soliciting members to become involved as officers is not all. Members must also be encouraged to attend their caisse's annual general meeting in order to fully assume their role as owner-members. It is estimated that around 100,000 members participate in the caisse annual meetings every year.

Some caisses dedicate much energy and show a great deal of imagination in this respect. During the months prior to its general meeting, the Caisse de Limoilou organized a tour during which it consulted more than 500 members of all ages and backgrounds, including entrepreneurs and community partners. The main comments received by the Caisse during the tour related to service quality and to its future development and involvement in the community.

In order to follow up on a request by young members, the Caisse de la Chaudière drew up a list of the e-mail addresses of more than 800 members, to whom it now sends out information about the democratic activities of the caisse. The Caisse du Sud de l'Abitibi-Ouest offered general meeting participants a dinner-theatre show that attracted 220 people.

ETHICS AND PROFESSIONAL CONDUCT: MAKING SURE OUR PRACTICES CORRESPOND TO OUR VALUES

Cooperation has no meaning unless members can have full confidence in their cooperative, its officers and its employees. This condition is particularly important for Desjardins Group, which has many components and a substantial number of members. The *Desjardins Group Code of Ethics and Professional Conduct* includes general rules that are common to all our components and particular rules reflecting the requirements for each sector of activity. It is a means to guide behaviour and enlighten decisions so that the actions taken reflect the high requirements for integrity and exemplarity that we stand for, and a way to reassert our practice of ethics founded on honesty, transparency, social responsibility and caring for others.

In 2006, every officer and employee was asked to personally commit to respecting the provisions of the Code, under the Know-how and Governance program. More than 130 ethics and professional conduct training sessions were given to nearly 1,500 people, particularly caisse officers. Around 600 questions relating to the application of the Code were transmitted to the Fédération ethics and professional conduct advisors. Evidently, our officers and employees are careful to understand the rules, abide by them, and give a modern significance to the values that set us apart from the rest.

MELISSA MUNDACA BALDOVINO, AGE 23, YOUNG INTERN OFFICER AT THE CAISSE DE CHÂTEAUGUAY

The caisses are aware of the profound changes taking place in their communities and firmly intend that their decision-making bodies should reflect this diverse society.

Soon after she arrived from her native Peru, Melissa Mundaca Baldovino, who had studied business administration at the University of Lima for three years, realized that she needed to quickly learn French. "My first shock when I arrived here two and a half years ago was discovering that everything in Québec was done in French." The young woman therefore took an intensive French language course for a year before enrolling in an accounting course at Cégep André-Laurendeau, in Montréal.

She learned about the Young Intern Officer program at the Caisse de Châteauguay in her local newspaper. She saw it as an opportunity to acquire better mastery of the business language. Once accepted as a young intern officer, she was quickly seduced by what she saw and heard. "A financial institution that gives patronage dividends? That gives donations and sponsorships? That identifies itself with the community? I've never seen that where I come from!"

Although she cannot vote, Board members regularly ask for her opinion, especially on subjects concerning young people, and they listen attentively to her answers. "They often ask me how this or that is done in Peru. I feel I am a part of the Caisse, and everyone is very open with me. It really helps me feel integrated." She is also part of a recently established youth committee at the Caisse. "First, we want to take time to determine what young people expect from their caisse, but we also have activities planned for 2007."

Melissa speaks enthusiastically about the Young Intern Officer program to her student colleagues and her professors because she believes the program deserves to be more publicized. How does she think young people can be made more aware of Desjardins' cooperative nature? "If there's one topic that's important to young people, it's the environment. If we can show them everything Desjardins is doing for sustainable development and if they can see that we are involved because we are a cooperative organization, then they will definitely understand the difference between a bank and a caisse!"



Melissa Mundaca Baldovino, Young Intern Officer at the Caisse Desjardins de Châteauguay



COMMERCIAL PRACTICES

DISTINCTIVE COMMERCIAL PRACTICES As financial services cooperatives, the caisses pay patronage dividends to their members (who are the owners), not just to a privileged few. This practice stems from the cooperative idea of ownership, which differs completely from that of the banks, for which ownership is based on shareholding. As such, patronage dividends are a concrete manifestation of the caisses' cooperative nature. Aside from patronage dividends, Desjardins has other distinct ways of protecting its members' interests, which it demonstrates through its commercial practices.

PATRONAGE DIVIDENDS: INCREASINGLY ADVANTAGEOUS

Every year, members attending caisse general meetings in Québec and caisse boards of directors in Ontario see to the distribution of their caisses' surplus earnings. After having ensured that their cooperative has sufficient reserves to deal with any unforeseen events, they vote to share the rest of the surplus earnings among the members according to the use that each member makes of the cooperative's services: these are individual patronage dividends. They may also allocate a part of the surplus earnings to the caisse Community Development Fund, which supports various community projects; these are collective patronage dividends.

Driven by a concern to ensure fair treatment for members who have chosen to invest their money in Desjardins Funds, Desjardins decided to include those Funds in the calculation of patronage dividends, along with mortgage loans, personal loans, term savings deposits and deferred-tax savings plans.

Moreover, the surplus shares program will begin in earnest in 2007. By choosing this option rather than collecting their patronage dividends in cash deposits, members can now receive shares in their caisse's capitalization. These members will benefit from an additional 30% over the amount of the cash payment, and the securities are RRSP-eligible, with the resulting tax advantages.

ACCESSIBILITY: THE GOLDEN RULE OF THE CAISSES

The caisses are proud to welcome all members, regardless of the scope of their needs. This principle of accessibility has been adopted by all the

caisses, which is why, for instance, many caisses have locations to serve senior citizens or members who are physically disabled or with reduced mobility. Other caisses have refitted their premises to make them more accessible and to assist members who find it difficult to use the ATMs.

Sometimes the caisses really go out of their way to serve their members. At the Caisse des Trois-Lacs, for example, the officers and members did not want to close the Saint-Jean-de-la-Lande service centre, yet operating costs were skyrocketing at that location, so they agreed to use the town hall offices instead.

ENSURING ACCESS TO CREDIT FOR ALL

Not everyone is equal when it comes to credit. This is one of the reasons behind the establishment of the very first caisse by Alphonse Desjardins, who wanted to help labourers and farmers so they would no longer need to borrow cash from usurious moneylenders. Although things have changed a great deal since 1900, too many citizens still do not have access to traditional financing.

The Desjardins Mutual Assistance Funds were created some years ago through the collaboration of a group of caisses and budget advisory organizations. This solidarity product, offered in 14 regions throughout Québec, assists people with financial difficulties by giving them access to budget advisory services and emergency loans. Since these people do not have access to credit through the usual channels, budget advisory organizations such as the *Associations coopératives d'économie familiale* (ACEF – Cooperative associations for family economics) receive and process the requests. The caisses involved help capitalize the Fund and contribute to the salary of a budget advisor.

In 2006, the caisses continued to set up more Desjardins Mutual Assistance Funds in new regions, while consolidating the existing Funds. Six new Funds were created in 2006, bringing the total to 25. By the end of 2006, 44% of the caisses were associated with a Desjardins Mutual Assistance Fund.

The typical profile of people obtaining a loan shows them to be mostly single women or single mothers aged 35 to 44 years, who receive income security and whose annual net income is \$10,000 or less. Loans are most frequently requested for, in order: housing (late rent, moving fees), utilities (energy, telephone) and transport-related expenses (repairs or registration for car needed for work).

SELF-EMPLOYED WORKERS AND SMALL BUSINESSES

Since 2004, 31 loans were granted by the Desjardins Microcredit to Businesses program, which helps self-employed workers and small businesses who do not have access to the usual financing channels. This program not only offers loans but also provides the support these clients need to carry out their projects.

The first Desjardins Microcredit to Businesses loan was made possible through a contribution by the Québec-Est area caisses to the *Fonds d'emprunt économique communautaire de Québec* (Québec City community economic loans fund). Local caisse support comes in two forms: a \$25,000 interest-free loan to finance micro-businesses, and the payment of a salary to the development agent, who studies the applications and supports the entrepreneurs.

In 2005, the rousing success of Desjardins Microcredit to Businesses paved the way for a second initiative in the Laval-Laurentians region. The seven caisses in this region awarded a \$50,000 interest-free loan to create the *Fonds d'emprunt communautaire féminin*, a community loan fund for women.

FINANCIAL SERVICES FOR COOPERATIVES

Desjardins Venture Capital has designed a range of financial products for cooperatives that wish to further their own development. Its offer is adapted to various clientele: the cooperatives themselves, federations of cooperatives and worker-owned cooperatives, a solution that is becoming increasingly popular in cases of business transfer.

DESJARDINS OFFERS ETHICAL FUNDS

Desjardins also offers ethical funds: the Desjardins Environment Fund and the Desjardins Ethical Canadian Balanced Fund. The Environment Fund, launched in 1990, is the champion of ethical Canadian equity funds, with an annual yield of 12.5%. With these two funds, our members can invest their money according to their convictions, without sacrificing return.

COMMERCIAL PRACTICES ADAPTED TO YOUNG PEOPLE

Our commercial practices with respect to young people affect both the way we do business with them and the range of products and services we offer them. Desjardins is the main lender to students in Québec. In 2006, the Desjardins Student Loan Management Service modified its approach so that its clientele could benefit from advice on all the products and services designed for them. In addition, the d.plan for Students offers these clients customized products and services, such as the Student Advantage Line of Credit.

In order to prevent people under 30 falling into debt, we issued an educational bulletin on the use of credit and an insert containing advice to all new d.plan for Students cardholders. We also telephoned young people whose payment habits had recently changed, to help them make sure they stay on top of their debts. On the teen portal of *desjardins.com*, members between 12 and 17 can read financial information adapted to their specific situation.

DESJARDINS MUTUAL ASSISTANCE FUNDS: NEARLY \$1 MILLION SINCE 2001

Participating caisses: **245**
 Budget interventions: **19,382**
 Loans granted: **1,792**
 Total sums loaned: **\$964,989**
 Average loan: **\$538**
 Average rate of repayment: **88%**

Obtaining a loan is often difficult for a young person with no credit history. The caisses have therefore chosen to adapt their practices to the realities of young borrowers and to show their confidence in them by recognizing their savings habits, their social involvement, their work experience and their loyalty to Desjardins. That is why Desjardins General Insurance adopted new practices to better reflect in its rates the growing experience of young drivers, which raised satisfaction levels among its 18-to-24-year-old clients.

All the caisses are concerned with the problem of debt overload among young people, and several organize educational activities on this issue. For example, the Caisse de Joliette held an information day on loans for business students and the Caisse de Charlesbourg ran a conference for 300 teens and young adults to raise awareness on the abusive use of credit. This annual event was launched in 2004, and has thus far reached out to over 2,000 students.

FINANCIAL INFORMATION FOR ILLITERATE CITIZENS

Since they welcome everyone with financial needs living in their community, the caisses also serve members who have had very little schooling. In fact, according to a survey carried out in 2000, 52% of Quebecers with less than eight years of schooling were Desjardins members. Moreover, an estimated one million caisse members have difficulty reading and writing.

In the aim of strengthening its members' financial independence, the Caisse d'économie Solidaire partnered with *Lettres en main*, a popular literacy group in the Rosemont district of Montréal, to launch a brochure adapted to the needs of illiterate people, entitled *L'argent* (Money).

Furthermore, Desjardins contributed, with other partners, to the production of a guide by the *Option consommateurs* consumer protection, organization on how to use financial services, intended for consumers with low literacy levels. The guide, of which 15,000 copies were distributed, provides advice on how to open a bank account, how to understand the services related to the account, and how to choose a rate plan.

AN ONLINE ANTI-FRAUD SECURITY PROGRAM

To be prepared to face the dangers of computer fraud, people first need to be made aware that a risk exists. That is why Desjardins has included a section concerning online security on its Web site, where member can find the answers to many questions on this topic.

We also launched the 100% Guaranteed Secure Program, which covers losses sustained by any member who is the victim of Internet fraud.



COMMITMENT

OUR COMMITMENT TO THE COMMUNITY Mutual assistance and solidarity are fundamental values for Desjardins, values that are shared by thousands of community volunteers on a day-to-day basis throughout the year. To get the full picture of the scope of our support for the community, we would have to list the entire kaleidoscope of activities we organize in the hundreds of locations we serve.

PROMOTING THE INTEGRATION OF YOUNG PEOPLE IN SOCIETY

Like any organisation concerned with its long-term survival and development, the caisses focus a great deal of attention on the next generation. But it is their social mission that really drives their interest in youth. The caisses take the education of young people very seriously, especially with respect to democracy, economy, solidarity and individual and collective responsibility, so as to help them become independent and take charge of their financial future.

HELPING YOUNG PEOPLE TAKE CHARGE OF THEIR FINANCIAL FUTURE

The *Teen* and *18-24 Generation* portals on our Web site are excellent sources of financial information for young people, explained in easy-to-understand language, complete with tips and advice on savings, investments, credit and insurance, as well as a number of simulators. Each month, the portals receive more than 50,000 hits on its various educational columns.

Desjardins, the top lender to students in Québec, also makes a special point of educating young people on the best ways to balance school and finances. The *Close-up on my finances* brochure, distributed to some 50,000 students at the end of the summer, answers a number of questions on sound money management and the proper use of credit. In 2006, many caisses, including the Nicolet and Lac-Memphrémagog caisses, organised conferences and workshops on financial education for young people.

OUR OLDEST EDUCATIONAL STRATEGY

Because it is never too early to learn about savings, the Desjardins caisses continue to offer the School Caisse program to children. As at June 30, 2006, there were 385 caisses – 363 in Québec and 22 in Ontario – offering this educational service in close to 1,100 elementary schools. For the 2005-2006 school year, 259 caisses paid out a total of \$265,428 in “youth dividends” to 31,366 students, as a reward for having demonstrated good savings habits.

INFORMATION AND SUPPORT

In Mont-Laurier, the caisses of the La Lièvre area opened a new information centre for 15 to 30-year-olds, a one-stop shop where youth organisations in the region can offer information on their respective assistance programs.

The Caisse des Plateaux in Sherbrooke organized meetings with groups of students and young workers to get an idea of what young people expect from their caisse in terms of social involvement, so the caisse can adapt its practices to their needs, thereby ensuring its own long-term continuity.

Meanwhile, the Caisse de Victoriaville maintains an emergency fund for college students waiting for financial aid, while the Caisse de Rouyn-Noranda allows young people to make term deposits of less than \$1,000.

PROMOTING THE PRESENCE OF YOUNG PEOPLE IN THE REGIONS

Desjardins makes concrete gestures to fight the exodus toward urban centres of young people between 18 and 35, while encouraging qualified young people to move to outlying areas. We have been supporting the *Place aux jeunes du Québec* program for the past 15 years, by financing the salaries of its employees. The aim of *Place aux jeunes* is to make young people aware of particular labour needs in regional areas and putting them in touch with potential employers there. In 2006, the Desjardins Student Loan Management Centre invited more than 20,000 students to sign up for these regional exploratory stays. As a result, 968 young people got the chance to visit 14 regions throughout Québec during the year, and 543 of them chose to move to one of the regions visited between March 31, 2005 and June 30, 2006.

PAID AND SUPERVISED INTERNSHIPS

Through the Desjardins Youth Work Experience program, several caisses organized financial education workshops for participants. This program offers young people between the ages of 15 and 18 their first real job experience – a paid and supervised 180-hour summer internship at a company. It also offers job search and interview training. Offered in collaboration with the *Carrefour Jeunesse-Emploi* youth employment organizations and the companies involved, the program has shown exceptional results since 2005, and some caisses are now working together to increase its impact.

BROADENING HORIZONS AND STRENGTHENING SELF-ESTEEM

In an effort to create jobs and help turn young people into committed citizens, Desjardins signed an agreement with the Québec government and the *Chantiers Jeunesse* work experience organization to support projects such as restoring heritage buildings and creating tourist infrastructures. In 2006, 153 students, dropouts, young workers and unemployed young people were able to broaden their horizons and strengthen their self-esteem by working on 17 projects. In addition, 174 young people participated in work experience projects abroad. An example of a *Chantiers Jeunesse* project was the moving of the *Bibliothèque Verte* in Huntingdon, the \$12,000 cost of which was covered by the Caisse du Suroît-Sud.

COMPETITIONS AIMED AT STIMULATING THE ENTREPRENEURIAL SPIRIT

Competitions are always motivating for young entrepreneurs, who are naturally drawn to competitive activities. Here are a few that were organized or sponsored by the caisses.

"MON PROJET À FOND LA CAISSE!"

This competition held by the Caisse de Nicolet offered a total of \$260,000 to be divided among five winners. Participants had to be under 35 and working on the start-up or expansion of an innovative, job-creating entrepreneurial project.

"ENTREPRENEURS EN ACTION!"

The Caisse de Lorimier and the Caisse de Rosemont in Montréal helped the *Corporation de développement économique communautaire* (CDEC) Rosemont–Petite-Patrie community economic development corporation offer this competition for entrepreneurs in action. The winners shared a prize of \$51,000.

"ET SI JE PARTAIS EN AFFAIRES"

This was the second year that the Caisse Desjardins Lachine–Saint-Pierre in Montréal sponsored this youth entrepreneurship competition organised by the Marquette *Carrefour jeunesse-emploi*. Participants had to be under 35 and submit a real or fictional business plan.

"JEUNES ENTREPRENEURS, PASSEZ DU RÊVE À LA RÉALITÉ!"

This competition offered by the Caisse de Beauport in the Québec City area awarded \$25,000 grants to four young people aged 18 to 35, thereby helping these new entrepreneurs make their dreams come true.

SETTING OUR SIGHTS ON EDUCATION

Desjardins has always been associated with numerous education-oriented initiatives, from supporting the library at a small town school to awarding research grants and scholarships.

SUPPORTING UNIVERSITY RESEARCH

At the end of 2006, we confirmed one of our largest contributions in the field of education to date: a \$2 million donation to Concordia University's John Molson Management School to establish a corporate financing research and innovation centre. The centre will grant scholarships to students, with its main focus on improving and developing financial products for businesses. Our goal is to work more closely with the English-speaking community to improve services for small and medium-sized businesses.

We also provided substantial financial assistance to two *Université du Québec* campuses. The *Université du Québec en Outaouais* received \$350,000 to establish a Chair on staying in school and create a fund for excellence award scholarships. Meanwhile, the *Fondation de l'Université du Québec en Abitibi-Témiscamingue* received a grant of \$250,000 over five years from the Caisse de Rouyn-Noranda Community Development Fund.

BACK-TO-SCHOOL INITIATIVES

There are 17 *Centres de formation en entreprise et récupération* (CFER) business and recycling training centres in Québec. These are alternative schools supported by Desjardins that offer young people the opportunity to finish their schooling and build their self-esteem while learning about the environment.

We also support the *Infobus*, an initiative aimed at persuading adults to go back to school. *Infobus* toured the Saguenay–Lac-Saint-Jean region to meet with adults who had dropped out of school and provide them with information on courses offered at adult education centres.

Finally, as a way to encourage young people to stay in school by discovering new passions, the Lanaudière region caisses supported *Festifilm*, a short film competition aimed at lowering the dropout rate and promoting social involvement among young people.

FIGHTING SOCIAL EXCLUSION AND THE DROPOUT RATE

The caisses took a number of steps in the past year aimed at lowering the school dropout rate and fighting the social exclusion of people who don't succeed at school or who are facing major difficulties in life.

In Montréal, for the second year, the Caisse du Sault-au-Récollet granted \$25,000 to *Talents Académie*, a school program that, with the help of other students, offers 5th and 6th-graders with major social issues a chance at a meaningful experience by putting on a show at the end of the year. The results far exceeded expectations, as all the students stayed with the project throughout the year.

The Caisse de Hochelaga-Maisonneuve supported the *La lecture en cadeau* literacy project created by the *Fondation québécoise pour l'alphabétisation* and launched at the *Salon du livre de Montréal* book fair in November 2006.

In the Lower Saint Lawrence region, 17 caisses declared war on the school dropout rate. Together, they granted over \$38,000 to community organisations that offer academic help, especially with homework.

The Saint-Joseph de Hull, Île de Hull and Saint-Raymond de Hull caisses created a \$60,000 fund aimed at lowering the school dropout rate. Also in the Outaouais region, the Caisse de Gatineau gave \$2,500 to *Carrefour de la Miséricorde*, which helps young single mothers with reduced means to stay in school.

An excellent example of joint efforts between the caisses and their community is the Mauricie region *Maison familiale rurale* (MFR) rural community school, which hopes to help fight the dropout rate and the exodus of young people, as well as solve labour recruiting difficulties for local primary sector businesses. The Mauricie MFR offers training designed especially for young adults, targeting human resources needs in the region's farming, forestry and recreation and tourism sectors. The institution offers a high school education based on an alternating work-study formula. At the end, this dual training program enables students to receive both a regular high school diploma and a vocational diploma.

A LITTLE ENCOURAGEMENT CAN GO A LONG WAY

The Caisse de Repentigny decided to reward academic success, in collaboration with the *Commission scolaire des Affluents* school board and *Carrefour jeunesse-emploi L'Assomption* youth employment centre. The Caisse has accorded close to \$100,000 so far to the Encouragement scolaire project at *École Félix-Leclerc* high school, the aim of which is to promote student access to education and assist young people who drop out of school.

You never know what path will lead someone back to school. That is why the Caisse de Saint-Pascal participated in the *Les maraîchers du cœur du Kamouraska* project. This community garden project helped 18 to 30-year-olds with no diploma or income enter the job market or go back to school.

Caisses in the Centre-de-la-Mauricie region, meanwhile, chose to support the *Eldorado* project, which gave 28 dropouts the chance to go back to school as well as an opportunity to do an international cooperative internship in Guatemala.

Sometimes, finishing school isn't about how much you want it but about how much you can afford it. The Lanaudière region caisses decided to give \$500,000 to *Cégep de Lanaudière* to create two endowment funds, the proceeds of which are to be distributed to students in the form of scholarships.

Finally, Desjardins Group and the Magdalen Island caisses donated \$200,000 to *Fondation Madeli-Aide*, a foundation that assists Magdalen Islanders interested in continuing their education on the continent.

PROMOTING KNOWLEDGE THROUGH READING

In 2006, Desjardins also became associated with a major book drive organized by the *Fondation des parlementaires québécois* (Québec parliamentary foundation) to fight illiteracy in developing countries. The Fondation collects cultural and educational materials in Québec – mainly books, manuals, textbooks and journals – and distributes them in developing French-speaking countries as well as to certain Québec organizations.

VOLUNTEERING OUR EXPERTISE

Desjardins Securities sponsored a Canada-wide stock market simulator event organized by the *École des Hautes études commerciales* business school in Montréal. More than 420 students participated in the activity. As a stock market expert, the subsidiary also provided coaching to students at *Université Laval*, *Université de Montréal* and *Université de Sherbrooke* in managing the funds they had created.

HELPING SCHOOLS GET BETTER EQUIPPED

The caisses never hesitate to support schools that need materials and equipment. The Caisse du Cœur-des-vallées gave the *École aux Trois Chemins* school in Thurso more than \$48,000 to equip its woodworking shop. Meanwhile, the Caisse de Mercier-Rosemont and the Caisse de Charlemagne both contributed to the creation and/or revitalisation of school libraries.

Other caisses made sure that schools had sufficient sports and phys ed. equipment. Three caisses (the Caisse de l'Est de l'Abitibi, the Caisse de Matane and the Caisse du Rivage et des Monts in Matane) invested in sports fields. The Portneuf area caisses helped students get in shape by participating in the *Portneuf en forme* program. And many other caisses, including the Caisse de Saint-Joseph de Hull and the Caisse des Chutes de Montmorency in the Québec City area, as well as the Caisse de l'Est de Drummond, offered financial support for improving school curricula.

FONDATION DESJARDINS – UNWAVERING COMMITMENT TO EDUCATION

The caisses also have another tool to further support members in their studies. Fondation Desjardins, which grants more university scholarships than any other private foundation in Québec, is jointly funded by the Desjardins caisses and subsidiaries. In 2006, the foundation awarded 354 scholarships, grants and prizes for a total of \$654,650.

But Desjardins scholarships and grants are not limited to those distributed by the Fondation. Caisses and groups of caisses also distribute numerous scholarships and grants, valued at an estimated \$900,000.

GRANTS AND SCHOLARSHIPS

In 2006, the Fondation awarded 207 university scholarships and grants to 66 men and 141 women. Of these, 168 were at the Bachelor's level, 27 at the Master's level and 12 at the PhD level.

The foundation's support to student included \$22,000 awarded in the form of 12 grants and scholarships to university students of various origins, some of whom were part of the Québec Immigrant Investor Program.

COOPERATION

In the field of cooperation, Fondation Desjardins granted \$72,500 in support, \$60,000 of which went to seven projects involving cooperative education.

FOSTERING EMPLOYABILITY

In addition, \$63,850 in grants and prizes were distributed to 126 young people to help them enter the job market, go back to school or move ahead in their careers. Among these, 82 recipients of Raymond-Blais bursaries for young people presented plans and projects in 7 categories.

ENTREPRENEURSHIP AND OUTSTANDING CONTRIBUTIONS TO THE COMMUNITY

Three Desjardins Prizes for entrepreneurs, worth a total of \$100,000 were handed out in the following categories: International Commerce, Productivity and Business Ownership Transfer. These Prizes recognize excellence in Québec and Ontario businesses that benefits the entire community with their know-how.

Awarded every year for the past 36 years, Desjardins Annual Prizes pay tribute to non-profit organizations that made outstanding contributions to their communities. Each prize features a \$5,000 grant. The 2006 winners were the Little Burgundy and Saint-Henri *Comité d'éducation aux adultes* (CEDA) adult education committee in Montréal (Youth Assistance category), the *Club Parentaïde Beauce-Centre* parental assistance organization in Beauceville (Community Development category), the *Centre d'action bénévole Le Hauban* volunteer centre in Gaspé (Senior Citizen Assistance category), the *Gang des Trainés de rue de Saint-Hubert* program for street kids, in Saint-Hubert de Rivière-du-Loup (Economic Development category) and the *Friperie La Gaillarde* used clothing store, in Montréal (Sustainable Development category).

A new category is to be added in 2007, for Cultural Services, to recognize the support of non-profit organizations whose achievements help promote the affirmation of culture by all and access for all.



SUPPORTING ENTREPRENEURSHIP AND JOB CREATION

We regularly undertake numerous development initiatives in the communities we serve. The caisses, which promote individual and collective autonomy, support projects and organizations that encourage entrepreneurship and help create and maintain good jobs.

ENTREPRENEURSHIP IN ALL SHAPES AND SIZES

In an effort to make our commitment to the community more tangible, we support almost all the trade boards in the communities we serve. In Québec, for example, we have established and/or strengthened several highly profitable joint efforts with the Québec Gay Chamber of Commerce, the Canadian-Lebanese Chamber of Commerce and Industry and the Italian Chamber of Commerce, thereby indicating our desire to develop close ties with these communities.

In Ontario, Desjardins sponsored a VIP evening with the Toronto Board of Trade. For a third consecutive year, we also supported the Ontario Chamber of Commerce in presenting the prestigious Outstanding Business Achievement Awards. These awards pay tribute to exceptional Ontario businesses.

Desjardins is also a partner in the Enjeux (issues) series of luncheon meetings. The series, organized by the *Manufacturiers et exportateurs du Québec* (MEQ – Québec Manufacturers and Exporters) and quite well-known among business people, is the leading forum for manufacturers. During the *Tendances Manufacturières* (manufacturing trends) conference, also organized by the MEQ, Desjardins awarded two prizes totalling \$35,000: the Desjardins EDC International Commerce Prize and the Desjardins Productivity Prize.

HONOURING IMMIGRANT COMMUNITY LEADERS

In 2006, Desjardins was involved in a series of 13 television programs that honoured immigrants who settled throughout Québec and became leaders of their newly adopted communities. The "*Bâtisseurs d'ailleurs*" series, broadcast on TV5 since September 2006, depicts the possibilities that Québec offers immigrants from a multitude of countries and, more specifically, how these people took advantage of the opportunities presented.

ACHIEVEMENT AWARDS FOR WOMEN

Desjardins acknowledged the exceptional contribution women make to society by contributing to the following organizations.

THE QUÉBEC BUSINESS WOMEN'S NETWORK

Desjardins is a major partner of the Québec Business Women's Network and has contributed to the success of the *Prix Femmes d'affaires du Québec* awards for women executives and entrepreneurs since its inception.

WOMEN OF DISTINCTION GALA

Established by the Winnipeg YWCA and adopted in more than twenty Canadian cities, the Women of Distinction competition seeks to acknowledge the achievements of women who have contributed to the development and advancement of women in society. Desjardins supports the Québec City and Montréal awards galas in particular.

ESPACE FÉMININ ARABE

Mona Nemer, director of the Cardiac Growth and Differentiation research unit at the *Institut de recherches cliniques de Montréal* (Montréal clinical research institute), received the 2006 *Trophée Femmes arabes du Québec*. Five other trophies were awarded in recognition of the contributions made to society by Québec women of Arabic origin and to reward these women for outstanding achievements in their fields.

COOPERATION AS AN ENTREPRENEURIAL PRINCIPLE

Promoting cooperation as an entrepreneurial principle remains a main priority for us, and one that we aim to further through two youth cooperative programs, *Coopérative Jeunesse de services* and *Jeune COOP*, in partnership with the *Conseil québécois de la coopération et de la mutualité* (Québec council for cooperation).

Jeune COOP is a youth program that helps young people establish cooperatives at school. The program attracts a lot of interest: in 2006, 47 cooperatives were created in schools. Meanwhile, 1,815 students created their own summer jobs by starting up *Coopérative Jeunesse de services* youth services cooperatives.

Desjardins is also a partner in the Québec government's Youth Entrepreneurship Challenge program, which strives to promote the entrepreneurial spirit and the development of cooperative attitudes and skills among future entrepreneurs. We also support the Québec Entrepreneurship Contest, which promotes the entrepreneurial experience and initiatives, both cooperative and otherwise.

SUPPORTING MENTORING PROGRAMS

Our Desjardins Venture Capital subsidiary offers young entrepreneur clients the opportunity to be mentored by experts with experience leading well-established businesses.

Some caisses have also undertaken similar projects in their communities. For example, the Lanaudière caisses will contribute \$60,000 over three years to the region's *Jeune Chambre d'affaires et de professionnels* (junior chamber of commerce and professionals) in support of a mentorship initiative.

FINDING WORK ISN'T ALWAYS EASY

In an effort to help the unemployed find work, the Lanaudière caisses and the Fédération des caisses Desjardins du Québec joined with *Emploi-Québec* and several other local groups to organize a highly original event: the Lanaudière *Marathon de l'emploi* (employment marathon). No less than 252 marathoners stopped in at 238 businesses in search of job openings that were not necessarily advertised. A total of 1,200 jobs were found.

HELP FOR BUSINESS START-UPS

In order to provide business start-ups with access to financial services, the Caisse de Saint-Hyacinthe and the Caisse de la Vallée maskoutaine created the *Créavenir Maskou* program. The program offers financial support to young people whose businesses are in the pre-start-up or start-up phase. This assistance can come in different forms and relies on the participation of experts from the community. As an indication of the relevance of the program, all the caisses will be able to offer it in 2007 under the name *Desjardins Créavenir*, in collaboration with local development centres (LDCs), regional development cooperatives (CDRs) and the public network of business support services providers (SAE network).

Finally, the Arthabaska Desjardins Business Centre created the *Fonds d'aide aux jeunes entrepreneurs Desjardins* (Desjardins fund for young entrepreneurs) to lend a hand to people between the ages of 18 and 40 who want to start or expand their own businesses.

FAVOURING REGIONAL DEVELOPMENT

The caisses have always contributed to regional development by serving areas with no access to banks. Controlled by their owner-users, the caisses protect the interests of the community. That is why Desjardins invests heavily in the development of businesses and cooperatives and, along with its members, works hard to maintain regional vitality.

\$524 MILLION TO BE INVESTED IN 269 BUSINESSES THROUGHOUT QUÉBEC

Our Desjardins Venture Capital (DVC) subsidiary made commitments totalling \$524 million as at December 31, 2006 in 269 Québec businesses and cooperatives that together provide nearly 29,000 jobs. Assets managed by DVC come from six regional Desjardins investment funds, as well as Desjardins Capital régional et coopératif (DCRC) and Desjardins – Innovatech S.E.C.

As at December 31, 2006, DCRC, a public fund with the mission to invest in cooperatives and businesses located throughout Québec, had invested \$418 million in 209 Québec businesses (of which 14 are cooperatives). Furthermore, DCRC injected an additional \$20 million in capital in 2006 into Desjardins – Innovatech S.E.C. It also expanded its investment policy to include the mining sector as well as the recreation and tourism sector.

Desjardins – Innovatech S.E.C. supports innovative businesses in the fields of information technology, life sciences and industrial technologies. In 2006, the company committed more than \$8 million for 14 businesses in resource regions, bringing its portfolio to \$31 million invested in 35 businesses.

Our components are eager to work together to benefit regional businesses. Several Desjardins business centres have collaborated with Desjardins Venture Capital (DVC) in carrying out business ownership transfers, pairing the expertise of traditional financing with that of venture capital to ensure the smoothest transition possible. In Sainte-Foy, a joint financing deal to the tune of \$2.8 million in *Gestion Placage RMH* made it possible for the management to fully repurchase all shares. In Drummondville, a \$1.5 million investment in *CDM Papiers décors* led to the purchase of a German-owned company by Québec entrepreneurs.

SUBSTANTIAL CAPITAL INFUSIONS

In 2006, we authorized a large number of investments in regions across Québec. These include:

- More than US\$10 million to *Groupe Humagade* in Québec City, a new business incubator for companies that design mobile telephone functionalities. This contribution enabled the company to purchase shares in Cellfish, a leader in the field in Europe and North America.
- A reinvestment of \$3 million in *PG Govern* of Rimouski, a company involved in the design and integration of municipal business and management solutions.
- A \$700,000 investment in the *Coopérative forestière Girardville*, a Saguenay area forestry cooperative, jointly made with the Fédération des caisses Desjardins du Québec, the Maria-Chapdelaine Desjardins Business Centre and the Caisse des Plaines boréales.
- A reinvestment in the *Coopérative funéraire de l'Estrie* funeral services cooperative, in collaboration with the Caisse du Lac des Nations de Sherbrooke and the Sherbrooke Desjardins Business Centre.

COMMUNITY AND DEMOCRACY: IT'S IN OUR NATURE

Support for the community is an integral part of Desjardins' cooperative nature. All the caisses and components act on this premise, while implementing local initiatives and encouraging creativity, which explains the large variety in the commitments they make. As at December 31, 2006, 471 caisses had a total of \$59.4 million available in their community development funds for supporting projects.

HELPING CHANGE THE WORLD

In 2006, Desjardins joined forces with *L'actualité*, a major Québec magazine, in the "*Réalisez votre rêve*" contest, to acknowledge the outstanding commitment of ordinary citizens. With nearly 800 projects submitted, it would seem that a lot of people want to change the world. The grand prize winner was the "My School Bag" project. The \$30,000 in prize money will help children in Burundi, one of the poorest countries on the planet, get the school uniforms and classroom material they need to last them several years.

SOLID SUPPORT FOR UNITED WAY AND OPERATION RED NOSE

Thanks to the generosity of our employees and the collaboration of all our components, we collected \$2.6 million for the 2006 Centraide/United Way campaign, making Desjardins one of the biggest Canadian donors for the campaign.

Furthermore, putting prevention first as always, our Desjardins General Insurance subsidiary was the official insurer and Québec provincial sponsor for Operation Red Nose. Over the past 23 years, Desjardins has contributed a total of \$3 million to Operation Red Nose.

GROUP HOMES: A STEP TOWARDS "NORMAL"

A non-profit, alternative, community-based help network, the *Réseau d'aide Le Tremplin* (the springboard help network) in Drummondville, helps low-income individuals facing mental health problems; it pays particular attention to those going through major difficulties.

The Réseau promotes autonomy and independence and strives to help people become more self-sufficient. It offers people who cannot live alone the opportunity to live in shared (group) housing.

The Caisse Desjardins de Drummondville together with Desjardins Securities contributed approximately \$20,000 to the *Fondation Le Tremplin* fund-raising campaign. The money went to improving group home services by doubling the number of rooms available from 6 to 12. These large units are located in downtown Drummondville and include living rooms, kitchens and individual bedrooms.

The beneficiaries of this service have been hospitalized for psychiatric reasons and are under a doctor's care. For all of them, it's a step toward a more "normal" life.

ACTIONS SUPPORTING SOCIAL DIVERSITY

In the Saguenay-Lac-Saint-Jean region, the caisses highlighted the rich heritage and culture of the Innu community by joining the *Conseil des Montagnais du Lac-Saint-Jean* for the Mashteuiatsh commemorative celebrations that took place between March 2006 and March 2007. Desjardins took advantage of this opportunity to reaffirm its support for all Native communities in Québec.

Meanwhile, Desjardins General Insurance Group employees in cosmopolitan Mississauga, Ontario, took part in a multicultural fair on Canadian Multiculturalism Day.

FOR THE YOUNG AND THE YOUNG-AT-HEART

The caisses make many different kinds of contributions to improving the quality of life for young people today. The caisses of the Saint-Lawrence-Ottawa Valley region in Ontario participated in the *Salon jeunesse Hawkesbury* job fair for young people. The Caisse de Lévis set aside \$50,000 for a youth fund so that people aged 30 and under can carry out projects likely to create jobs or improve the quality of life for young people. Finally, for the fifth year, the L'Érable region caisses supported the *Corporation Partenaires 12-18 de L'Érable* organization, which has helped about 100 teenagers carry out various projects.

In an effort to look after seniors and people with slight loss of autonomy, the Caisse de la Nouvelle-Acadie in the Lanaudière area allotted \$150,000 for the construction of a seniors' residence. This not-for-profit project will require a total investment of \$2.8 million. The Caisse de Saint-Antoine-des-Laurentides donated \$75,000 to the *Rivière-du-Nord* region's *Fondation des centres hospitaliers de soins de longue durée* (foundation for long-term care centres) for the purchase of a specially adapted bus to transport residents.

VOLUNTEERS ARE IMPORTANT

The caisses fully understand the importance of people donating time to their communities. That is why the Loretteville, Vimont-Auteuil and Chomedey caisses all participated in local volunteer recognition activities.

PROTECTING OUR HERITAGE

Very often, members ask their caisses to help protect heritage buildings. In 2006, we contributed \$750,000 to the *Fondation de l'Oratoire Saint-Joseph du Mont-Royal*, which hoped to raise \$75 million to restore this religious site. The Caisse de l'Est de l'Abitibi contributed \$5,000 to repair the Landrienne church.

SUPPORT WHERE IT'S NEEDED MOST

The caisses regularly take action to help those who need it the most. In 2006, the Caisse Les Méandres became a partner in the first edition of *L'Assomption en action pour le droit des enfants*, a children's rights organization in L'Assomption. The Caisse de Mercier-Rosemont in Montréal took up a collection among several area businesses and other local caisses for the *Trêves pour Elles* organization for abused women in dire straits who need help. Meanwhile, the caisses of the Rive-Nord du Saguenay region raised \$10,000 for a suicide-prevention centre, and the Chaudière-Etchemin caisses supported the publication of an essay aimed at fighting this devastating phenomenon.

Caisse centrale Desjardins, The caisse treasury, also got involved. It organized the *La Traversée* golf tournament in collaboration with several other companies, and collected \$63,200 to help children and women victimized by sexual assault. Proceeds from another golf tournament enabled Desjardins to contribute \$210,000 to the *Fondation des Auberges du cœur*, a foundation supporting shelters for thousands of at-risk and homeless youth.

The caisses in Sherbrooke donated \$35,000 to two organizations that help people living in poverty. The Caisse d'économie de la Vallée de l'Amiante and the Caisse des Métaux blancs participated in the *Opération coup de cœur* food drive and fundraiser with the proceeds going to an emergency support service. The Caisse du Mont-Royal donated \$30,000 to the *Robin des Bois* (Robin Hood) charity restaurant, while the Bois-Francs-Cartierville caisses helped community grocery store *La Corbeille* purchase a truck.

At-risk youth have not been left behind. The Caisse de Saint-Romuald in the Québec City area contributed to the construction of 12 halfway homes and community support housing units for young men and women. The *Refuge des jeunes de Montréal* received \$25,000 from the Caisse du Mont-Royal and Desjardins Group, while the Caisse de Saint-Joseph de Hull invested \$475,000 in the Outaouais youth centres.

In addition, the Caisse de l'Érable and the Caisse de Lyster-Inverness-Val-Alain, along with the Caisse de Mont-Joli, the Caisse de la Mitis, the Caisse de Sainte-Luce-Luceville and the Caisse des Versants du Mont-Comi, contributed to two collective public transportation initiatives in an effort to fight isolation and keep community ties alive and well.

Finally, Desjardins Securities recently joined forces with the Montréal Canadiens Children's Foundation, whose mission is to help disadvantaged, sick or special needs children throughout Québec. Every year, Desjardins Securities sets aside a specific day on which its investment advisors and institutional trading desk staff donate their commissions to the Foundation. Desjardins Securities' Disnat Online Brokerage division also donates \$10 for each trade carried out that day. In four years, Desjardins Securities has collected nearly \$1.1 million this way to support children's charities.

Of this amount, 85% was reinvested in projects submitted to the Foundation by investment advisors, the Disnat Online Brokerage division or other Desjardins Securities sectors.

BUILDING BRIDGES BETWEEN COMMUNITIES

The fourth edition of *Semaine québécoise des rencontres interculturelles* (Québec Intercultural Week), organized by the Québec Ministry of immigration and cultural communities, was held in October 2006. The theme chosen this year, "*Mille visages, notre avenir*" (A Thousand Faces – Our Future), reminds us that Québec must take all the necessary steps to ensure that Quebecers of all origins fully participate in furthering the economic, social and cultural prosperity of their province.

Desjardins, a partner in this activity, aims to bring the various communities closer together and let them know that becoming a member, employee or elected officer of a caisse is an excellent method of integration and of fostering a common understanding of our differences.

ART AND CULTURE FOR ALL

We firmly believe that culture is a source of social openness and balance and must never be restricted to the affluent. By making the Arts accessible to the greatest number of people, we foster new talent and stimulate the cultural industry – one of the pillars of our economy. Desjardins supports local, provincial, national and international cultural initiatives.

FROM SEA TO SEA

A close, 22-year relationship culminated last year in Desjardins' becoming Presenting Sponsor for *Cirque du Soleil's* 2006-2008 Canadian tour. Desjardins was therefore one of the official sponsors of the 2006 Canadian tour of *Delirium* as well as the presentation of *Quidam* in Ottawa and *Varekai* in Vancouver. In 2007, we will be associated with the brand-new show the Cirque is to present in Montréal, Québec City and Toronto. In 2008, the troupe will be performing in three Canadian cities, with over 120 performances of *Corteo*.

The relationship between *Cirque du Soleil* and Desjardins dates back to 1984, when then Caisse populaire des travailleuses et travailleurs du Québec (now the Caisse d'économie Solidaire Desjardins) granted a band of street performers its first loan. Today, Desjardins remains one of *Cirque du Soleil's* major financial partners.

In 2006 we also renewed our support for the Guelph Jazz Festival in Ontario. This internationally-renowned event has attracted crowds since 1994 with its high-quality and eclectic program. Also in Ontario, we supported the Cinéfest Sudbury International Film Festival, an event that attracts numerous film lovers. And, in an effort to increase young audiences' appreciation of classical music, we sponsored two Toronto Symphony Orchestra (TSO) concert series, enabling the TSO to offer affordable tickets to young connoisseurs and newcomers to classical music alike.

A MOSAIC OF FESTIVALS

Among the most popular festivals in Québec are the *FrancoFolies de Montréal* French-language music festival, of which we are a major partner, and the Québec City Summer Festival. We have been partners of the Québec City Summer Festival from its early days, and we presented our *Grands événements Desjardins* (Desjardins major events) exclusive concert series again in 2006.

Quebecers are always seeking to discover new talent and greatly appreciate song festivals that welcome newcomers. Desjardins acts as official presenter and host of many of these festivals. We awarded \$10,000 to the winner of the Granby International Song Festival in 2006. We also supported the *Festival de la chanson de Tadoussac*, an unforgettable event for French-language music lovers from here and abroad. Finally, we have been partners with the *Festival en chanson de Petite-Vallée* song festival since its inception and now sponsor the brand-new *Artiste collaborateur* (collaborating artist) category, the winner of which will receive a \$1,000 award.

The *Festival International des Rythmes du Monde de Saguenay* (FIRM) is on its way to becoming the premier world music and percussion festival in Québec, despite its recent arrival on the scene. We have hailed the festival's outreach and quality by partnering with FIRM for the last three seasons.

In 2006, we continued our association with the *Réseau intercollégial des activités socioculturelles du Québec* (RIASQ – Québec intercollegiate socio-cultural activities network) by acting as official host and main sponsor of four cultural events: *Cégeps en spectacle* (Cégeps in concert), the *Festival intercollégial de théâtre* (intercollegiate theatre festival), the *Festival intercollégial de danse* (intercollegiate dance festival) and the *Exposition intercollégiale d'arts plastiques* (intercollegiate art exhibit). These events, which involve 130,000 students at 67 colleges, have contributed to the emergence of artists who are now well-known and highly appreciated in Québec.

In the Outaouais region, we were a major partner of the Gatineau Hot Air Balloon Festival in 2006. And in Saint-Tite, we have long been associated with the *Festival Western*, which in 2006 attracted 450,000 visitors to this village of 4,000 residents.

REGIONAL THEATRE

In 2006, we became the official three-year host of the *Sorties du Théâtre du Nouveau Monde* (TNM). This theatre tour series was launched in 1997 to ensure a regular supply of quality theatre beyond urban centres. For the 2006-2007 season, the *Sorties du TNM* visited eight Québec cities to present *Incendies*, written and directed by Wajdi Mouawad, and Molière's *Le Malade imaginaire*, directed by Carl Béchar.

VISUAL ART FROM HERE AND ABROAD

Since 1978, our art collection has demonstrated our desire to support the visual arts and contribute to preserving our artistic heritage. The Desjardins art collection comprises nearly 2,000 pieces, including paintings, prints, drawings and sculptures created by more than 500 artists from Québec and Ontario.

Similarly, the *Musée national des beaux-arts du Québec* in Québec City and the Montréal Museum of Fine Arts are long-standing beneficiaries of our support, a sign of the importance we give to arts and culture. In 2006, we sponsored the "From Caillebotte to Picasso: Masterpieces from the Oscar Ghez Collection" exhibit, a series of remarkable 19th and 20th-century works that attracted more than 100,000 visitors to the *Musée des beaux-arts du Québec*. At the Montréal Museum of Fine Arts, we support the "Schools at the Museum" program, which introduces pre-school, elementary and high school students to art through exhibit tours and hands-on workshops.

ATHLETES OF ALL AGES

In the fall of 2006, we renewed our association with the Canadian university football championship as presenting sponsor of the Desjardins Vanier Cup played in Saskatoon.

This sponsorship is part of a partnership slated to last until 2010, signed by Desjardins Group with Canadian Interuniversity Sport. Besides football, the agreement also includes the Desjardins Academic All-Canadian Program, which every year honours 2,000 athletes who obtain an over 80% average in their studies.

In August 2006, as a partner of Tennis Canada, Desjardins once again sponsored the Rogers Cup, which was held in Toronto. The tournament attracted more than 155,000 spectators and nearly 1.6 million Canadian television viewers.

Meanwhile, our national sport gives young people the chance to have fun while staying in shape. For more than 30 years, we have been associated with the Québec International Pee-Wee Hockey Tournament, sponsoring two trophies, among other things. Every year, there are more than 2,000 participants aged 11 and 12, from some 15 countries.



CULTURE IN ALL ITS FORMS

The Desjardins caisses have always supported cultural organizations and a wide range of art-oriented endeavours.

That is why the Desjardins caisses of the Centre-du-Québec region donated \$30,000 to *Camp Notre-Dame-de-la-Joie* for the inauguration of a building where 800 young campers will be able to participate in theatre, street performance and circus arts starting in the summer of 2007. In addition, the *Théâtre des Ventrebleus* troupe obtained support from the Eastern Montréal area caisses for the creation of *Poe*, based on the life and work of Edgar Allan Poe, presented in the Salle Fred Barry studio of *Théâtre Denise-Pelletier*.

The Caisse du Mont-Saint-Bruno donated \$40,000 to build a recording studio and entertainment facility for the *Maison des jeunes* youth centre in Saint-Bruno.

Meanwhile, the Caisse de Cabano once again sponsored the *Créencarton Desjardins* contest as part of the *Cartonfolies de Cabano* festival, where participants designed and created cardboard hats, costumes and art.

Culture can also be an instrument of social integration. That is in fact the very purpose of the *MargiArt* project, which offers marginalized youth the chance to create stained glass art detailing the history of Trois-Rivières. The project, to which the Association des caisses Desjardins de Trois-Rivières has contributed \$12,000, has enabled more than a dozen young people to re-enter the job market.

At least two caisses offer artists the chance to display their work on caisse premises. Twice a year, the Caisse de L'Île-des-Soeurs in Montréal organizes a two-week exhibit of Verdun artists, inaugurated by a private vernissage preview. The Caisse du Mont-Royal, which has an art gallery on the second floor of its head office, also displays the work of many Plateau area artists.

FROM AFRICA TO MONTRÉAL TO THE UKRAINE

Many generations of immigrants have added their traditions to Montréal culture. That is why the city today is a melting pot of so many cultural influences. And that diversity strongly contributes to the vitality of the Montréal cultural scene.

In 2006, Desjardins sponsored the *Festival international Nuits d'Afrique*, which has grown in popularity over the years. Since 1987, this international festival celebrating African-based music has presented a wide range of talented artists from the African continent, the West Indies and Latin America, where some of the biggest names in World music play alongside emerging artists.

Thousands of people attend the Montréal Ukrainian Festival every year. It has been around since 2000, when the Ukrainian community gathered to celebrate the ninth anniversary of Ukrainian independence. The Caisse Ukrainienne de Montréal and the Eastern Montréal area caisses support this major open-air party in Parc de l'Ukraine in the Rosemont neighbourhood. On the program are Ukrainian, Québec and Canadian artists, as well as Ukrainian art expositions and tastings of Ukrainian dishes.

COMMUNITY HEALTH AND WELL-BEING

The contributions made by the caisses to health and welfare organizations is a testament to how deeply their members – and society as a whole – care about this issue. And so, once again, we made a number of contributions to promote access to health care, finance research and improve patient quality of life.

SUPPORTING HEALTH CARE INSTITUTIONS

Because no one is unaffected by cancer and heart disease, the caisses are always glad to help finance health care organizations dedicated to research on these illnesses and to donate to their fundraising campaigns.

With the participation of thirteen caisses in the Québec City area, Desjardins was able to donate more than \$1 million to the *Fondation du Centre hospitalier universitaire de Québec* hospital foundation. A portion of this amount will go towards the brand new *Centre de recherche clinique et évaluative en oncologie* (clinical cancer research and assessment centre). The Caisse du Lac-Memphrémagog meanwhile donated more than \$17,000 to the Relay for Life in Magog to help in its fight against cancer.

The Bois-Francs-Érable area caisses committed \$350,000 over the next five years to the *Fondation de l'Hôtel-Dieu d'Arthabaska* hospital foundation.

Finally, the Eastern Montréal caisses committed \$15,000 over three years to the ÉPIC Foundation, whose mission is to support the Montréal Heart Institute Centre for Preventive Medicine and Physical Activity.

GIVING THE GIFT OF LIFE

Providing irrefutable proof that Desjardins' strong commitment to the community means more than just financial assistance, numerous blood drives were organized in conjunction with Héma-Québec, leading to the collection of 9,700 donations in 2006. Since one donation can save 4 lives, this means that 38,800 people could benefit from this gift of life.

LOOKING OUT FOR MENTAL HEALTH

Desjardins Financial Security (DFS), our life and health insurance subsidiary, has been a major partner of Québec's week-long anti-stress campaign, *Semaine antistress*, for three years. In 2006, DFS entered into an agreement with the Canadian Mental Health Association, which will enable it to extend its commitment to National Mental Health Week across the country over the next few years.

DFS also used its annual health survey to bring more public awareness to the issue of mental health. A brochure with an analysis of the survey results was sent to all Canadian MPs, along with a stress assessment card. Among other things, the results of this survey help DFS better serve its clients when it comes to preventing mental health disabilities in the workplace.

OVER \$700,000 TO OTHER ORGANIZATIONS

In 2006, DFS also donated more than \$700,000 to some 225 health care organizations across Canada, including the Heart and Stroke Foundation of Canada, the Arthritis Society, the *Fondation de l'Institut universitaire de gériatrie de Montréal* (Montreal university geriatrics institute foundation) and Baycrest Centre in Toronto.

ENSURING ACCESS TO HEALTH CARE

The Caisse d'Azilda and the Caisse de Vermillon in Northern Ontario made several donations aimed at helping maintain various programs in an institution belonging to the *Centre de santé communautaire de Sudbury* community health centre.

Nine caisses in the Laurentians set aside \$90,000 to establish a regional haemodialysis service so that people in the region would no longer have to travel to a major centre several times a week for their treatments. The Caisse de Mont-Joli, meanwhile, committed \$50,000 to finance six residential units in the community for people suffering from cognitive disorders such as Alzheimer's disease.

Finally, the Caisse de l'Est de Drummond donated \$50,000 to the *Fondation des services de santé des cantons*, which offers health and medical services to Eastern Townships residents, and aims to promote health and improve fitness and nutrition.

SUPPORTING THE MIRA FOUNDATION

The MIRA Foundation trains seeing-eye dogs to help the visually impaired in their day-to-day lives. Because Desjardins shares the values of this organization – cooperation, solidarity and education – and in honour of its 25th anniversary, we supported the Foundation in a number of ways, including a commitment of \$20,000 from 23 caisses of the Centre-du-Québec region in 2006.

FIGHTING AIDS

On World AIDS Day, the Caisse de Saint-Jean-Baptiste de Québec and other partners helped raise funds at a tango benefit gala for the *Mouvement d'information et d'entraide dans la lutte contre le SIDA* (MIELS-Québec) to help this organization, which provides AIDS-related information and mutual assistance, in its fight against AIDS and HIV.

PROMOTING MENTAL HEALTH AMONG YOUNG PEOPLE

In conjunction with *Fondation Richelieu*, the Caisse du Mont-Saint-Bruno supported a highly unique and original program that promotes mental health in elementary school children. The program brings together a group of specialists who pool their efforts and knowledge to teach children coping skills and help them learn how to manage stress.

ALWAYS IN TOUCH WITH THE NEEDS OF FARMERS

As a cooperative managed by its members, a caisse will naturally be in tune with the agricultural community it serves. We know how important agriculture is to our society, and we support it through initiatives based on sustainable development.

OPEN HOUSE AT QUÉBEC FARMS

In 2006, we collaborated for the third time with the Québec *Union des producteurs agricoles* (UPA) farmer's union to organize the *Portes ouvertes sur les fermes du Québec* (open house at Québec farms) event. It was a record year in which more than 125,000 visitors came out to tour the 125 farms that had opened their doors to the public.

Visitors were able to learn about most types of agricultural production, from the oldest and most traditional to the newest emerging products. They were able to see the quality, variety and abundance of agricultural products in Québec and meet the men and women who work so hard to bring those products to their tables. For the farmers, this was an opportunity to learn more about what the people who buy their products are looking for.

NEW PRODUCTS, NEW METHODS

Two studies connected with tobacco-replacement farming received a \$22,000 grant from the caisses in Lanaudière. One of these studies dealt with the feasibility of marketing industrial hemp, which is less expensive, lighter and non-polluting, and takes less energy to produce than fiberglass. The tobacco industry used to bring revenues of \$18 million into this region annually.

Locally produced specialty foods are becoming increasingly popular among consumers, and are therefore of interest to farmers. In the Laurentians, for example, the agri-food industry provides more than 25,000 jobs. In 2006, the Les Hautes Desjardins Business Centre helped set up *Saveurs Hautes-Laurentides*, an organization whose mission is to support agri-food businesses in the Antoine-Labelle regional county municipality by providing them with marketing services and tools.

HELPING FARMERS STAY INFORMED

Information is valuable in the world of farming. This is why we sponsored seven events by the *Centre de référence en agriculture et agroalimentaire du Québec* (CRAAQ – Québec reference centre on agriculture and the agri-food industry), including the *Salon de l'agriculture agricole fair and Perspectives 2006*. The other five symposiums and conferences respectively addressed the beef, pork production and dairy cow industries, as well as marketing and entrepreneurial management issues. The CRAAQ is mandated by industry organizations to contribute to the vitality of the agricultural and agri-food sectors with a view towards sustainable development.

Desjardins also publishes a magazine three times a year for its agricultural business members. Launched in 1988, *Partenaires* provides readers with information on financing and managing farm businesses through interviews with specialists from various fields as well as with Desjardins experts. *Partenaires* has a circulation of 23,000: 19,000 copies are delivered directly to farm businesses; the others are distributed to farming industry partners and to Desjardins business centres.





HUMAN RESOURCES

HUMAN RESOURCES MANAGEMENT To be and to remain the largest private employer in Québec is a constant challenge. If we add the fact that the employer in question is a cooperative organization, the challenge takes on further depth, especially when that cooperative belongs to more than 5.7 million members. Desjardins knows that its mission makes it an employer with a difference, especially since its social responsibilities are greater than those of other companies.

A TOP EMPLOYER

Close to 40,000 people are employed by the caisses, subsidiaries and other components of Desjardins, and those organizations have done everything possible to provide their employees with competitive working conditions, a stimulating work environment and motivating professional challenges. The quality of the work environment that we offer our employees and the respect that we show them are essential factors in maintaining the excellent services that we provide our members. Our current success and aspirations would be impossible to achieve without the help of motivated and skilled employees.

Like all other employers, Desjardins is facing a decline in available manpower. Retaining qualified personnel is a critical key to success in the financial services industry. We must therefore maintain exemplary human resources management practices if we are to remain among the best in our industry. This knowledge, in conjunction with our cooperative values, are what dictate our actions in this area.

How motivated are Desjardins employees? In 2006, we measured employee engagement in a Hewitt Associates survey designed to gauge motivation levels in various companies across Canada.

We were particularly proud to note that the results of this survey, which was carried out for the first time among all our components, indicated that no less than 79% of our employees would not hesitate to recommend Desjardins to a friend looking for a job. Also, 72% stated that they would be reluctant to leave the company. In fact, a scant 4% of employees left Desjardins in 2006. This is one of the lowest quit rates in the industry, thereby confirming Desjardins' ability to retain employees.

The results of this survey are very encouraging, and we will continue our efforts with the aim of being named one of the Best Employers by Hewitt Associates in 2008. Obtaining this title would further assist us in

implementing our employee attraction and loyalty-building strategies and greatly contribute to putting strategies in place to attract and retain staff. One of our components, Desjardins General Insurance Group, already ranks 12th among the top 50 employers in Canada and 1st in Québec.

WORKING TO BUILD A REPLACEMENT POOL FOR OUR SENIOR MANAGEMENT

Our employees are a priceless commodity. We must make sure they stay with us, and we must do so in a very competitive environment.

The challenge of finding human resources is already becoming apparent. Which is why, as part of our program to manage the replacement of senior management, we have taken steps to attract candidates who have the qualities required to occupy positions at Desjardins. Several of our components have created management replacement and development programs in this respect; for example, Desjardins Financial Security, our life and health insurance subsidiary, has updated the profiles for all its management positions.

Among other initiatives, individual development plans have been developed and proposed to women executives, who have also benefited from the support of mentors and coaches. We expect these measures to increase the proportion of women occupying senior management positions in Desjardins Group to 25% by 2008.

NEARLY 3% OF OUR TOTAL PAYROLL SPENT ON TRAINING

We have continued to increase the skills of our managers and employees by investing in training programs, several of which are offered online. We have devoted nearly 3% of the total payroll in Québec to training.

Desjardins Cooperative Institute pursued its programming for our managers and elected officers by teaching them about our vision, our values, the challenges we face, our orientations, and our governance and management practices. In 2006, more than 1,600 people took courses at the Institute and 98.5% said they would recommend the courses to their colleagues. The creation of the Institute helped make Desjardins Group a finalist in the Conference Board of Canada 2006 National Awards in Governance.

ATTRACTING THE BEST TALENT

To accomplish our mission, we must have a high quality labor force that is able to help us reach our business objectives; in other words, we want to attract the best talent. In 2006, more than 60,000 people responded to our job postings. In particular, we noted that young graduates are very interested in pursuing a career at Desjardins.

COMPETITIVE OVERALL COMPENSATION

We also continued working on our competitive compensation program. As a result, we can confidently state that the total overall compensation offered at Desjardins today compares very well to that offered by other employers in our sector. In the future, we intend to make greater use of flexible pay programs as further incentive to employees to achieve excellent overall productivity.

We firmly believe that all compensation strategies and programs, along with staff working conditions, must strike a fair balance between employee motivation, changes in labour costs and Desjardins' competitiveness.

INITIATIVES TO WIN EMPLOYEE LOYALTY

For Desjardins, it is important to create a working environment that promotes professional development in a career development context, where employees are happy and respected, and where talent, expertise and skill are recognized.

Desjardins General Insurance Group (DGIG), our property and casualty insurance subsidiary, has set up an action plan that includes a number of non-monetary initiatives aimed at making such recognition an integral part of its organizational culture. As we know, non-monetary recognition is an even stronger motivator than money; this kind of recognition has a positive impact on employees and, consequently, on the organization in general.

Always concerned about our employees' quality of life, we offer programs and other measures to help them improve their physical and mental health. Our approach focuses on the work environment (physical working conditions), as well as on prevention and health care. In fact, Desjardins is renowned as a leader in this regard, having invested nearly \$6 million in the past two years in various measures aimed at improving the health of our employees.

At DGIG, employee time management aimed at achieving life/work balance got into full swing in 2006. Employees have a choice of possibilities including part time schedules, flexible hours, compressed hours, longer hours and telecommuting. More than 20% of employees took advantage of one or more of these options. The success of these initiatives can be seen in the considerable rise in employee satisfaction levels. Interestingly, a cost analysis showed that these arrangements do not incur any expense on the part of the employer.

The caisses also take an active role in human resources management. In 2006, the caisses in Bellechasse organized a dinner conference around the theme of "The challenges of intergenerational cohabitation at work". Representatives of these caisses and their business members discussed the clash of the four generations currently on the labour market, i.e. the so-called "silent" generation, the Baby Boomers, Generation X and Generation Y.

DISCOVERING ALL THE WEALTH OF DIVERSITY

Desjardins has adopted an approach to diversity that celebrates differences among individuals. Under this approach, the various groups and communities we serve must be well represented among our employees and our elected officers and feel welcome throughout our democratic and organizational structure.

In 2006, we offered our elected officers and managers a diversity awareness program and tools to help them implement our approach.

Hubert Makwanda is an advisor in diversity and equity at the Desjardins Group Human Resources Planning and Development Department. In 2006, he facilitated awareness sessions on diversity management attended by nearly 80 caisse managers and human resources advisors in the Greater Montréal Area. A similar session was also given to the employees of Carrefour Desjardins, the new service centre that opened its doors in January 2007 in downtown Montréal.

This session focuses mainly on the multicultural factor, which is more present in Montréal. However, for Desjardins, diversity not only refers to cultural communities but also to women, young people and English-speakers. "Given the low birth rate, immigration is both an unavoidable reality and a way forward to fulfil our labour needs. We know that the best employers stand out through the diversity and motivation of their personnel. But the issue goes beyond human resources. Whether you like it or not, we are all affected by globalization. Our members and clients want Desjardins to be more representative of the communities it serves."

What people should be made more aware of, explains Hubert Makwanda, is that Desjardins is already a diversified organization. For example, the representation of women and young people on the decision-making boards has grown considerably in the last few years. That is not to mention the staff working outside Québec for Desjardins Financial Security and Desjardins General Insurance Group, of which 90% of the employees come from neither English nor French backgrounds.



Hubert Makwanda, advisor in diversity and equity at the Desjardins Group Human Resources Planning and Development Department.



ENVIRONMENT

PROTECTING THE ENVIRONMENT With global warming, depleted resources, and sustainable development on our minds, society is becoming increasingly concerned about the environment. As a cooperative organization that exists to serve its user-owners, Desjardins puts its economic and social influence to work for environmental causes. Our actions in this area are becoming progressively more widely known and respected. We are encouraged to push forward with our efforts, in view of the enthusiastic response by the caisses in support of Desjardins Group's sustainable development policy, coupled with our members' desire for us to take action on this front. Our achievements in 2006 have helped shape our strategy and determine the areas to prioritize, while mobilizing our members and employees to take steps to protect the environment.

TOWARDS A RESIDUAL MATERIALS MANAGEMENT PROGRAM

In the framework of our sustainable development policy, adopted in 2005, we began to reflect on how to set up a waste management program that would meet the criteria of the *ICI on recycle* (Here we recycle) program run by *Recyc-Québec*. In 2007, the Complexe Desjardins office towers in Montréal will be the site of a pilot project to draw up the specifications for implementing this type of program throughout Desjardins Group.

The Desjardins Paper Challenge is an integral part of our waste management program, which is based on the four Rs: rethink, reduce, reuse and recycle. Employees are urged to re-examine the way they do things in order to eliminate the over-consumption of paper. In addition, a call for tenders was launched with the purpose of significantly increasing our use of recycled paper. The Challenge, which was implemented at the Fédération des caisses Desjardins du Québec and in the Desjardins subsidiaries in 2005, was recently introduced to the caisse network; by the end of 2006, 295 caisses had registered for the program.

TANGIBLE ACTION TO PROTECT THE ENVIRONMENT

Inspired by the Desjardins Paper Challenge, we suggested to members that they switch from paper statements to online statements. We promised to plant a tree for every member who agreed to make the switch. After five months, 92,295 members had answered the call. An equivalent number of trees will therefore be planted throughout all of Québec. With the help of *Corporation Saint-Laurent*, the company responsible

for organizing Earth Day in Québec, this initiative will be featured on the Web site of the United Nations Environment Program, whose objective is to see a billion trees planted worldwide during 2007.

Moreover, large-scale events organized by Desjardins are now more environmentally responsible, as we make an effort to compensate for greenhouse gas emissions caused by participants travelling to those events and to promote recycling on-site. This new practice was applied at the 2006 Desjardins Group Annual General Meetings in Québec City; to compensate for emissions, we planted 500 trees in a municipal park in the Saguenay region.

As part of our efforts to fight climate change, we will be gradually adopting measures to improve energy efficiency. One major activity along these lines was our first Forum on sustainable development, held in 2006, to define our implementation strategies for this kind of program. Our second action was the 2007 transfer of ownership of the Fédération des caisses Desjardins du Québec properties as well as those of the Desjardins subsidiaries to a single owner, Desjardins Financial Security, our life and health insurance subsidiary.

In addition to these initiatives, we also improved the environmental performance of our buildings. The Complexe Desjardins office towers in Montréal and the Fédération's head office in Lévis obtained Go Green certification from the international Building Owners and Managers Association (BOMA International). As well, the renovations at the Desjardins Securities head office and the layout of Carrefour Desjardins in downtown Montréal both received LEED (Leadership in Energy and Environmental

Design) certification, awarded by the U.S. Green Building Council, a community of leaders in the American construction sector that promotes buildings complying with certain environmental criteria.

Finally, for the Québec City Summer Festival and the *FrancoFolies de Montréal*, we established Desjardins Eco-friendly Statement Challenge teams to look after the collection of waste and recyclable materials, while raising awareness among festival-goers about sustainable development.

A CREDIT POLICY RELATING TO ENVIRONMENTAL RISK

We adopted a credit policy relating to environmental risk, which came into force on December 15, 2006. The policy stipulates that an analysis of environmental factors must be included in the credit risk assessments of business members.

With this new policy, we also hope to draw the attention of our business members to the importance of evaluating the environmental risk associated with their projects, and to support them in this approach.

ENDORISING RESPONSIBLE CONSUMPTION

The new responsible purchasing policy of the Fédération des caisses Desjardins du Québec takes into account the main principles of sustainable development. The policy will first be applied to paper, printers, annual reports and exterior landscaping, so as to give suppliers time to adapt to the new requirements.

We are also doing our part to raise citizens' awareness about responsible consumer behaviour. We joined with *ethiquette.ca* to publish articles on our various Web sites, including *desjardins.com*. The mission of *ethiquette.ca* is to guide conscientious consumers in their quest for environment-friendly alternatives that contribute to improving social conditions. *Ethiquette's* Web site lists more than 600 existing socially and environmentally responsible products and services available on the market to meet the needs of Québec consumers.

RAISING MEMBER AND PUBLIC AWARENESS ABOUT SUSTAINABLE DEVELOPMENT

In 2006, many of our actions were fuelled by the desire to raise awareness about sustainable development. In particular, we granted sponsorships and donations to the *Fondation québécoise en environnement* (Québec environment foundation), to the *Éducation à la citoyenneté et à l'environnement* (good citizenship and environmental education) project, and to three chairs at *Université du Québec à Chicoutimi* (eco-advisory chair), *Université de Sherbrooke* (sustainable development chair) and *Université du Québec à Montréal* (sustainable development and social responsibility chair). Fondation Desjardins also awarded two research grants totalling \$40,000 on the issue of Environment and Society.

Finally, Desjardins continued to lobby Canadian authorities and business leaders on how important it is for Canada to commit to Kyoto Protocol objectives. Desjardins General Insurance in fact took a concrete step to recognize the efforts of drivers to reduce their gas consumption by offering a 10% rebate to owners of hybrid vehicles.

THE CAISSES TAKE UP THE CAUSE

In 2006, many caisses either got involved in or continued their commitment to the cause of sustainable development.

At the Caisse d'économie Solidaire in Québec City, all mortgage loans of \$40,000 or more for the purchase or renovation of a property of less than three housing units now come with either a home *ÉnerGuide* energy assessment or an *ÉnergiEfficace* energy efficiency assessment, worth \$200. In addition, the Caisse has undertaken to contribute \$100, on behalf of each borrower, to the Gaïa Fund, which was set up and is managed jointly with Équiterre to support environmentally friendly and fair trade projects.

The Caisse de Terrebonne used money from its youth fund to cover expenses for one of two new members of the city's *Patrouille environnementale* (environmental patrol). The team bicycles around Terrebonne for eight weeks during the summer, raising public awareness on environment-friendly practices, especially with respect to recycling. Awareness activities were also organized in schools and shopping malls in order to reach as many people as possible.

The Caisse du Mont-Royal organized a contest entitled *L'environnement, ça nous tient à cœur* (the environment – close to our hearts), which offered the winner a \$25,000 prize to carry out an environmental project. Of the many ideas received, the jury chose a project submitted by three members of the *Eco-Quartier Jeanne-Mance et Mile-End* neighbourhood environmental organization, which proposed a plan for the safe collection of hazardous materials, four times a year, from residents and SMEs in the Plateau district of Montréal, and the delivery of those materials to specialized waste disposal sites.

In an initiative designed to create favourable conditions encouraging young adults to go back to school and graduate, and in a positive gesture for the environment, the Caisse de Gatineau and various partners gave \$7,500 to set up a carpool network.

Finally, the Caisse Lachine–Saint-Pierre pitched in to help housing cooperatives interested in recycling organic waste, by agreeing to cover the cost of two composters.





INTERNATIONAL SOLIDARITY

INTERNATIONAL SOLIDARITY For cooperators, solidarity has no borders. Since 1970, we have been helping make financial services accessible to local communities in emerging or developing countries, primarily through our Développement international Desjardins (DID) component. The following are just a few examples of the 60 or so projects that DID is currently undertaking in 22 countries. These projects cover diverse fields of intervention, all related to performance and the long-term survival of the institutions supported by DID.

OFFERING TRAINING AROUND THE WORLD

Providing access to training is essential to the development and viability of the financial institutions who are partners of Développement international Desjardins (DID). That is why DID designed a distance education program on managing savings and credit cooperatives. Distance teaching helps democratize training, which in many countries is still all too often reserved for the elite, while making learning accessible to people in isolated areas. More than 2,500 managers of financial cooperatives from over 15 countries in French-speaking Africa have thus benefited from this program in recent years.

There was such great interest in the program that it was adapted and is now offered in English in Tanzania, in collaboration with a Tanzanian university. It is also offered in Russian to financial cooperatives who are DID partners in Russia, again in conjunction with a local university.

DID also organizes seminars in various regions of the world on strategic management, designed for managers of financial institutions operating in developing countries. DID and Desjardins' vast experience in the financial sector gives these seminars a realistic dimension that makes them all the more relevant for participants.

RURAL CREDIT: A FORMIDABLE CHALLENGE

Making financial services accessible in rural areas is a tremendous challenge. Développement international Desjardins (DID) lends significant support to financial cooperatives working in such regions. One example is the Tosepantom Caisse, set up by a group of indigenous farmers in Puebla, Mexico. This Caisse completely changed life in that community by giving its 4,500 members the chance to safely deposit their savings, send their children to school, obtain the services they need, and even start up commercial activities.

Also, because most of the members of the caisses supported by DID are farmers, it is important to adapt products to better suit their situation. This is the aim of DID's professionalization of agricultural credit methods project. The activities covered by this project involve Burkina Faso, Tanzania, Madagascar and Mexico.

In Tanzania and Burkina Faso, the project led to the implementation of a program for marketing credit, or "inventory credit." This initiative offers farmers a cash advance to cover their families' needs so they don't have to sell their harvest when prices are low. The farmers' income is thereby increased and they are able to exploit the potential of their land and the market more successfully.

OUR PARTNERS IN DEVELOPING COUNTRIES UNITE THEIR STRENGTHS AND THEIR VOICES

What the financial institutions that partner with Développement international Desjardins (DID) all have in common is the duty to combine social relevance and financial performance. While their mission is to be socially relevant, this cannot be sustainably achieved without positive financial performance. Some 25 DID partners therefore joined together in a network for exchange and reflection – called Proxfin – which was created in September 2006 to work at achieving that dual objective.

The Proxfin network gives 7.5 million families, or some 35 million people, access to financial services that meet their needs. It allows network members to pool their experience and knowledge in order to optimize their methods and deal effectively with the challenges they face.

Both the Proxfin members and a number of DID representatives had an opportunity to voice their opinions at the Global Microcredit Summit in November 2006 in Halifax, Nova Scotia, which attracted some 2,000 participants from 112 countries. In particular, DID showcased the crucial role that cooperatives play in improving access to financial services, by underlining Desjardins' success in this area.

RAISING YOUNG PEOPLE'S INTEREST IN INTERNATIONAL COOPERATION

Seven teenagers from the Sherbrooke area were given an experience that they say changed their lives. In the spring of 2006, they took part in a cultural and humanitarian assistance project in Guatemala. This initiative by the *L'Intervalle de Brompton* youth centre was supported by the Caisse populaire Desjardins des Moulins et du Vieux-Nord and the Caisse d'économie des Cantons, who contributed more than \$3,000 to finance the trip. Aside from developing their social abilities and improving their self-esteem, the trip gave the participants the chance to get to know the cultural, social and economic realities of Guatemala and helped them see what a difference each person can make in the world.

Finally, during Desjardins Week 2006, Développement international Desjardins (DID) launched an online contest called "Doing My Part.Coop," inviting 18-to-30-year-olds to describe what they are doing to help international development. The two winners will go on a one-week observation tour of a developing country where DID experts are working.



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THE COOPERATIVE MOVEMENT – A MAJOR ECONOMIC PLAYER

As a financial cooperative, Desjardins Group has always been associated with the world-wide cooperative movement and is active in many local, regional, provincial, national and international cooperative organizations.

As the largest private employer in Québec, Desjardins provides jobs for thousands of people. It is a well-known fact that, as a whole, cooperatives from all business sectors combined, throughout the world, play an essential role in the economy. Statistics show that cooperatives tend to last longer than capitalist businesses and, as a result, greatly contribute to the wealth and development of the communities in which they operate.

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 7.5 million members
- Some 80,000 jobs
- \$20 billion in business volume
- More than \$130 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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www.desjardins.com/socialreport2006

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REFLECTING OUR COMMUNITIES

The communities currently served by Desjardins, and those in which it hopes to enhance its presence, are becoming increasingly diversified. The position of women, young people and cultural communities in our society today is very different from their status in 1900, when the first caisse was founded in Lévis.

Both as a financial institution and as an instrument of community development, Desjardins has always proven its ability to adapt to change. That is why, as our most recent advertising campaign shows, we want to further embrace this diversity by saluting people's differences and by welcoming them all without discrimination.

We believe that embracing diversity can only be a positive thing, both for Desjardins and for its members, clients, officers and employees. This is why, throughout all our components, we seek to uphold and even strengthen an attitude that will enable us to warmly welcome all our members and, in so doing, help us accurately reflect the society in which we live today.

desjardins.com 1-800-CAISSES



Money working for people