

DIFFERENCE PERFORMANCE RESPONSIBILITY



2007 SOCIAL RESPONSIBILITY
AND COOPERATIVE REPORT



Desjardins

Money working for people

THE LARGEST FINANCIAL COOPERATIVE GROUP IN CANADA

Solidly rooted in Québec and occupying a growing market share in the rest of Canada, Desjardins is the largest integrated financial cooperative group in the country. It is also the top financial institution in Québec as well as its foremost private employer. Desjardins offers the entire range of financial products and services along with many easy access options for members and clients – both individuals and businesses.

- Assets of \$144.1 billion.
- Across Canada, over 6 million members of which 5.8 million are in Québec and Ontario, including nearly 400,000 businesses.
- 6,925 highly committed elected officers and some 42,000 dedicated employees nationwide.
- 1,427 service outlets in Québec and Ontario: 536 caisses/branches and 891 service centres.
- 114 service outlets in Manitoba and New Brunswick: 39 affiliated caisses and 75 service centres.
- 49 business centres in Québec and 3 in Ontario.
- 28 Desjardins Credit Union outlets in Ontario.
- Approximately 20 companies offering a wide range of financial services, with many of them active in several Canadian provinces.
- 3 Desjardins Bank branches in Florida and a branch of Caisse centrale Desjardins in the United States.
- A state-of-the-art virtual network on automated teller machines and the Internet.

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OUR MISSION

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

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

OUR VISION

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

OUR VALUES

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

As a member of the International Co-operative Alliance, we adhere to its values, which are self-help, self-responsibility, democracy, equality, equity and solidarity.

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SCOPE OF THE REPORT

Desjardins Group is the largest financial cooperative group in Canada, offering its millions of members and clients an extensive range of financial products and services. Beyond its unparalleled presence in Québec, through the caisses and their service centres, the business centres, subsidiary distribution networks and virtual networks, Desjardins is also increasingly active elsewhere in Canada. In addition to the caisses populaires in Ontario, Manitoba and New Brunswick, as well as Desjardins Credit Union in Ontario, many of the Group's subsidiaries are active in all Canadian provinces. Moreover, Desjardins Bank and Caisse centrale Desjardins offer services to members and clients who vacation or do business in the United States. In terms of international cooperation, Desjardins supports four million people in about twenty developing and emerging countries. The Fédération des caisses Desjardins du Québec (FCDQ) assures the cohesive development of the Group and consistency among the actions of all its components. It is a centre of expertise that supplies the caisses with all the support they need to provide the best possible offering of financial products and services to members, both consumers and businesses. For more information on Desjardins Group's structure, and its subsidiaries, please see the [2007 Desjardins Group Annual Report](#).

The first edition of this annual report, which replaces the Social Responsibility Report, covers the year 2007 and includes all components of Desjardins Group for 2007. The [Global Reporting Initiative](#) indicators used in this report are listed in the index attached in the appendix. The report also uses other indicators that are specific to a cooperative enterprise, as well as certain other data providing complementary information. Not all indicators or data could be documented for all components. Each table therefore shows which entities are covered: either Desjardins Group as a whole, the caisses, or the FCDQ and subsidiaries.

ALBAN D'AMOURS

President and
Chief Executive Officer,
Desjardins Group



DIFFERENCE PERFORMANCE RESPONSIBILITY

Although Desjardins Group has been reporting on how it fulfills its social responsibilities for many years, this Social Responsibility and Cooperative Report is the first that integrates the Global Reporting Initiative (GRI) guidelines and adaptations required by the demands of our cooperative difference.

We are certain that these guidelines are on their way to becoming, to corporate social responsibility, what the generally accepted accounting principles are to financial reports.

In addition to giving us the opportunity to compare our accomplishments with those of other businesses that have adopted the same criteria, these guidelines will be additional tools for us to use as we strive to improve our own performance. Desjardins has always been a leader in exercising its social responsibility and has no intention of ceding its position in that respect.

A MISSION THAT COVERS SOCIAL RESPONSIBILITY

Since the foundation of the very first caisses, their primary task was always to serve members and effectively support them in their activities as they undertake to develop their wealth and their communities, always with a view to long-term continuity. Desjardins Group's social responsibility is linked to its very nature as a cooperative financial group and, as [its mission](#) requires, aims to "contribute to the economic and social well-being of individuals and communities."

The entire range of means that Desjardins has at its disposal is put to use towards achieving that goal. That is why, for instance, it has developed and fine-tuned financial services and aims to make them highly accessible throughout all regions it serves. This is also true for its solidarity products, and microcredit to individuals and businesses, which combine educational and financial aspects to enable it to meet even the most modest needs that often cannot be met with traditional services. Substantial amounts distributed each year in the form of sponsorships, donations and scholarships also provide numerous organizations and institutions the opportunity to continue carrying out their own missions and many young people to prepare for a brighter future.

Desjardins also uses its cutting-edge expertise abroad to provide assistance and tools to numerous communities in underprivileged countries by helping them establish sustainable financial institutions that belong to and are administered by the communities they serve.

In fact, it is the notion of social responsibility in its widest sense that drives us as a cooperative financial group, as we seek to adopt the highest standards in terms of governance, human resources management, responsible investing, community involvement, workplace health and safety, human rights and environmental protection.

INCREASINGLY URGENT RESPONSIBILITY: PROTECTING THE ENVIRONMENT

The environment has taken on growing importance in recent years, as the exercise of our social responsibility evolves along with the rise of new collective issues and needs. In this area, as in many others, Desjardins is committed to mobilizing its forces. We strongly believe that, when it comes to the issue of climate change, now is no longer the time for planning but for firm, concerted action.

To that end, Desjardins is committed to reducing the environmental impact of its activities, becoming, in 2007, the first institution in Québec to adhere to Équiterre's institutional campaign *Changing the World, One Step at a Time*.

One of the ways it plans to accomplish this is by progressively reducing business travel and gas consumption over the coming years, promoting responsible purchasing and fostering local agriculture, improving the environmental performance of its buildings and facilities, redistributing food surplus from its major events and encouraging social involvement among its employees. Future Social Responsibility and Cooperative Reports will describe the progress of all our initiatives in that respect.

By setting strict pro-environment objectives for ourselves, we intend to be an example and demonstrate leadership with respect to change, as much to our suppliers and business partners as to our members and clients. In addition, we plan to gradually expand our range of "responsible" financial products, which we will be making available to all.

ADDITIONAL LEVERAGE

With the extensive variety of activities described and systematically measured here, this first report – as well as those of the years to come – will bear witness even more objectively to the Group's accomplishments. For everyone involved at Desjardins, these reports will constitute an additional source of motivation as we continue to increase the number of concrete manifestations of our mission.

A DIFFERENT KIND OF FINANCIAL INSTITUTION

THE COOPERATIVE DIFFERENCE

The cooperative difference is the foundation on which the caisses and Desjardins Group operate. It colours our values, ethics and rules of organization, and guides the way we operate. In the daily activities of the caisses, the cooperative difference is demonstrated through our service approach.

A service approach is a cooperative organization's commitment to do everything possible to meet the needs and expectations of all its member-owners, whatever their individual means. At Desjardins it also means making sure that money works for people.

A profit approach, on the other hand, is the basis for the operations of share-based financial institutions, which seek to achieve maximum profitability for a small group of shareholders by exploiting a market. Traditional companies rarely deviate from this approach, which guides all of their major decisions.

A cooperative is created out of the desire of individuals to equip themselves with tools to meet their needs and achieve certain common aspirations. Since the owners and users are the same people, they see to a common good. It's the same for the caisses, which are financial services cooperatives.

SATISFACTION WITH REGARD TO THE COOPERATIVE DIFFERENCE

Member satisfaction with regard to the cooperative difference is measured annually in terms of six aspects: social accessibility, member interest (primacy of needs), the ability to influence major decisions, community involvement, information related to finances, and the financial advantage of doing business with a caisse or a business centre.

In 2007, 46,526 individual members took part in a survey that provided conclusive results. In fact, the average member satisfaction rate for Desjardins gained 3 percentage points over 2006 with regard to the cooperative difference.

As part of that survey, the same questionnaire was put to another sampling of Desjardins members who mainly do business with a bank, this time replacing the word caisse by the word bank. The gap between Desjardins and its main competitors was found to have grown in favour of Desjardins,

reaching 9 points in 2007, compared to 5 points in 2006 and 1 point in 2005. These excellent results are explained in part by the caisses' involvement in community development and the fact that they welcome all people, regardless of their situation.

With respect to business members, 1,470 took part in the survey. Here, the satisfaction rate rose significantly, from 43% in 2006 to 50% in 2007. This survey comprises 5 questions, which all posted a significant increase of between 4 and 11 points. The businesses said they were particularly satisfied with the advice and information they received from the Desjardins business centres to help them better manage their affairs.

In the population as a whole, it is notable that nearly three Quebecers in ten (28%) refer to the cooperative nature of the caisses when asked to differentiate between Desjardins and the banks. While that proportion is relatively small, it has remained stable in the last three years. Measures such as our ad campaign on accessibility will certainly contribute to making this aspect of Desjardins more visible.

The elected officers in Québec (boards of directors and boards of supervision) and in Ontario (boards of directors and audit committees) and employees of all components of Desjardins Group were also surveyed with respect to the cooperative difference, in 2006. We especially wanted to learn more about their knowledge and pride with respect to the cooperative difference.

- 48.1% of employees say that they understand the various aspects of the cooperative difference, while 47.8% of them are proud to be employed by a cooperative.
- 78% of officers understand the various aspects of the cooperative difference, while 89% are proud to be officers of a cooperative.⁽¹⁾

Satisfaction rate with respect to the cooperative difference⁽²⁾

	2007	2006	2005
Individual members ("very satisfied")	40 %	37 %	37 %
Business members ("very satisfied")	50	43	42
Cooperation as a distinctive aspect as compared to banks	28	27	28

(1) It is not possible to compare employees and officers as different measurement scales were used.

(2) For members in Québec and Ontario.

COMBINING FINANCIAL PERFORMANCE WITH COOPERATIVE PERFORMANCE

The caisses are financial services cooperatives that share their surplus earnings with their member-owners. This ownership differs from that of the banks, where ownership is based on shareholding. Member dividends are the concrete expression of the caisses' cooperative nature.

MEMBER DIVIDENDS: AN EXCLUSIVE ADVANTAGE GRANTED TO COOPERATORS

Each year, in each caisse, the members attending the General Meeting (in Québec) or the elected members of the Board of Directors (in Ontario) must decide on how the caisse surplus earnings will be distributed, after ensuring that there are sufficient funds in the General Reserve. If there are surplus earnings to be distributed, the members vote on this distribution in the form of [member dividends](#) and contributions to the community. Member dividends are paid to individual and business members depending on the use each has made of its cooperative services.

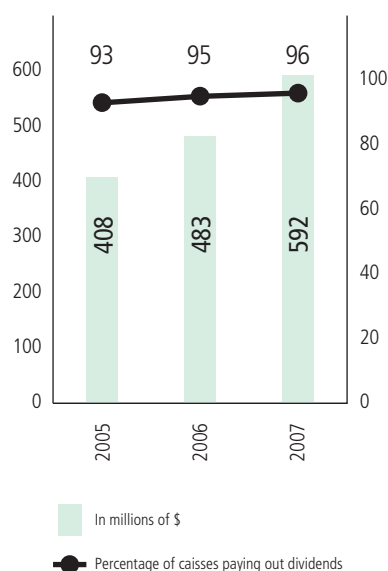
In 2007, \$592 million in member dividends were shared among caisse members – an increase of 22.6% over last year. Anchored in their community and naturally attentive to its needs, the caisses also make contributions to the community. In 2007, \$71.7 million was paid by the caisses and other Desjardins Group components to organizations in the form of [sponsorships, donations and scholarships](#). The \$664 million returned to caisse members and groups represent 60.3% of the cumulative surplus earnings before member dividends paid

out by Desjardins Group. For the last 5 years, this sum totalled more than \$2.5 billion, which makes Desjardins Group the financial institution that contributes most directly to the individual and collective prosperity of Québec.

At the end of 2007, 96% of the caisses distributed dividends to their members – a proportion that has been rising steadily over the years.

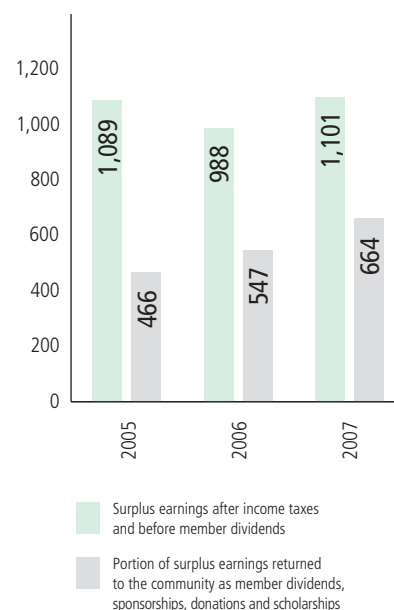
MEMBER DIVIDENDS

(in millions of \$ and as a %)



GIVING BACK TO THE COMMUNITY

(in millions of \$)



MEMBER PARTICIPATION IN CAISSE CAPITALIZATION

Qualifying shares, permanent shares and dividend shares (surplus shares) enable members to contribute more directly to the development and continuity of their cooperative. Average capitalization per member in 2007 was \$1,601 for 5.8 million members overall.

Qualifying shares are issued by the caisses and are the only shares that confer full voting rights to members. However, members have only one vote each, no matter how many qualifying shares they own. These shares total \$33 million for the entire network.

Permanent shares, which are venture capital, are capitalization securities that are exclusive to Desjardins. Their interest rate is determined annually at the general meeting of each caisse. The members hold a total of \$830 million in permanent shares, representing 8.9% of the total capitalization of Desjardins Group.

[Shares from member dividends](#) enable members to receive capitalization securities from their caisse instead of receiving a member dividend in cash. This type of shares has been offered to members since 2007 and allows them to increase the value of their member dividend by 30%. In 2007, 48,848 members benefited from the payment of member dividends in the form of shares, for a total value of \$17 million. The objective for 2008 is 144,000 members for a total holding of \$68 million.

Member participation in caisse capitalization

Permanent shares – volume in millions of \$
 Permanent shares – % of total capitalization
 Qualifying shares – volume in millions of \$
 Dividend shares – volume in millions of \$
 Individual participation of members in caisse capitalization – amount per member

	2007	2006	2005
Permanent shares – volume in millions of \$	\$ 830	\$ 796	\$ 792
Permanent shares – % of total capitalization	8.9 %	9.3 %	10.0 %
Qualifying shares – volume in millions of \$	\$ 33	\$ 32	\$ 32
Dividend shares – volume in millions of \$	\$ 17	\$ —	\$ —
Individual participation of members in caisse capitalization – amount per member	\$ 1,601.0	\$ 1,469.4	\$ 1,459.5

AN ACTIVE DEMOCRATIC ORGANIZATION

Desjardins Group's democratic mechanisms make it possible for members to participate in decisions that concern them and to fully play their role as member-owners. This means that, among other things, they can attend the [Annual General Meeting of their caisse](#), vote on the distribution of surplus earnings, elect members or stand for election to the Board of Directors and Board of Supervision, sit on various ad hoc committees, and participate in consulting activities and satisfaction surveys in order to express their point of view.

The proportion of Desjardins members who believe they have the power to influence decisions at their caisse increased 4 percentage points in 2007, whereas the 2006 results had fallen below those of 2005.

This growth makes it possible for us to distance ourselves further from the banks, with an advance of 7 points in 2007 compared to 2 points in 2005.

Participation in the democratic aspect of caisse activities	2007	2006	2005
Number of members attending caisse annual general meetings	89,881	87,810	93,154
Percentage of member attendance at caisse annual general meetings	1.69 %	1.65 %	1.75 %
Percentage of members who say they can influence major decisions at their caisse	22 %	18 %	20 %

KNOW-HOW AND GOVERNANCE FOR ELECTED OFFICERS

For several years now, we have been encouraging our elected officers to attend training sessions designed for them. Because the financial world is both demanding and complex, we believe that caisse officers will be more committed and will take on their role with more confidence if they can rely on proper training. The Know-how and Governance program enables elected officers to acquire essential knowledge and improve their skills to properly exercise their duties.

The relevance of this program is clearly illustrated in the participant satisfaction rate, which jumped from 66% in 2005 to 82% in 2007. These statistics do not include the percentage of participants who were simply "satisfied," which would boost the overall satisfaction indicator to 99% in 2007.

The number of sessions and participants has fluctuated significantly over the years, due to the late introduction of the program in 2005 as well as the participation, in 2006, of 2,000 board of supervision officers in a training course for their new function, which was a one-off event.

Participation in the Know-how and Governance program	2007	2006	2005
Number of sessions	154	314	32
Total number of participants	1,669	4,384	394
Satisfaction rate ("very satisfied")	82 %	70 %	66 %

OFFICER REPRESENTATIVITY

The elected officers have the duty to represent the caisse members and their interests. Ideally, in this context, they should be as representative as possible, which means they should reflect the socio-demographic characteristics of the various groups of members they serve.

In recent years, Desjardins has invested a great deal of energy in attracting women and young people into its democratic decision-making bodies. These efforts have been successful. The percentage of women among all officers rose from 28.6% to 33.8% between 2001 and 2007. Of all the new officers elected in 2007, 44.6% were women.

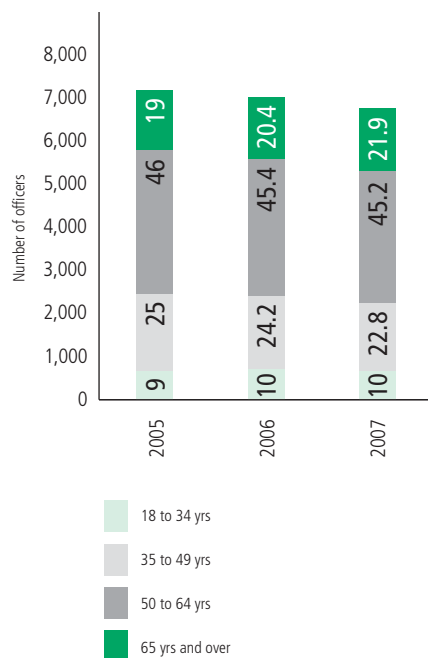
Representativity of women ⁽³⁾	2007	2006	2005
Total number of officers ⁽⁴⁾	6,760	6,939	7,175
Percentage of women officers	33.8 %	33.2 %	32 %
Percentage of women who chair a board of directors	14 %	15 %	— %
Percentage of women who chair a board of supervision ⁽⁵⁾	33.1 %	35 %	— %

(3) For caisses in Québec and Ontario.

(4) Includes Young Intern Officers.

(5) Only caisses in Québec have boards of supervision.

OFFICER REPRESENTATIVITY BY AGE GROUP
(as a %)



The 18-34 age group is the one with the most new officers. The presence of young people on boards of directors has risen sharply in recent years. Of all the officers elected in 2007, 15.8% were aged between 18 and 34, which brings the proportion of young people sitting on the democratic bodies to 10.1% of all officers.⁽⁶⁾

However, the proportion of officers between the ages of 35 and 49 declined from 25% in 2005 to 22.8% in 2007. There will therefore be a need to improve the representativity of officers in this age group, given the particular needs of its members.

Overall, officer representativity is progressing every year, although the average age represents a challenge. The positions of chair and vice-chair of the board of directors are mainly occupied by men aged 50 and over. The main challenges

to meet, in terms of representativity, are to increase the proportion of women board chairs and to interest younger people, especially in the 18-34 and 35-49 age groups, to stand for election to officer positions.

Finally, in 2007, following a decision by the FCDQ Board of Directors, caisse officers in Québec and Ontario were invited for the first time to take part in a survey to measure their satisfaction and engagement levels in relation to the various aspects of their duties. That survey showed officer satisfaction and engagement rates to be 39% and 64%, respectively.⁽⁷⁾

YOUNG PEOPLE

Since its foundation over one hundred years ago, Desjardins Group has always paid particular attention to young people. This commitment has been manifested in many ways. Today, our connection to young people is as strong as ever and is seen in all aspects of our organization – business, financial and economic education, democracy and employment.

YOUNG INDIVIDUAL AND BUSINESS MEMBERS

Our [Youth Focus program](#) illustrates our commitment to build relationships with this clientele based on trust. Satisfaction surveys that we carry out among young people show the importance of continuing to exchange with them, to fully understand and respond to their needs. We spare no efforts to meet this objective.

For 2007, the satisfaction rate of young people with respect to the cooperative difference progressed significantly, both for individual and business members, rising by 4 points for individual members and 10 points for business members as compared to 2006. This is very positive news for Desjardins.

Desjardins wants to increase its confidence capital with young people and it has reviewed some of its business practices accordingly. One example is the significant decrease in the number of credit applications made by young people that require a guarantor's signature. The proportion of such cases fell from 52% in 2005 to 36% in 2007. We would like to push this rate down to 20%.

Satisfaction survey – Young members

Satisfaction with respect to the cooperative difference (individuals)
Satisfaction with respect to the cooperative difference (businesses)

2007	2006	2005
38 %	34 %	39 %
55	45	41

Business practices – Young members

Proportion of Student Advantage lines of credit granted with a guarantor

2007	2006	2005
36 %	42 %	52 %

(6) Including Young Intern Officers.

(7) Percentage of "very satisfied".

ENCOURAGING MORE YOUNG PEOPLE TO JOIN OUR DEMOCRATIC DECISION-MAKING BODIES

Succession is an important continuity issue for any organization. The caisses know that their cooperative vitality depends on their ability to attract young people into their democratic decision-making bodies. Desjardins expends a great deal of energy in interesting young people in the role of elected officer. While the proportion of young officers remained stable in 2006 and 2007, it should be noted that since 2002, the percentage of young officers has nearly doubled, rising from 5.6% in that year to 10.1% in 2007. We are pursuing our efforts in this direction, especially through the [Young Intern Officer program](#).

Just as for all the officers, the Desjardins cooperative difference was measured in 2006, including the knowledge and pride of young officers with respect to the cooperative difference. Thus, young officers are just as proud to be the officers of a cooperative as are all the other officers, with respective rates of 89.5% and 89%. Concerning the understanding of the cooperative difference, young people stand out with an 86% rate as compared to 78% for officers overall.

Satisfaction survey – Young officers ⁽⁸⁾	2007
Knowledge with respect to the cooperative difference	86 %
Pride with respect to the cooperative difference	89.5
Satisfaction of young officers	43
Engagement of young officers	65.5

ATTRACTING MORE YOUNG EMPLOYEES

Desjardins is also committed to attracting more young people into its ranks of 40,000 employees. According to our surveys, young Desjardins employees feel a particular pride for their employer due, among other things, to its cooperative difference.

They stand out among the other employees with respect to their knowledge of and pride in the cooperative difference, with a respective rate of 75% and 78%. These figures illustrate the importance that young people attach to the values of their employer. The social responsibility and the values of businesses are being increasingly considered by young people when choosing an employer.

Satisfaction survey – Young employees ⁽⁸⁾	2007
Knowledge with respect to the cooperative difference	75 %
Pride with respect to the cooperative difference	78
Satisfaction and engagement of young employees	67

AN EDUCATIONAL ROLE

In accordance with the values of cooperation, the caisses offer their members, elected officers, managers and employees the training they need to help develop their cooperative. They inform the general public, in particular youth and opinion leaders, [on the nature and advantages of cooperation](#).

PUBLICATIONS TO INFORM MEMBERS AND EMPLOYEES

For almost 50 years, Desjardins has been fulfilling its mission as educator by publishing magazines for its members: *Partenaires*, for agricultural and agri-food business members (23,000 copies), *Desjardins Entreprises*, for businesses of all sizes (65,000 copies) and *Espace D* (400,000 copies). *Espace D*, launched in 2007, is the successor of the personal finance magazine *Mes finances—Ma caisse*. Its English version is called *My Money*. Also, *Desjardins* magazine (30,000 copies), for employees and elected officers, presents Desjardins Group's major challenges and issues. A new Intranet was also rolled out in 2007 for the Desjardins caisse network; *Portail D* is a place for network employees to find information on the Group's cooperative nature, among other things.

A HUNDRED-YEAR PARTNERSHIP WITH THE SCHOOL NETWORK

As it is never too early to learn about savings, the Desjardins caisses continue to offer the School Caisse to children. The [School Caisse](#) is the oldest educational activity supported by the Desjardins caisses. In 2007, we celebrated its 100th anniversary and underlined the impact that this distinctive service has on the economic education of millions of children in Québec.

As at June 30, 2007, 385 caisses in Québec and in Ontario were offering this educational service in nearly 1,100 elementary schools. For the 2006-2007 school year, 261 caisses paid Youth Dividends to 33,285 young people for a total value of \$285,789, based on their good savings habits.

If this educational program continues to function very well, we must maintain constant efforts with the school network to ensure continuity. The relevance of this educational service has been amply demonstrated and its presence in our schools is part of our culture.

The caisses are also active in high schools with our [Student Caisses](#). The number of schools participating in the program has remained stable from year to year. In addition, the caisses grant scholarships to high school students; in this way they encourage hard work and maintain contact with this clientele.

Finally, under the terms of a partnership agreement with the *Réseau intercollégial des activités socioculturelles du Québec* (RIASQ), Desjardins is present in 58 French-language colleges out of a possible 60. The caisses have taken part in activities coordinated by RIASQ for the past 11 years.

(8) It is not possible to compare employees and officers since different measurement scales were used. The survey was carried out in 2006 and will be repeated in 2008. We therefore retained the same data for 2007.

CHROME PROGRAM: HELPING TEENS REACH THEIR OBJECTIVES

The [Chrome Program](#) contributes to the financial education of adolescents and inculcates good savings habits for them. It allows young people to save money in order to achieve a particular objective by planning automatic transfers into a savings account for a predetermined length of time. They get a preferred rate of interest that is 1% higher than a non-redeemable one year Term Savings product.

The number of Chromatic Savings accounts opened by young people in 2006 was 5,964, while the outstanding balance at the end of the year was \$3,739,609. As at December 31, 2007, the number of Chromatic Savings accounts opened went up to 6,935, with a balance of \$7,354,223.

Educational presence	2007	2006	2005
Percentage of caisses offering a School Caisse ⁽⁹⁾	76 %	74 %	—
Number of elementary schools benefiting from School Caisse services	1,100	1,100	—
Presence of Desjardins in French-language colleges in Québec (provincial agreement)	58	56	—
Number of Chromatic Savings accounts opened	6,935	5,964	4,955

DISTINCTIVE COMMERCIAL PRACTICES

Desjardins's distinctive commercial practices are inspired by our mission, our values and our service philosophy. They are characterized by:

- Physical accessibility (vast territory covered by the caisses and their ATMs in particular).
- Social accessibility of basic financial products (for those who are less well-off).
- Information made available to members.
- Consideration of the member's interests, first and foremost.

Annual satisfaction surveys among individual and business members with respect to the cooperative difference measure their appreciation of our commercial practices. We observe that individual and business member satisfaction rates increased in 2007 for all statements in the survey compared with the two previous years.

Regarding our position with respect to the banks, Desjardins has stood apart since 2005. The difference in favour of Desjardins has now reached 11 points for the first statement ("The caisse serves all people..."), while in the last statement ("The caisse takes your interests into account first..."), Desjardins went from an unfavourable 2-point difference in 2005 to a favourable 4-point difference in 2007.

Satisfaction survey – Commercial practices	2007	2006	2005
Individual members			
The caisse serves all people, regardless of their financial needs	49 %	45 %	47 %
The caisse staff provides you with information that enables you to better manage your finances	45	44	43
The caisse takes your interests into account first when offering you a product or service	40	37	38
It is financially more advantageous to do business with your caisse than with other financial institutions	41	39	38
Business members			
Your Desjardins business centre serves all businesses, regardless of their size	55	48	47
Desjardins serves businesses in all regions of Québec ⁽¹⁰⁾	67	60	59
Your Desjardins business centre takes your interests into account first when offering you a product or service	46	40	37
The staff of your business centre provides you with information that enables you to better manage the financial aspects of your business	43	32	31
It is financially more advantageous to do business with your business centre than with other financial institutions	42	38	37

(9) Data based on voluntary census carried out every 2 years among all caisses. Figure is an estimation, given that 2 regions did not supply any results.

(10) For businesses in Québec only. This question was removed for Ontario.

MICROCREDIT AND SOLIDARITY PRODUCTS: UNIQUE COMMERCIAL PRACTICES

The Mutual Assistance Fund, along with the Microcredit for Businesses and Créavenir programs, which we offer in collaboration with local organizations, combine educational and financial aspects to meet the needs of members who do not have access to credit through the traditional networks. These programs are an eloquent demonstration of how our cooperative difference provides a considerate welcome to every individual and makes quality financial services accessible and adapted to all budgets while contributing to financial education.

To date, 50% of Desjardins caisses offer one or the other of these products. The pertinence of these programs has been amply demonstrated.

Desjardins Mutual Assistance Funds

The [Desjardins Mutual Assistance Fund](#) (DMAF), offered in collaboration with budget consulting organizations, makes budget management advisory services available to people in financial difficulty, along with the possibility of obtaining a short term loan. These interest-free loans vary from \$500 to \$1,500.

The DMAF has proven very successful among the caisses, more than half of whom participate in the program. Since 2002, 2,421 loans have been granted through the Desjardins Mutual Assistance Fund. In the course of the first quarter of 2007, and since the DMAF program was launched in 2002, the total amount of loans paid out has exceeded one million dollars to reach \$1,331,313, with an average of \$549 per loan and an average recovery rate of nearly 89%. Results for 2007 are presented in the table below.

Desjardins Microcredit to Businesses

The purpose of the [Desjardins Microcredit to Businesses program](#) is to enable entrepreneurs and micro-businesses that are excluded from the traditional financing networks, to access credit and obtain support in implementing their business projects.

Today, 25 caisses participate in two business microcredit programs. The first, which was launched in 2004, is a 5-year partnership among 18 caisses in the Québec City East Region and the *Fonds d'emprunt économique communautaire de Québec*.

The second project was launched in October 2005 in the Laurentians region, and the agreement is renewable each year. This other microcredit project is the result of a partnership between seven caisses in the region and the *Fonds d'emprunt communautaire féminin*. In 2007, the total amount of financing granted by the participating organizations was \$172,854.

Desjardins Mutual Assistance Funds

Percentage of participating caisses
Number of loans granted through a DMAF
Amounts lent through a DMAF
Average loan
Recovery rate

2007	2006	2005
55 %	44 %	37 %
629	554	561
\$ 366,324	\$ 309,664	\$ 288,742
\$ 582	\$ 558	\$ 514
91 %	87 %	89 %

The rollout of Microcredit to Businesses has been a little slower. Actions are underway to raise the profile of our partners from the community credit network and get their expertise better known.

Créavenir

Créavenir is for the 18-to-35-year-old clientele and uses loans and subsidies to finance projects for young entrepreneurs who are not eligible for traditional financing. Without requiring the usual down payments and guarantees, Créavenir offers consulting support and coaching in collaboration with organizations from the local community who are partners in the program (local development centres, regional development cooperatives, community development companies, etc.). This program can be offered through a single caisse or through several that join together to help young people in their community implement job-creation initiatives. The Desjardins business centres in those communities are also involved in all the projects to various extents.

Créavenir Maskou, which inspired the general program offered to all the caisses, is supported by the Caisse Desjardins de Saint-Hyacinthe. This caisse set up a \$350,000 fund over 5 years. The nine other caisses in the Maskou regional county municipality sector joined its ranks to offer Créavenir throughout the territory in 2008, with an additional \$225,000 over three years.

Créavenir in the Val Saint-François regional county municipality has been offered in the Eastern Townships region since January 2007. The three participating caisses set up a \$75,000 fund over 2 years. Finally, a third program started by six caisses in the Richelieu-Yamaska region was launched in November 2007, with a \$20,000 investment over 2 years. Seven other Créavenir programs should be launched in 2008, with 54 caisses having confirmed their interest.

In 2007, the total amount of loans reached \$46,000, which brought the total amount of loans since 2005 to \$166,000. As for subsidies, they increased from \$17,500 in 2006 to \$21,900 in 2007.

DESJARDINS AID FUND: GOING BEYOND THE POLICY

Our general insurance subsidiary, [DGIG](#), decided to set up the new Desjardins Aid Fund in 2008, with an annual budget of \$1 million taken directly from its own profits. Going a step beyond its protection and prevention activities, DGIG will use this fund to help certain members in difficulty. A committee will be responsible for evaluating files submitted.

COMMITMENT TO THE COMMUNITY AND REGIONAL DEVELOPMENT

Solidarity is a fundamental value at Desjardins. We participate in the development of the communities we serve by granting sponsorships, donations, awards and scholarships. A major player in regional development, Desjardins invests massively in the development of businesses, including cooperatives.

GOING BEYOND THE FINANCIAL INSTITUTION

Sponsorships and donations

The caisses, naturally in tune with the needs of their communities, do not only distribute member dividends. In 2007, \$71.7 million were paid by the caisses and other Desjardins components to organizations in their community.

Granting sponsorships and donations is one of the means that Desjardins has adopted to carry out its mission of contributing to the social and economic well-being of the individuals and communities it serves.

Thus, [sponsorships and donations](#) promote economic development in the regions by supporting local partners and organizations, in addition to the investment and financing granted by Group components. The organizations supported must be involved in cooperative, economic, cultural, educational, humanitarian, social, environmental or sports activities.

Sponsorships and donations by sector⁽¹¹⁾ (in millions of \$)

	2007	2006	2005
Arts and culture	\$ 8.5	\$ 5.6	\$ 4.3
Regional economic development	15.2	18.9	17.1
Education	12.2	7.4	10.5
Mutual assistance and solidarity	6.5	7.3	6.5
Health and well-being	19.6	16.1	13.4
Sports and recreation	8.5	8.1	6.4
Environment	1.2	0.5	—
Total	\$ 71.7	\$ 63.9	\$ 58.2

Fondation Desjardins

Fondation Desjardins, which is financed by the caisses, the FCDQ and the subsidiaries, grants more university scholarships than any other private foundation in Québec. In addition, the Fondation awards prizes for cooperative education projects and to entrepreneurs who demonstrate the excellence of Québec and Ontario businesses. The Fondation awards prizes to non-profit organizations whose contribution to the community

is remarkable or who help further the affirmation of culture and its democratization. In 2007, it granted 350 scholarships and awards for a total of \$683,975, an increase of 6.4% since 2005. During this period, the number of scholarships granted fell slightly while their value increased.

The caisses and groups of caisses also award study scholarships. In 2007, these represented a total of \$1,131,400.

Scholarships awarded by Fondation Desjardins⁽¹²⁾

	2007	2006	2005
University scholarships	\$ 416,375	\$ 404,000	\$ 405,500
Scholarships to support training (other than university)	64,600	68,150	66,273
Scholarships in relation to the cooperative spirit	79,500	72,500	55,803
Recognition awards for volunteering	33,500	25,000	25,000
Awards to support entrepreneurship	90,000	85,000	90,000
Total number of scholarships and prizes awarded	350	354	367
Total value of scholarships and prizes awarded	\$ 683,975	\$ 654,650	\$ 642,576

Scholarships attributed by the caisses

	2007	2006	2005 ⁽¹³⁾
Total number of scholarships attributed by the caisses	2,652	1,923	—
Total value of scholarships attributed by the caisses	\$ 1,131,400	\$ 925,079	\$ —

(11) For all Desjardins Group components.

(12) This data does not include scholarship programs offered by the caisses, the FCDQ or the subsidiaries.

(13) As we only started to collect information from the caisses in 2005 for 2006, this data is not available.

INVESTING IN OUR BUSINESSES AND PARTICIPATING IN REGIONAL DEVELOPMENT

Our subsidiary [Desjardins Venture Capital](#) (DVC) participates in the economic development of Québec. Through the various funds that it manages, DVC supports the development and growth of 290 companies representing the majority of economic sectors and which provide more than 33,000 jobs. In 2007, assets invested in companies in all regions of Québec totalled \$522 million, of which \$117 million were invested in cooperatives or other businesses located in resource regions such as Abitibi-Témiscamingue, the North Shore, Gaspé-Îles-de-la-Madeleine, Mauricie, Northern Québec and Saguenay-Lac-Saint-Jean.

[Capital régional et coopératif Desjardins](#) (CRCD), one of DVC's funds under management, is immensely successful. The particularity of CRCD consists in investing the sums injected by investors in companies located

throughout Québec, which helps maintain nearly 30,000 jobs. Also, in November 2007, the Québec government recognized CRCD as a strategic partner for SMEs in the context of Québec's economic development by authorizing the return of the 50% tax credit, grossing up the maximum annual amount eligible and agreeing to allow CRCD to continue its activities beyond 2010.

Also, through its regional funds, Desjardins invests in nearly 25 Regional Economic Intervention Funds (FIER), whose mission is to support businesses from various regions in Québec in their start-up and development and with respect to succession or recovery issues. Though these funds are managed by local business people, DVC maintains a close presence in terms of accompaniment, training, strategic development and case analysis.

Desjardins Venture Capital investments (in millions of \$)

	2007	2006	2005
Value of venture capital assets invested in the regions	\$ 522	\$ 494	\$ 426
Value of assets invested in cooperatives or other companies located in resource regions	117	122	111

MEMBER SATISFACTION REGARDING CAISSE INVOLVEMENT IN THE COMMUNITY

In 2007, member satisfaction with respect to the involvement of their caisse in the community rose 4 percentage points over 2005. In addition, it is interesting to note that the gap with the banks has widened significantly since 2005, going from 10 points to 21 points in 2007.

These excellent results are explained among other things by a strong feeling of belonging that binds caisses to their communities and by the existence of the [Community Development Fund](#) (CDF), which supports local initiatives in the communities that caisses serve. The proportion of caisses that possess a CDF is constantly growing, reaching 86% in 2006. Progression was also noted with respect to the amounts allocated for community development. All these initiatives contribute to increasing members' satisfaction with respect to their caisse.

Satisfaction survey – Caisse involvement

	2007	2006	2005
The caisse participates in the development of your community	42 %	39 %	38 %

Community Development Fund (in millions of \$ and as a %)

	2007 ⁽¹⁴⁾	2006	2005
Percentage of caisses that have a CDF	— %	86 %	84 %
CDF balance at the end of the year	\$ —	\$ 66	\$ 54.9
Amounts paid into CDF during the year	—	31.9	27.9
Amounts paid to support initiatives	—	20.9	16.9

CONTRIBUTION TO STRENGTHENING THE COOPERATIVE COMMUNITY AT HOME AND ABROAD

Desjardins Group is committed to cooperative development and to education in democracy, economics, solidarity, and individual and collective responsibility on a provincial, national and global scale. We help defend the interests of cooperative enterprises and promote the sharing of experience among the various organizations with which we are involved. This diversified presence in the cooperative sector in Québec and elsewhere is a fundamental aspect of our cooperative difference.

DESJARDINS: SOUGHT-AFTER PRESENCE AND EXPERTISE

In Québec, several organizations are active in the cooperative sector, as much to promote its development as to further cooperative education. Desjardins maintains a strong presence within these organizations, especially

the *Conseil québécois de la Coopération et de la Mutualité* (CQCM), to which Desjardins pays an annual contribution of nearly \$350,000. In addition, in 2005, the FCDQ granted Fondation Desjardins a \$1 million fund, whose annual interest is paid to the *Fondation pour l'éducation à la coopération* of the CQCM.

(14) The amount as at December 31, 2007 will not be known until June 2008, after the annual general meetings of the caisses.

Desjardins also contributes to the *Fédération des coopératives de développement régional du Québec*, the *Fondation pour l'éducation à la coopération* and the *Réseau d'investissement social du Québec*. We should also emphasize its support to university chairs devoted to the study of cooperation.

In Ontario, the Fédération des caisses populaires de l'Ontario is particularly active on the *Conseil de la coopération de l'Ontario*.

In Canada, the FCDQ supports the *Conseil canadien de la coopération* (CCC) through its affiliation with the *Conseil québécois de la Coopération et de la Mutualité* (CQCM). In addition, in 2007, the FCDQ supported the CCC in drafting its new strategic plan. Our subsidiaries in the insurance field, Desjardins General Insurance Group (DGIG) and Desjardins Financial Security (DFS), are auxiliary members of the CCC and provide it with annual financial support amounting to \$35,000.

Abroad, the President of Desjardins Group sits on the Board of Directors of the International Co-operative Alliance (ICA), which represents cooperative businesses of all sectors of activity and their 800 million members. Since 2007, our President has presided an internal restructuring committee that looks into questions of membership, structure and financing. Desjardins also participates in the work of the ICA committee on international accounting

standards. This work is aimed at promoting recognition of cooperative shares as capital instruments that are part of business equity and not liabilities, which is a major issue for cooperatives.

Desjardins Group is affiliated with three international cooperative associations that represent the interests of cooperatives in the financial field. The International Confederation of Popular Banks (ICPB) and two sector-based committees of the ICA: the International Co-operative Banking Association (ICBA) and the International Cooperative and Mutual Insurance Federation (ICMIF).

DGIG and DFS are members of ICMIF as well as its chapter for the Americas. These two components also sit on the ICMIF Board of Directors as well as the Board of Directors of its American chapter. Furthermore, Développement international Desjardins presides the work of the ICMIF development committee. On June 4 and 5, 2007, Desjardins hosted an international workshop on insurance organized in collaboration with ICMIF. On that occasion, 44 managers and insurance specialists from 18 countries of the North and South identified solutions to better meet the needs expressed in terms of insurance and micro-insurance in their respective countries.

Annual financial support for the cooperative movement⁽¹⁵⁾

	2007	2006	2005
Conseil québécois de la coopération et de la mutualité ⁽¹⁶⁾	\$ 696,640	\$ 672,160	\$ 639,200
Conseil de la coopération de l'Ontario	20,300	18,500	17,400
Conseil canadien de la coopération	35,000	45,000	35,000
International Confederation of Popular Banks	6,300	6,300	6,300
International Cooperative and Mutual Insurance Federation	54,549	54,200	52,738
Americas Association of Cooperative/Mutual Insurance Societies (ICMIF American regional chapter)	31,381	30,537	29,024
International Confederation of Popular Banks	38,556	38,556	42,840
International Co-operative Alliance	64,008	58,752	51,138
Total	\$ 946,734	\$ 924,005	\$ 873,640

INTERNATIONAL DEVELOPMENT: A COMMITMENT IN KEEPING WITH OUR VALUES

For the last 37 years, through the work of our component *Développement international Desjardins* (DID), Desjardins Group has been supporting the creation and consolidation of financial institutions accessible to everyone in a number of developing countries. In most of these countries, more than 80% of inhabitants do not have access to financial services.

The rollout indicators presented in this section show that it is possible, even in the poorest countries, to encourage people to save money, which then helps to develop credit. In addition, the proportion of women who are members or clients demonstrates the efforts being invested to enable women to take their place within an official financial system (not usurious) and thus become the agents of their own development.

Rollout indicators⁽¹⁷⁾

	2007	2006	2005
Number of members or clients of institutions partnering with Développement international Desjardins	4,085,196	3,144,071	3,266,367
Volume of savings for these institutions (millions of \$CDN)	1,274	794	713
Volume of credit granted (millions of \$CDN)	1,316	735	690
Percentage of women who are members or clients	41.1 %	40.5 %	41.7 %

Développement international Desjardins in action: an overview

Among the many projects it is involved in, DID strongly supports 56 caisses in Haiti combining 261,429 members throughout the country. These caisses have adopted innovative information technologies that will help them secure their members' savings and diversify their range of services. In 2007, they came together to form Haiti's first national federation of caisses populaires. Soon, the members will be able to carry out inter-caisse transactions.

In 2007, DID and its partner financial institutions set up *Proxfin*, an international exchange and reflection network. In that network, these institutions have participated in several pilot projects to improve their practices and agricultural financing, housing financing, training and technologies. They also held a meeting in Burkina Faso in November 2007, on the occasion of an international seminar on risk management.

(15) Includes financial contributions by the Fédération des Caisses Desjardins du Québec, the Fédération des caisses populaires de l'Ontario, Desjardins Financial Security and Desjardins General Insurance Group.

(16) In addition to its annual contribution, Desjardins contributed approximately \$300,000 annually since 2005 to the *Entente de partenariat relative au développement des coopératives* (Cooperative Development Partnership Agreement).

(17) Given the time required to receive data from our partners, the data presented is from June 30.

AN EFFECTIVE FINANCIAL INSTITUTION

In 2007, Desjardins once again proved that it is possible to combine financial performance with cooperative performance. One proof of this is Desjardins's excellent credit ratings given by rating agencies for its financial results. With respect to cooperation, Desjardins Group is held up as an example throughout the world. These marks of recognition are not only indicators of our overall performance but excellent demonstrations that cooperation can guarantee success.

Given its commitment to its millions of member-owners, Desjardins must remain a solid and profitable institution. In 2007, our financial performance was once again excellent. Slightly up over figures for 2006, our surplus earnings before member dividends reached an historical summit of \$1,101 million, for a return on equity of 12.3%. As at December 31, 2007, Desjardins Group assets stood at \$144.1 billion. In addition, we are still among the best capitalized financial institutions in Canada and are in fact ranked 98th among the top 1,000 financial institutions in the world, according to *The Banker* magazine. The efforts put forth by all the components of Desjardins to achieve this performance have only one purpose: to achieve overall profitability that gives confidence to our members and clients, and is sufficient to assure our development and continuity.

Due to the performance achieved jointly with the other Desjardins components, the caisses are able to offer competitive services to both individuals and businesses, and Desjardins is able to provide the regional areas with venture capital that is often indispensable for their economic

growth. These excellent results also make it possible for Desjardins Group – top private employer in Québec – to offer sufficiently competitive working conditions and salaries to attract and retain qualified personnel. In addition, Desjardins constantly invests in employee training and in upgrading its technological tools.

The salaries paid by Desjardins show a normal increase on an annual basis. Benefits were slightly down in 2007 with respect to 2006, due to a re-assessment of actuarial assumptions, the financial position of our pension plans and group insurance, as well as development on capital markets in general.

Desjardins Group is not only a major player in the world of financial services. It is also a major economic leveraging agent that spends some \$740 million⁽¹⁾ annually on goods and services.

Economic overview (in millions of \$)

	2007	2006	2005
Surplus earnings after income taxes and before member dividends	\$ 1,101	\$ 988	\$ 1,089
Assets	144,059	129,140 ⁽²⁾	118,093
Return on equity	12.3 %	12.1 %	14.5 %
Direct income tax	\$ 236	\$ 268	\$ 232
Indirect income tax	630	633	645
Salaries paid	1,904	1,807	1,729
Employee benefits	434	464	375

LIQUIDITY CRUNCH: DESJARDINS PROTECTS THE INTERESTS OF ITS MEMBERS AND CLIENTS FIRST

In August of 2007, Desjardins announced that it would assume the non-bank-sponsored ABCP held in certain mutual funds. It also assumed the non-bank-sponsored ABCP acquired in connection with the securities custody and lending activities undertaken by Desjardins Trust on behalf of institutional clients for whom Desjardins had not originally assumed the risk. The overall amount of ABCP involved totalled approximately \$1.1 billion.

Above all, it was in the best interest of its members and clients whose capital was at risk that Desjardins assumed these securities held on their behalf. Given the complexity of this issue, it was deemed more appropriate under the circumstances to manage the overall situation from the perspective of all of Desjardins Group so that its members and clients would not have to be concerned about the situation. It should also be noted that Desjardins Group was not a sponsor nor a distributor of non-bank-sponsored ABCP.

Desjardins is an active member of the Pan-Canadian Investors Committee, mandated to supervise the non-bank ABCP restructuring process. The Committee announced the conclusion of an agreement of principle on December 23, 2007, which could lead to a resolution of the issue.

(1) Does not include strategic partnerships with major suppliers.

(2) 2006 assets were restarted due to changes in accounting standards. Please see the Desjardins Group Annual Report for further information.

A RESPONSIBLE FINANCIAL INSTITUTION

DESJARDINS AND SUSTAINABLE DEVELOPMENT: COMMITMENTS AND CONCRETE ACTION

Since 2005, the whole of Desjardins has been guided in its actions and its decision-making processes by a sustainable development policy that includes a number of orientations. As proof of its commitment, Desjardins has integrated sustainable development into its strategic planning.

SUSTAINABLE DEVELOPMENT POLICY

Desjardins Group activities targeted by this policy are those related to its roles as a manufacturer and distributor of financial products, an investment manager, a venture capital investor, an institutional consumer of goods and services, an international development agent and a socially responsible company.

Implementation of the policy falls under the jurisdiction of the Secretariat General, which reports directly to the Group President and CEO. It is the Secretariat General's responsibility to guide the management teams and staff in the pursuit of Desjardins Group's overall sustainable development objectives.

Desjardins did not wait for a precise diagnosis of its environmental performance before acting. We first prioritized our role as an institutional consumer of goods and services, taking into account the major gains that this allows us to make with respect to environmental, social and economic issues (the three spheres of sustainable development). Desjardins thus leads by example, especially with respect to our suppliers and the companies with which we do business.

As an institutional consumer of goods and services, Desjardins has three priorities:

- Responsible purchasing
- Residual waste management
- Energy efficiency (property and transportation)

RESPONSIBLE PURCHASING

Responsible Purchasing Policy

Desjardins Group approaches the procurement of goods and services with a view to sustainable development, continuous improvement and accountability of managers and suppliers. It has therefore gradually promoted business relationships with socially responsible suppliers who will eventually also integrate the principles of sustainable development. With an annual purchasing budget of \$740 million⁽¹⁾, Desjardins can assume substantial leadership in that area.

Measures deriving from the Responsible Purchasing Policy adopted by the FCDQ in March 2006 and inspired by Desjardins Group's sustainable development policy are currently being deployed.

Efforts are ongoing to ensure that in the medium and long terms, the "life cycle" philosophy becomes a concrete part of our processes and procedures as well as of the activities of Desjardins purchasing agents. The life cycle concept refers to all the effects that a product or service can have on the environment, before, during and after use. Desjardins Group suppliers will also be made aware of that notion, since they will have to produce an environmental statement for their products within the next few years. In June 2007, Desjardins held its second forum on sustainable development, addressing the life cycle analysis in terms of supply and procurement. This event enabled discussion among suppliers, distributors, supply managers, buyers and 34 Desjardins Group elected officers from Québec and Ontario.

Questions relating to the social responsibility of suppliers are already included in Desjardins calls for tender. Since 2006, a percentage of the points awarded to tenders relates to sustainable development. All calls for tender now include that weighting. In addition, work is under way with our existing suppliers for major projects to coach them on sustainable development.

Integrating sustainable development criteria in purchasing

Calls for tender that include a weighting for sustainable development
Number of suppliers who have answered calls for tender

2007	2006	2005
100 %	9 %	0 %
76	14	0

(1) Does not include strategic partnerships with major suppliers.

Purchase of environmentally friendly paper

The Desjardins Paper Challenge, which was launched in 2005, provided for a 15% increase in the use of recycled paper. Having reached that target, we are now committed to doing more. By December 31, 2008, Desjardins aims to purchase paper containing only 100% post-consumer fibres for both its internal activities and its commercial activities. In the meantime, the Group is encouraging the use of paper with at least 30% post-consumer fibres.

Certain Desjardins components have already joined in with this objective. For example, since 2006, Développement international Desjardins has been buying only recycled paper for its head office in Lévis, and Desjardins Financial Security has made the same commitment for all its printer and photocopier paper. Desjardins Securities, after having made the shift to recycled paper for its internal needs, will undertake a process in 2008 to review the type of paper used for printing account statements for clients. At the FCDQ, more than 66% of the paper purchased in 2007 was recycled paper.

Desjardins Promotional Items Catalogue	2007	2006	2005
Number of promotional items identified as a "responsible purchase"	82	62	0
Number of promotional items meeting two or more "responsible purchase" criteria	42	7	0

RESIDUAL WASTE MANAGEMENT

In 2007, we undertook a pilot project in residual waste management at the [Complexe Desjardins](#) offices. The installation of recovery stations for plastics, glass, metal, paper and cardboard on all floors of Complexe Desjardins, including in the food court, should make it possible to achieve a significant reduction of the quantity of waste to be sent to landfills. This project will serve as a guide in making up project specifications for a Residual Materials Management program to be installed in the various Desjardins buildings.

Desjardins has also become a partner of Recyc-Québec and is committed to promoting the ICI on recycle! (Here we recycle) program in all its components.

The following table gives an overview of the quantity of residual waste generated by Desjardins components, as well as the proportion that is recycled. This data is based in part on estimates and does not include the caisse network. The caisses' performance will be analyzed once the Residual Materials Management program is rolled out throughout our organization.

Residual waste management ⁽²⁾	2007
Residual waste generated (tonnes)	4,227
Landfill (tonnes)	3,172
Recycled paper (tonnes)	812
Recycled materials, other than paper (tonnes)	243
Percentage of recycled residual waste	25 %
Amount paid to Éco-Entreprises Québec to compensate for the cost of residual materials management by municipalities (Bill 102)	
	\$ 379,290

(2) Includes results from the FCDQ and subsidiaries.

(3) Includes printer and photocopier paper consumption results for all of Desjardins Group.

Responsible consumption

We made some major changes to the Desjardins Promotional Items Catalogue, the updated version of which was distributed in September 2007. The new catalogue now has a section on responsible consumption. Elected officers and employees are now invited to make more environmentally conscious consumer choices by purchasing products with socially and environmentally responsible characteristics. Items that were manufactured locally, made from recycled materials or are recyclable, organic or fair-trade are now clearly identified. Certain items even fall under several categories at once. Desjardins hopes to gradually replace products that do not meet any of those criteria.

This catalogue is now offered online to eliminate paper and the resulting color printing (de-inking paper for recycling is very taxing on the environment) and to facilitate updates to the catalogue.

As well, Desjardins has committed to purchasing more fair-trade coffee and encouraging the purchase of other fair-trade products, such as sugar, chocolate and tea, by its components.

Desjardins Paper Challenge

The [Desjardins Paper Challenge program](#) is part of a residual waste management program based on the four Rs: rethink, reduce, reuse and recycle. In addition to increasing the use of recycled paper, Desjardins' goal with this Challenge is to achieve a 15% reduction in paper consumption. Implemented at the FCDQ and all Desjardins subsidiaries since 2005, this challenge has been offered to the caisse network since 2006.

As at December 31, 2007, 413 caisses out of 536 had signed up. The preliminary results of the Paper Challenge for 2005 and 2006, including only the FCDQ and the subsidiaries, were disclosed on Earth Day 2007. The final data for Desjardins Group as a whole will be revealed at the next Earth Day celebrations on April 22, 2008.

Desjardins Paper Challenge results ⁽³⁾	2006	2005
Paper consumed (tonnes)	569	653
Percentage of reduction per employee	18 %	5 %

Cell phone recovery program

Since October 2007, Desjardins has partnered with Bell Canada in a one-year pilot project to offer cell phone users a fast and secure means of disposing of their outdated phones. The caisses, business centres and other Group components installed recovery stations in more than 480 locations in Québec and Ontario. The net earnings from the re-sale and recycling of cell phones will be given to WWF-Canada, an organization dedicated to protecting nature and the environment.

(2) Includes results from the FCDQ and subsidiaries.

(3) Includes printer and photocopier paper consumption results for all of Desjardins Group.

Eco-friendly events

Since 2006, Desjardins has committed to holding all of its major events in an environmentally responsible manner. This has required considerable reflection on all event activities from design to completion, as well as in terms of finding solutions to reduce the volume of residual waste. In addition, eco-friendly events aim to reduce the production of greenhouse gas generated by motorized transportation and compensating unavoidable travel by planting trees. Moreover, excess food from these events is distributed to community help organizations.

The Desjardins Group Annual General Meetings in March 2006 was our first eco-friendly event. The 2,500 elected officers from the caisses in Québec and Ontario attending the annual meeting were sensitized to the leadership that Desjardins plans to take on in protecting the environment. The experience was repeated in 2007 at the Annual General Meetings and the Rendez-vous meetings for caisse presidents and general managers.

In order to facilitate the planning and organization of these eco-friendly events, a checklist was developed specifically for Desjardins. It was distributed last fall to cooperative development advisors to help them prepare for the 17 regional and Group Caisse general meetings to be held in 2008. This will be our opportunity to test out the material before distributing it to all caisses.

Results for eco-friendly events	2007	2006
Number of eco-friendly events	2	1
Rates for recycling or recovery of residual waste stemming from these events	93.4 %	79.8 %
Number of trees planted to compensate for greenhouse gas emissions caused by motorized travel of participants	500 ⁽⁴⁾	500

ENERGY EFFICIENCY

In the short term, our efforts to fight climate change are based on the gradual adoption of measures to improve energy efficiency in our buildings and employee transportation. These measures include our first forum on sustainable development, held in 2006, at which participants defined the orientations for Desjardins that were then adopted in January 2007 by the Desjardins Group Strategic Management Structure Committee.

To support these efforts, a policy on climate change is now being drawn up, which should be adopted in 2008. A project is also underway with the *CIRAIG* interuniversity research chair on life cycle analysis for products, processes and services, which should help us define the evaluation criteria for taking stock of Desjardins Group's greenhouse gas emissions.

A preliminary evaluation of our climate impact reveals that Desjardins Group's greenhouse gas emissions were 41,056 tonnes of CO₂e⁽⁵⁾ in 2007.

Properties

In 2007, a new subsidiary, [Desjardins Property Management](#), was created under Desjardins Asset Management. The company is responsible for drawing up and managing the Desjardins Group energy efficiency program for its buildings. The program will include three parts: FCDQ and subsidiaries' properties, caisse properties and other properties held by Desjardins Group as investments.

Furthermore, as the largest private real estate owner in Québec, Desjardins has an increasing number of green buildings. In addition to the initiatives taken by the caisses and other components, we can list the Complexe Desjardins office towers in Montréal and the FCDQ head office in Lévis, which have both received Go Green certification from the international Building Owners and Managers Association (BOMA International). Complexe Desjardins was also a winner in the "Existing Building" category at the 18th *Energia* competition, organized by the *Association québécoise pour la maîtrise de l'énergie* (Québec Association for Energy Control), for its achievements in energy efficiency.

Greenhouse gas emissions in tonnes of CO ₂ e ⁽⁶⁾	2007	2006	2005
Direct emissions			
Desjardins Group car fleet	10,294	10,334	10,062
Desjardins shuttle bus	225	224	229
Fuel (natural gas, light oil, diesel)	6,845	6,673	7,287
Substances that affect the ozone layer ⁽⁷⁾	556	95	32
Subtotal	17,920	17,326	17,611
Indirect emissions (electricity, steam, heat)			
Electricity	6,689	6,627	6,637
Steam	336	293	300
Subtotal	7,025	6,920	6,937
Indirect emissions (other)			
Leased vehicles and personal vehicles	10,613	10,327	9,804
Plane travel ⁽⁸⁾	707	493	584
Fuels – rented premises (natural gas, light oil, diesel)	4,792	4,841	4,829
Subtotal	16,111	15,660	15,217
Total greenhouse gas emissions	41,056	39,906	39,765
Emissions per employee	1.024	1.005	1.019

(4) The trees will be planted in the spring of 2008.

(5) Carbon dioxide equivalent (CO₂e): Unit that provides an equivalency, in terms of global warming potential, between the various greenhouse gasses and carbon dioxide (CO₂), making it possible to assess the overall greenhouse gas effect caused by different kinds of emissions.

(6) Includes the results for all of Desjardins Group, except Desjardins Credit Union.

(7) For the FCDQ and subsidiaries only.

(8) For Caisse centrale Desjardins, Desjardins Asset Management, Desjardins Financial Security, Desjardins Property Management and Desjardins Securities only.

In addition, Desjardins Securities took advantage of the renovation work undertaken by Desjardins Financial Security on the old Windsor hotel in Montréal to apply LEED (Leadership in Energy and Environmental Design) criteria to their new head office. And construction on [Carrefour Desjardins](#) in Montreal's downtown area took environmental criteria into account in its design.

Transportation

In 2007, Desjardins reviewed the environmental aspects of its automobile policy. The new version of this policy was adopted in January 2008 by the FCDQ Board of Directors and will come into effect on January 1, 2009. In the meantime, efforts will be deployed to raise awareness and develop administrative mechanisms. The environmental measures included in the automobile policy are aimed, among other things, at reducing gas consumption, establishing incentives for purchasing more environmentally friendly vehicles and placing restrictions on certain equipment that reduce vehicle energy efficiency.

With a fleet of 1,400 automobiles that generate greenhouse gas emissions exceeding 10,000 tonnes of CO₂e annually, the positive impact of these measures on the environment will be significant over the long term.

Moreover, the Desjardins shuttle service, which includes two buses that have been making a daily return trip between Montréal and Lévis since 1990, also helps reduce the negative impact of employee travel on the environment. Annual average use of the service is 18 passengers per trip.

CHANGING THE WORLD, ONE STEP AT A TIME

In October 2007, in an effort to adopt an integrated approach for the development of activities under the *institutional consumer of goods and services* aspect of our sustainable development policy, Desjardins signed on with the objectives of Équiterre's Changing the World, One Step at a Time campaign, thereby becoming the first Québec organization to have made a formal commitment under this campaign.

Desjardins is thus committed to taking 12 actions that will have concrete spinoffs for the 3 spheres of sustainable development (environmental, social and economic), in Québec and Ontario. These actions target environmentally friendly transportation, fair trade and responsible consumption, environmentally friendly agriculture, energy efficiency, residual materials management, social commitment and solidarity.

Details of the campaign and Desjardins Group's commitments with respect to each of the 12 actions can be found on the [desjardins.com](#) Web site.

RESPONSIBLE PRODUCTS AND SERVICES

In terms of business management, Desjardins aims for long-term development with a view to maintaining the balance between economic and social issues. Its environmental concerns are also reflected in its offer of new products and services.

REWARDING DRIVERS OF ENVIRONMENTALLY FRIENDLY VEHICLES

Since January 2006, Desjardins General Insurance Group has been offering a special insurance policy for hybrid vehicles with a premium discounted by 10%. The number of hybrid vehicles affected by this measure rose from 604 in 2006 to 1,087 in 2007, for an increase of 80%.

SUPPORTING SOCIALLY RESPONSIBLE COMPANIES

Desjardins Environment Fund

The [Desjardins Environment Fund](#), created in 1990, was the first socially responsible fund in Québec. Apart from the financial evaluation required for any mutual funds, this fund stands out for the rigorous environmental assessment of the companies in its portfolio, which uses both positive and negative filters.

The positive filter is used to select companies that perform well socially and environmentally. Among other factors, these companies respect laws and regulations, voluntarily adhere to international standards and have environmental commitments. In addition, they have adopted responsible environmental management measures that are adapted to their business sector and also have effective prevention measures

that are well-known among their employees. They have also established environmental problem-solving mechanisms and offer employees training on environmental protection.

The negative filter is used to exclude companies that carry out activities in the tobacco, weapons and nuclear industries. The environmental assessment of securities is then performed by a group of external expert consultants.

As at December 31, 2007, the Desjardins Environment Fund, whose rate of return is among the highest in its category, had a monetary value of \$123.9 million and included 18,500 unit holders.

The Desjardins Ethical Canadian Balanced Fund

The [Desjardins Ethical Canadian Balanced Fund](#) is a "fund of funds," which means that its portfolio is composed of units in the Ethical Funds that meet responsible investment criteria. Among other things, these criteria focus on encouraging progressive labour relations, doing business with countries where there is racial equality and equal opportunities, the use of non-nuclear sources of energy and the implementation of environmentally-friendly practices. As at December 31, 2007 this fund had a monetary value of \$18.5 million and 3,500 unit holders.

Rate of return for each fund as at December 31, 2007

	1 year	3 years	5 years	10 years
Desjardins Environment Fund	15.10 %	20.67 %	19.12 %	8.62 %
Desjardins Ethical Canadian Balanced Fund	-2.01	5.33	—	—

Partnership with The Ethical Funds Company

In September 2007, Desjardins Group and the provincial credit union centrals across Canada announced they were joining forces. Together they intend to accelerate the growth of [Northwest Mutual Funds](#), a Desjardins subsidiary, and [The Ethical Funds Company](#), the largest mutual fund management company for socially responsible funds in Canada.

This strategic partnership between two Canadian cooperative systems has given rise to the creation of a national mutual funds firm, Northwest & Ethical Investments L.P., with assets under management of \$5.5 billion.

POLICY OF VOTING BY PROXY

On July 1, 2005, Desjardins adopted a proxy voting rights policy that sets out the guidelines for exercising voting rights related to securities held by Desjardins Funds and Northwest Funds.

This policy reflects Desjardins values and its commitments in terms of sustainable development. It states that funds must carry out their fundamental fiduciary responsibilities. This consists in protecting and growing the unit holders' assets, while taking into account the social responsibility of corporations with respect to the communities where they are established. The policy also discusses the rules of sound governance for corporations as well as their social responsibilities with respect to human rights, sustainable development and support for the community. Finally, starting at the beginning of 2008, the policy will also be applied to Desjardins Investment Management, which is responsible for the management of private fund portfolios.

The policy, as well as the results of all proxy votes exercised on behalf of the Desjardins Funds and Northwest Funds that are subject to it, can be seen on the Web sites of those funds: www.desjardinsfunds.com and www.northwestfunds.com.

CORPORATE CREDIT AND ENVIRONMENTAL RISKS

We have had a credit policy relating to environmental risk in place since December 15, 2006, which integrates an environmental risk analysis when assessing corporate credit risk. Desjardins has deployed efforts to sensitize business members to the importance of assessing the environmental risks related to their projects and support them in performing that assessment.

INVESTING IN SUSTAINABLE DEVELOPMENT

Our subsidiary, Desjardins Venture Capital (DVC), has put our sustainable development policy into practice in two key sectors: biotechnology and energy. In biotechnology, DVC invests in companies that aim at improving quality of life for people and communities, particularly medical equipment and technology companies as well as those providing health-related services.

With respect to energy, DVC is a partner of seven companies that focus on renewable energy, environmental impact studies, hydroelectric and wind energy, natural land development, integrated development and, finally, the construction and operation of renewable energy projects. DVC is also a partner of a company that operates a mini dam and a power plant.

SUPPORTING ENVIRONMENTAL ORGANIZATIONS WITH THE AFFINITY CREDIT CARD

Desjardins offers two [VISA Desjardins Affinity](#) credit cards that support the *Fondation de la faune du Québec* (Québec wildlife foundation) and the *Fondation québécoise en environnement* (Québec environment foundation). Desjardins Card Services is thus committed to automatically paying a percentage of the total amount of purchases made with the card to the corresponding foundation. Additionally, for the *Fondation de la faune du Québec* Affinity card, card holders accept that the foundation will annually collect a donation of \$20 from their card and send them an official receipt, except for the first year. Through these cards, more than \$125,000 per year is collected for the *Fondation de la faune du Québec* and \$10,000 for the *Fondation québécoise en environnement*.

Desjardins offers several other Affinity cards that allow members to contribute to charitable works or activities in relationship with sustainable development by supporting organizations such as Amnesty International, Oxfam-Québec and the Association féminine d'éducation et d'action sociale (Women's association for education and social action – AFEAS).

THE ECO-FRIENDLY STATEMENT CHALLENGE: LESS PAPER, MORE TREES

Created in 2006, the [Eco-Friendly Statement Challenge](#) was launched for a second time in November 2007. Members of Desjardins caisses were invited to opt for virtual account statements, accessible via AccèsD Internet, replacing all their paper account statements or booklets, including their VISA Desjardins statement. For each participant, Desjardins committed through a program of the *Jour de la Terre* organization, to have one tree planted, as part of its Earth Day program. This is the challenge that earned Desjardins a place among the top four major companies named as finalists for the Prix québécois de l'entreprise citoyenne (Québec corporate citizenship prize) awarded in October 2007 by Korn/Ferry International and the financial magazine, *L'actualité*.

As part of the Eco-Friendly Statement Challenge for 2006, Desjardins aimed to plant 100,000 trees in three years (33,333 per year). The 2006 edition of the Challenge by far exceeded its objectives in only five months, with an enrolment of 92,295 members, i.e. 92% of the three-year objective. As a result, 92,295 trees were planted in the spring and fall of 2007.

During the 2007 edition of the Challenge – which lasted one month as compared to 5 months in the 2006 edition – 22,224 people signed up. As a result, 22,224 trees will be planted in the spring of 2008. Together, all of the trees planted (114,519 for 2006 and 2007), will make it possible to absorb around 382 tonnes of CO₂ per year and reforest an area the size of more than 140 football fields. In addition, the enrolment of these 114,519 members will make it possible to save 5.8 million sheets of paper per year.

DVC investments by sector (in millions of \$)

	2007	2006	2005
Biotechnology	\$ 88	\$ 78	\$ 80
Renewable energy	11	6	2

Alongside the Eco-Friendly Statement Challenge, efforts have been made to reduce other paper sent out to members to a minimum. For example, the mailing of account statements for the tax-deferred savings plan was eliminated for members using AccèsD services or who receive paper account slips. The project made it

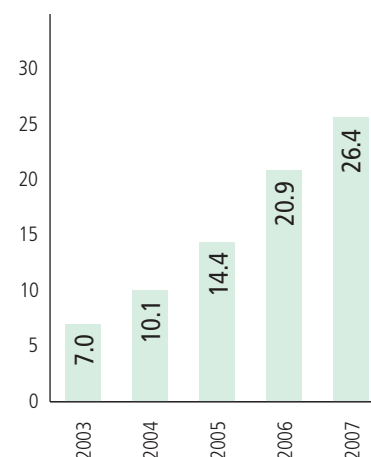
possible to eliminate 1,058,830 account statements for savings of 2.1 million sheets of paper annually.

Desjardins thus contributes to reforestation of our regions, beautifying the landscape, improving quality of life and slowing down climate change.

Results for the Eco-Friendly Statement Challenge

	2007	2006
Annual paper savings (in number of sheets)	1,202,940	4,606,740
Number of enrolments	22,224	92,295
Number of trees planted	22,224 ⁽⁹⁾	92,295
Quantity of greenhouse gas compensated by planting trees (tonnes of CO ₂ e)	74	308

PERCENTAGE OF ACCOUNTS WITH VIRTUAL STATEMENTS
(as a %)



ACCESSIBILITY TO FINANCIAL SERVICES AND MEMBER SATISFACTION

Desjardins offers its 5.8 million member-owners diversified financial services, adapted to their needs, accessible from anywhere on the planet, day and night, at competitive prices. This service offering and our high member satisfaction rates are what make us stand out from the competition.

DESJARDINS: UNPARALLELED ACCESSIBILITY

Through its physical and virtual network, Desjardins is [the most accessible financial institution in Québec](#). It also has an increasingly large presence on the Canadian and international scenes.

In addition to the size of its distribution network, Desjardins offers an incomparable advisory force working for its members and clients, with nearly 10,000 advisors, financial planners, mortgage representatives and agents.

Desjardins Online Solutions offers a variety of simple, quick and secure access modes. For example, [desjardins.com](#) is the most widely visited financial site in Québec and, following the adaptation of its 15,000 pages of information and images that can be read with a Braille or a vocal

screen reader, also offers easy access to the blind. In fact, a cross-Canada study conducted by the Nazareth and Louis-Braille Institute for the blind and the *Coopérative Accessibilité Web* awarded the site top honours for a financial institution, from among the most popular 200 sites among French-speaking Canadians.

Furthermore, AccèsD is the most frequently-used transactional site in Québec: in 2007, nearly 2 million users made 672 million automated transactions – an increase of 14% compared with 2006.

Finally, we would like to highlight the recognition of the *Regroupement des personnes aveugles et amblyopes du Québec* (Québec association of blind and low-sighted people) with respect to our access to services, due to the addition of a phonic device on all Desjardins ATMs.

Physical presence of Desjardins Group⁽¹⁰⁾

	2007	2006	2005
Number of caisses	536	549	568
Number of business centres	52	56	56
Number of service centres	919	922	921
Number of ATMs	2,769	2,782	2,802

MEMBER SATISFACTION

Desjardins aims to be the number one financial institution in terms of satisfying the needs of all its individual and business members. That is why we carry out satisfaction surveys year after year.

In 2007, members were surveyed on the following seven aspects of service: consideration, responsiveness, professionalism, efficiency, accessibility, courtesy and confidentiality.

For individuals, the satisfaction indicator showed a significant increase among members who said they were “very satisfied” for each of the service aspects. This increase brings the overall satisfaction rate to 92%. The indicators showed that the major increases are for those dealing with consideration to members and clients and with accessibility.

(9) To be planted in 2008.

(10) For Québec and Ontario, excluding Desjardins Credit Union.

With respect to business members, the satisfaction rate has been rising steadily since 2002, when Desjardins first undertook the project to measure their satisfaction levels. Our aim is to increase the rate of members who say they are “very satisfied” by 1 percentage point per year. This objective was surpassed in 2007 with an increase of 3 points, bringing the overall satisfaction figure for business members to 93%.

Since 2003, Desjardins has been involved in a vast program to raise employee awareness about the continuous improvement of quality in order to constantly increase member and client satisfaction. The excellent results obtained with respect to member satisfaction are due to the efforts put forth. For example, the caisse network undertook a number of actions

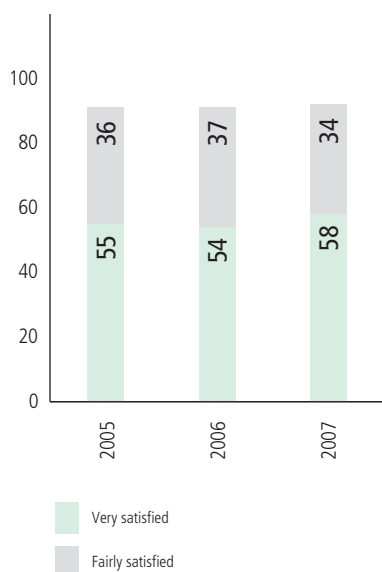
to improve accessibility. To support that, a successful television campaign was launched in the fall of 2007 to show that Desjardins is accessible to everyone, everywhere, at all times.

COMPLAINTS HANDLING

In 2007, the Desjardins Group ombudsman handled 202 complaints, of which 88% dealt with self-service, teller services, savings and loans, as well as personal and property insurance. Since the ombudsman is a last resort, it is important to note that most cases of dissatisfaction are settled by the component involved before they are escalated to the ombudsman.

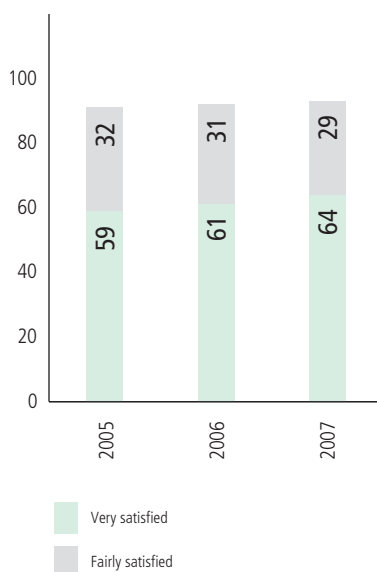
SATISFACTION RATES FOR INDIVIDUAL MEMBERS

(as a %)

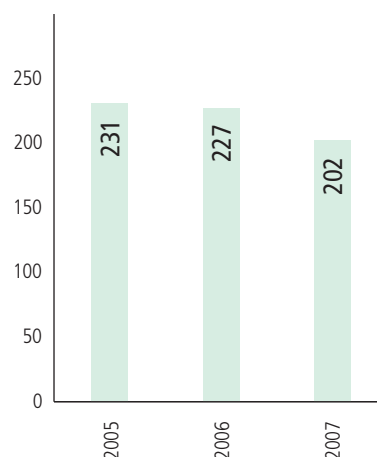


SATISFACTION RATES FOR BUSINESS MEMBERS

(as a %)



NUMBER OF COMPLAINTS HANDLED BY THE OMBUDSMAN



HR MANAGEMENT

Desjardins Group’s mission is to contribute to the improved economic and social well-being of people and communities. Its action is imbued with the cooperative values of democracy, equality, fairness and solidarity. In managing our human resources, we are guided by these same values and by best practices for our strategies and the implementation of our programs. All of this enables us to have a skilled, diversified and motivated work force.

We are convinced that this is the most productive strategy in ensuring the success of Desjardins as the largest integrated cooperative financial group in Canada and the largest private employer in Québec, as well as in becoming the preferred employer among all the financial institutions.

More than 40,000 employees today are employed by the caisses, the subsidiaries and other Desjardins components, enjoying a stimulating workplace, professional challenges that meet their expectations and competitive working conditions.

EMPLOYEE WELL-BEING

Desjardins Group continues its mission to improve the economic well-being of members and communities – a mission that, at the root, inspires its human resources initiatives.

In the last five years, Desjardins has been a recognized leader in health in Canada. The Group invests more than 0.6% of its total wage bill, offering employees programs to prevent illness and promote health. Member participation is exemplary in activities that promote healthy living habits. For example, 11,038 vaccines were administered free of charge during the 2007 flu shot campaign. In addition, 9,008 employees enrolled in the 5/30 Health Challenge 2007, an awareness campaign focusing on physical activity and healthy eating.

Desjardins also offers retirement programs and extraordinary benefits to its employees and retirees. Desjardins firmly believes that its employees deserve to benefit from advantages related to pension plans and group insurance plans when they retire. This is the “Desjardins way” of recognizing the contribution of employees throughout their career.

Employee distribution ⁽¹¹⁾	2007	2006	2005 ⁽¹²⁾
By component			
FCDQ	6,264	6,424	—
Caisses	24,528	24,187	—
Subsidiaries	9,553	9,374	—
By province			
Québec	37,621	37,305	—
Lévis-Québec City	8,587	8,452	—
Greater Montréal	12,702	12,727	—
Other regions	16,332	16,126	—
Ontario	2,585	2,545	—
Other provinces	81	85	—
Outside of Canada	58	50	—
By status⁽¹³⁾			
Regular	34,926	31,981	—
Temporary	4,662	4,552	—
By job category⁽¹³⁾			
Senior management	834	846	—
Manager	2,465	2,334	—
Non-management employee	36,289	35,801	—
Total	40,345	39,985	39,294

Desjardins has always stood out for the quality of its working conditions, especially through measures that facilitate work-life balance or through customized work arrangements. Among these measures, we can mention the possibility for employees to combine vacations and floating holidays through a time bank that allows them to customize their schedules. Employees can also use the shuttle to travel between Lévis and Montréal any day of the week, morning and evening. Finally, in order to promote employee well-being and reduce travel requirements, Desjardins offers various technological solutions such as working from home, videoconferencing and teleconferencing.

A RESPECTFUL WORK ENVIRONMENT WHERE EMPLOYEES ARE MOTIVATED BY COOPERATIVE AND HUMAN VALUES

Employees consider that Desjardins creates a work environment and atmosphere that are respectful of people and their well-being. In the last Hewitt Associates employee engagement survey carried out in 2006, 83% of employees said that they felt respected by their colleagues, while 72% said that they were able to maintain a good balance between their professional obligations and personal responsibilities. Subsequent surveys will be carried out every two years.

We believe that, for our employees, working in a healthy environment in a company that cares about their well-being contributes to maintaining the excellent quality of the services we offer to our members and clients.

In 2007, one of our components, Desjardins General Insurance Group (DGIG), ranked 12th among Best Employers in Canada (1st if only companies with over 2,000 employees are considered) in the listing published by the *Globe and Mail's Report on Business* magazine. This classification is based on the results of a survey carried out among DGIG employees by Hewitt in 2006.

ATTRACTING TALENT AND PROMOTING DIVERSITY AND EMPLOYMENT EQUITY

Aware of the need to fight for the talent that is out there, we designed a visibility plan positioning Desjardins as an employer that promotes career opportunities among its various components. Also, in order to be able to have fast access to a variety of talent, we have set up candidate pools for all our components.

With a concern for representativity, we have intensified our efforts to include more women, young people, English speakers and people from the various cultural communities among our ranks. We have carried out a number of actions aimed at promoting diversity, such as signing agreements with intercultural organizations, training recruiters and redefining behaviours expected with respect to management challenges involving diversity. In addition, in 2007, we received a \$1,575,000 subsidy from the federal government over three years to support our Operation Discovery project. This project, which will be carried out in partnership with Laval and Sherbrooke Universities, will enable us to design tools for better immersion and integration of these employees.

We also undertook the implementation of a voluntary program for access to job equality. Under this program, employees will participate up until 2008 in a vast census to draw up a portrait of our human resources. Moreover, during the *Rendez-vous* meetings for caisse presidents and general managers held in November 2007, the 1,000 participants in attendance were sensitized to the issues and benefits of diversity for our cooperative movement.

Representativity of young employees, 30 and under	2007	2006	2005
Percent of employees	18.8 %	18.3 %	18.2 %
Percent of senior management	0.1	0	0.1
Percent of management employees	2.8	2.7	2.2
Percent of non-management employees	20.3	19.7	19.6

(11) Excluding affiliated federations in New Brunswick and Manitoba.

(12) Before 2006, there was no consistency between the statistics of the components. Sometimes the data only covered a sample, and other data dealt with different criteria. There was no standard for precise data collection and compilation of statistics or for the time of year data is collected.

(13) Does not include the data for 14 group caisses and 6 Ontario caisses.

EMPLOYEE RETENTION AND FABULOUS CAREER OPPORTUNITIES

We are convinced that one of the factors for building loyalty among employees and motivating them relies on our ability to offer them an environment that is propitious to their professional development and their career. Aside from our numerous regular training and development programs, we have posted several tools that employees can explore on their own on the HR Intranet used by the subsidiaries and the FCDQ. A similar service will be available soon on the Caisse/Branch Intranet Portal. These tools facilitate career choices for our employees and promote their professional development. In order to support managers in their roles as talent builders, we have also made a range of training programs available to them. To that end, Desjardins devoted more than 2.72% of its total wage bill for training in 2007 in Québec.

TRAINING AND COOPERATIVE VALUES

The [Desjardins Cooperative Institute](#) (DCI) continues to communicate to our elected officers and our managers our vision, our values, the latest issues we are dealing with, our orientations and our governance and management practices. In 2007, DCI launched its third program, Desjardins: Innovation, aimed at strategic skills development in order to create environments that are favourable to innovation and proactivity.

DCI is a training institute that oversees strategic skills development by linking the company strategy with its cooperative values and personal development philosophy. It is therefore a unique kind of training that enables elected officers and managers to learn about the cooperative difference and the business culture that is unique to Desjardins. We should note that 98.8% of participants recommend DCI's programs.

EQUITY AND GENDER MIX

We believe also that it is essential to pursue the professional development of women and to continue supporting them in order to interest them more in company direction and management. To that end, we drew up specific strategies and an action plan outlining our initiatives to increase the representation of women in senior management positions at Desjardins Group. One of the actions taken under this plan is part of the Desjardins Group program for senior manager succession planning and administration. This program is intended to make sure that we will have a body of well-trained staff large enough to ensure continuity at Desjardins.

We also have a number of management succession planning and administration programs in place at each of the Desjardins subsidiaries. These programs enable us to identify and develop management potential among middle managers, both men and women. Today, 19% of senior executives are women and more than 50% of management employees at Desjardins are women. We will continue our efforts towards achieving an appropriate gender mix and a strong combination of complementary talents.

Representativity of women

	2007	2006	2005
Percent of senior executives	19.1 %	19.3 %	— %
Percent of management employees	56.2	55.1	—
Percent of non-management employees	79.3	79.3	—

SKILLED AND ENGAGED EMPLOYEES

We know that we can rely on skilled and engaged employees to offer the best services to our members and clients. In fact, we have a very strong loyalty rate among our employees, with only 4.8% having left Desjardins in 2007. During the same year, we received 105,450 applications, which

shows that Desjardins is fairly attractive as an employer, to say the least. This also tells us that, in keeping with our cooperative values, we must never stop seeking to develop the skill and engagement levels of our employees.

Voluntary departures of regular employees⁽¹⁴⁾

	2007	2006	2005
Percent of regular employees who voluntarily left Desjardins Group	4.8 %	4.0 %	4.3 %

Inter-component mobility⁽¹⁵⁾

	2007	2006	2005
Percent of employees filling regular positions and originating from another Desjardins component	5.8 %	6.2 %	6.1 %
Senior executives	10.3	11.1	12.5
Management employees	12.2	7.3	10.2
Non-management employees	5.3	6.1	5.7

(14) Does not include retirement.

(15) Does not include mobility between caisses, but does include mobility from a caisse to a subsidiary or to the FCDQ.

GLOBAL REPORTING INITIATIVE (GRI) PERFORMANCE INDICATORS AND STANDARD DISCLOSURE ELEMENTS

GRI ref. #	GRI Indicator description	Desjardins response
Strategy and analysis		
1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	President's message
1.2	Description of key impacts, risks, and opportunities.	President's message
Organization profile		
2.1	Name of the organization.	p. 1
2.2	Primary brands, products, and/or services.	p. 1 and Group AR pp. 2-3
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Group AR p. 2
2.4	Location of organization's headquarters.	C2
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	p. 1
2.6	Nature of ownership and legal form.	p. 1
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	p. 1
2.8	Scale of the reporting organization.	C2
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	None
2.10	Awards received in the reporting period.	p. 16 and 19, Group AR p. 20
Report parameter		
3.1	Reporting period.	p. 1
3.2	Date of most recent previous report.	p. 1
3.3	Reporting cycle.	p. 1
3.4	Contact point for questions regarding the report or its contents.	p. 24
3.5	Process for defining report content.	p. 1
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	p. 1
3.7	State any specific limitations on the scope or boundary of the report.	p. 1
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	None
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	None
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	None
3.12	Table identifying the location of the Standard Disclosures in the report.	p. 23
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Group AR pp. 132-142
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Group AR pp. 138-139
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	p. 11 and Group AR pp. 134-135
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Group AR p. 135
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Group AR pp. 135-136, 140

GRI ref. #	GRI Indicator description	Desjardins response
Governance (continued)		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Group AR pp. 133, 140
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Group AR pp. 135, 140
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Group AR pp. 132-133, 142
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Group AR pp. 133-134, 139-142
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Group AR pp. 135-136
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Group AR p. 139
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; or views membership as strategic.	pp. 11-12
4.14	List of stakeholder groups engaged by the organization.	pp. 5-8
4.15	Basis for identification and selection of stakeholders with whom to engage.	pp. 5-8
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	pp. 5-8
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	pp. 5-8
Economic indicators		
EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	pp. 4, 10, 13
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	pp. 10-13
Environmental indicators		
EN2	Percentage of materials used that are recycled input materials.	p. 15
EN16	Total direct and indirect greenhouse gas emissions by weight.	p. 16
EN17	Other relevant indirect greenhouse gas emissions by weight.	p. 16
EN22	Total weight of waste by type and disposal method.	p. 15
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	pp. 18-19
Social performance: Labour practices and decent work		
LA1	Total workforce by employment type, employment contract, and region.	p. 21
LA2	Total number and rate of employee turnover by age group, gender, and region.	pp. 21-22
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	pp. 5-6, 22
Social performance: Product responsibility		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	pp. 3, 19-20

Group AR = Desjardins Group Annual Report

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WITH OUR HEARTFELT THANKS, MR. D'AMOURS

Mr. Alban D'Amours has fulfilled the role of President and CEO of Desjardins Group for two consecutive mandates, from March 2000 to March 2008. During that time, he demonstrated an extraordinary ability to listen to people's concerns and to encourage discussion and the exchange of ideas, while steadfastly supporting the Desjardins Group mission and rigorously applying the means to accomplish it.

Under the leadership of Mr. D'Amours, Desjardins has striven to combine financial performance with cooperative performance. This approach has enabled the organization to achieve excellent financial results while ensuring that it is always ready to meet the needs of its members and their communities.

The Desjardins Group that Mr. D'Amours leaves us today is now strengthened by a cooperative governance and strategic management approach that direct the actions of all its components. It stands out for its high-quality, diversified range of financial services, its commercial and management practices imbued with cooperative values, a rich and active democracy, and business development focused on the whole of Canada. It draws its strength from employees who enjoy a working environment that offers them numerous opportunities for personal and professional development. All these aspects serve to inspire us with great confidence for the future.

The elected officers of all the caisses and branches and all Desjardins employees would therefore like to express their sincere acknowledgement and deep appreciation to Mr. D'Amours, in addition to their heartfelt thanks for his achievements, as well as for the very human qualities that he displayed during his busy time in office. We all wish him every success and happiness as he embarks on this new stage in his life.



ALBAN D'AMOURS

DIFFERENCE PERFORMANCE RESPONSIBILITY

Desjardins is more than a bank. It is the largest integrated cooperative financial group in Canada. Thanks to the complementary relationship of the cooperative network and more than twenty subsidiaries, Desjardins offers to its 5.8 million member-owners and to its clients diversified financial services, adapted to their needs, accessible from anywhere on the planet, day and night, at competitive costs.

This group force, combined with rigorous management of the collective wealth with which it is entrusted, enables Desjardins to post enviable financial returns. It is therefore not surprising that Desjardins, whose assets stood at \$144.1 billion as at December 31, 2007, is the #1 financial institution in Québec, the 6th largest in Canada and one of the top 100 in the world.

With its caisses, business centres, subsidiary distribution networks and numerous virtual access options, including the most popular financial Web site in Québec, Desjardins is also the most accessible financial institution in the province. Its numerous components have enabled the Group to increase its presence – to growing acclaim – elsewhere in Canada, particularly in Ontario, as well as abroad, where it is recognized as a leader and a model in international cooperation, among other fields.

Backed by its solid financial performance, its cooperative difference, the commitment of its elected officers and the engagement of its employees throughout all its components, Desjardins has remained faithful to its mission for the past 107 years, which is to put money to work for its members and clients.