

create today future
ues dreams sustainable
operation Desjardins
cy leader in equity
rity a changing actions
owth world prosperity
modern precursor together

proximity
We ambition
believe in stability
cooperation
development
accessibility

Desjardins Group is backed by the united strength of 5.8 million members and clients. At Desjardins, we believe in and are committed to cooperation...

Because Desjardins Group's cooperative model is based on fundamental values such as self-help, self-responsibility, democracy, equality, equity and solidarity.

Because these values naturally guide Desjardins in its actions as a socially responsible organization.

Because Desjardins Group's social responsibility is reflected in

- the quality of its governance
- its respect for human rights and freedoms
- the care it puts into its relationships with members and clients
- its deep commitment to communities
- the numerous measures it takes to reduce and manage its impact on the environment
- its consideration for employees' well-being

Because all of these actions combined lead to sustainable prosperity, an area in which Desjardins counts on demonstrating its leadership.



A MISSION THAT STILL HOLDS STRONG

To contribute to improving the economic and social well-being of people and communities within the compatible limits of its field of activity

- by continually developing an integrated cooperative network of secure and profitable financial services, owned and administered by the members, as well as a network of complementary financial organizations with competitive returns, controlled by the members;
- by educating people, particularly members, officers and employees, about democracy, economics, solidarity, and individual and collective responsibility.

STRONG VALUES

Money at the service of human development

Personal commitment

Democratic action

Integrity and rigour in the cooperative enterprise

Solidarity with the community

A VISION OF THE FUTURE

Desjardins,
the leading cooperative financial group in Canada,
inspires trust around the world
through the commitment of its people,
its financial strength and
its contribution to sustainable prosperity.



Monique F. Leroux
Chair of the Board, President and CEO
of Desjardins Group

STRIVING FOR SUSTAINABLE PROSPERITY

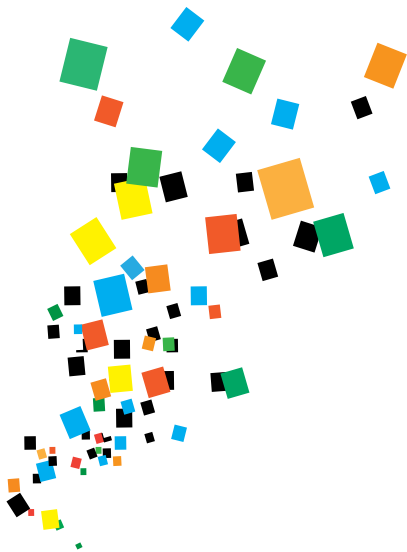
For 110 years now, Desjardins Group has been asserting itself as a leader in a changing world and striving for sustainable prosperity.

Desjardins exercises its leadership role, first and foremost, through its mission to educate people about finances, the economy and the cooperative model. Desjardins Group also helps build a better future for its members, employees, clients and the community by getting involved and by providing relevant responses to consumers' constantly changing financial needs.

A long-term vision

Sustainable prosperity is economic growth and the creation of wealth anchored in steadfast, long-lasting foundations, with due consideration for the impact on individuals and the environment, for the benefit of both present and future generations. That means that working toward sustainable prosperity means working toward a long-term vision, which is exactly the kind of vision we have adopted for Desjardins Group. For our organization, that is exactly how it should be: after all, we are a collectively-owned organization that has been passed down from one generation to the next since the beginning of the 20th century.

However, for prosperity to last, we must consider more than just economics. Prosperity must draw on social progress, human development and ethics guided by the common good and respect for the environment. Through its activities as a socially responsible organization, Desjardins addresses all of these issues, as you will discover in this report. The report also reflects the changes that have recently been made to our organization. For the first time, you will find some of our results and programs presented under their respective business sectors.



**SUSTAINABLE PROSPERITY
SINCE 1900**

Setting a course for the future

At Desjardins, 2009 was a year focused on strategic planning and rallying support for our long-term objectives. I encourage you to take a look at our [Shared and Cohesive Leadership](#) brochure, also available online, for more information on the many democratic events that took place in 2009 at Desjardins.

One of the most important democratic events of the year took place in November, when Desjardins held the 20th Congress of Elected Officers, attended by more than 1,750 people. During the Congress, representatives from the caisses and from Desjardins Group made decisive and inspiring choices regarding the future of the organization.

By taking a proactive approach, drawing on the engagement of its officers and employees and making full use of its innovative talent, Desjardins Group has every intention of remaining a leader in the modern world. We believe that the cooperative model as a model for economic development is more relevant now than ever before. By adapting the cooperative model to today's reality and by taking steps to ensure its effectiveness and performance, we hope it will serve as a beacon through the challenges we will face as a society over the coming years and decades. What better model than the cooperative model to inspire individual and collective responsibility? The very nature of our organization encourages people to get involved and find ways to meet their needs.

An ongoing need for financial education

The growing complexity of the world we live in—especially the financial markets—has driven us to intensify our efforts with regard to financial, economic and cooperative education. Ever since its foundation, education has been the heart of Desjardins Group's mission. Financial education, and particularly savings education, was a favourite topic of our founder, Alphonse Desjardins, who saw the caisse as a "veritable school of savings, small savings, accessible to everyone—men, women and children—because in our nation everyone has a few pennies and it is with those pennies that the Caisse gathers the funds that will then grow through loans to its members."

Since Alphonse Desjardins first spoke these words to encourage people to save even the smallest amounts, we have seen a proliferation of savings initiatives, campaigns and tools for Desjardins caisse members. While many things have changed considerably since the beginning of the 20th century, there is still a great need for financial education. Consumers must choose from among a wide array of financial instruments and investment vehicles, which are sometimes quite complex—not to mention that longer life expectancies mean individuals need to take on more responsibility in planning for their retirement.

Moreover, the financial crisis that began in the United States has clearly demonstrated the importance of educating consumers about debt while also pointing to financial institutions' responsibilities in this regard. Serious shortfalls on both sides led to the crisis in 2008 and the ensuing worldwide economic turmoil.

True to its mission, Desjardins Group continues to increase its efforts in the realm of economic and financial education. You'll find many examples of these initiatives in the following pages. We especially hope to encourage young people to save and develop sound financial habits. We also hope to give our members of all generations the tools they need to make well-informed decisions. Sustainable prosperity can only exist if people have the tools to master their financial future.

At Desjardins we believe that, more than ever before, money must be at the service of human development. We truly believe that through personal commitment, democratic action, integrity, rigour, and solidarity with the community, we can make a difference.



Monique F. Leroux, FCA, FCMA
Chair of the Board, President and CEO
of Desjardins Group

Table of contents

Overview of Desjardins Group	07
Stakeholder Dialogue	10
<hr/>	
1. MEMBERS AND ELECTED OFFICERS	
1.1 Democratic and Ethical Governance	13
1.2 Capitalization	19
1.3 Member and Client Relations	21
<hr/>	
2. THE COMMUNITY	
2.1 Collective Prosperity	38
2.2 Community Involvement	42
2.3 Support for the Cooperative Movement at Home and Abroad	50
2.4 The Environment	53
<hr/>	
3. EMPLOYEES	
3.1 Work Environment	59
3.2 Health and Well-Being	64



REPORTING FRAMEWORK

The 2009 Social and Cooperative Responsibility Report includes the performance of all Desjardins Group components, except Desjardins Credit Union and the affiliated federations in New Brunswick and Manitoba. The indicators chosen are based on Global Reporting Initiative (GRI) guidelines. A complete index of the selected GRI indicators, corresponding to Application Level B of the guidelines, is available online at www.desjardins.com/socialresponsibility.

"WE BELIEVE
that we are
always stronger
in numbers."

APPROXIMATELY
5.8
MILLION
MEMBERS

APPROXIMATELY
42,200
EMPLOYEES
NATIONWIDE

\$157.2
BILLION IN
ASSETS

481
CAISSES

Desjardins Group is:

- Approximately 5.8 million members, including nearly 400,000 businesses
- 6,258 elected officers in Québec and Ontario
- Approximately 42,200 employees nationwide
- 481 caisses and 51 business centres in Québec and Ontario
- Approximately 20 subsidiary companies offering a full range of financial services, with many of them active in several Canadian provinces
- \$157.2 billion in assets and \$11.2 billion in capitalization⁽¹⁾
- The 6th largest financial cooperative in the world
- The leading cooperative financial group in Canada
- The largest financial institution in Québec
- Ranked 25th among the World's Safest Banks
- The 4th safest financial institution in North America, according to *Global Finance* magazine
- Ranked 7th among the Best Corporate Citizens in Canada according to *Corporate Knights*
- The recipient of the *Prix reconnaissance des Centres de gestion des déplacements du Grand Montréal* for its alternative transportation program for employees in the Greater Montréal area
- A finalist for the *Prix québécois de l'entreprise citoyenne* (Québec corporate citizenship prize) awarded by Korn/Ferry International, *L'actualité* magazine and NATIONAL Public Relations

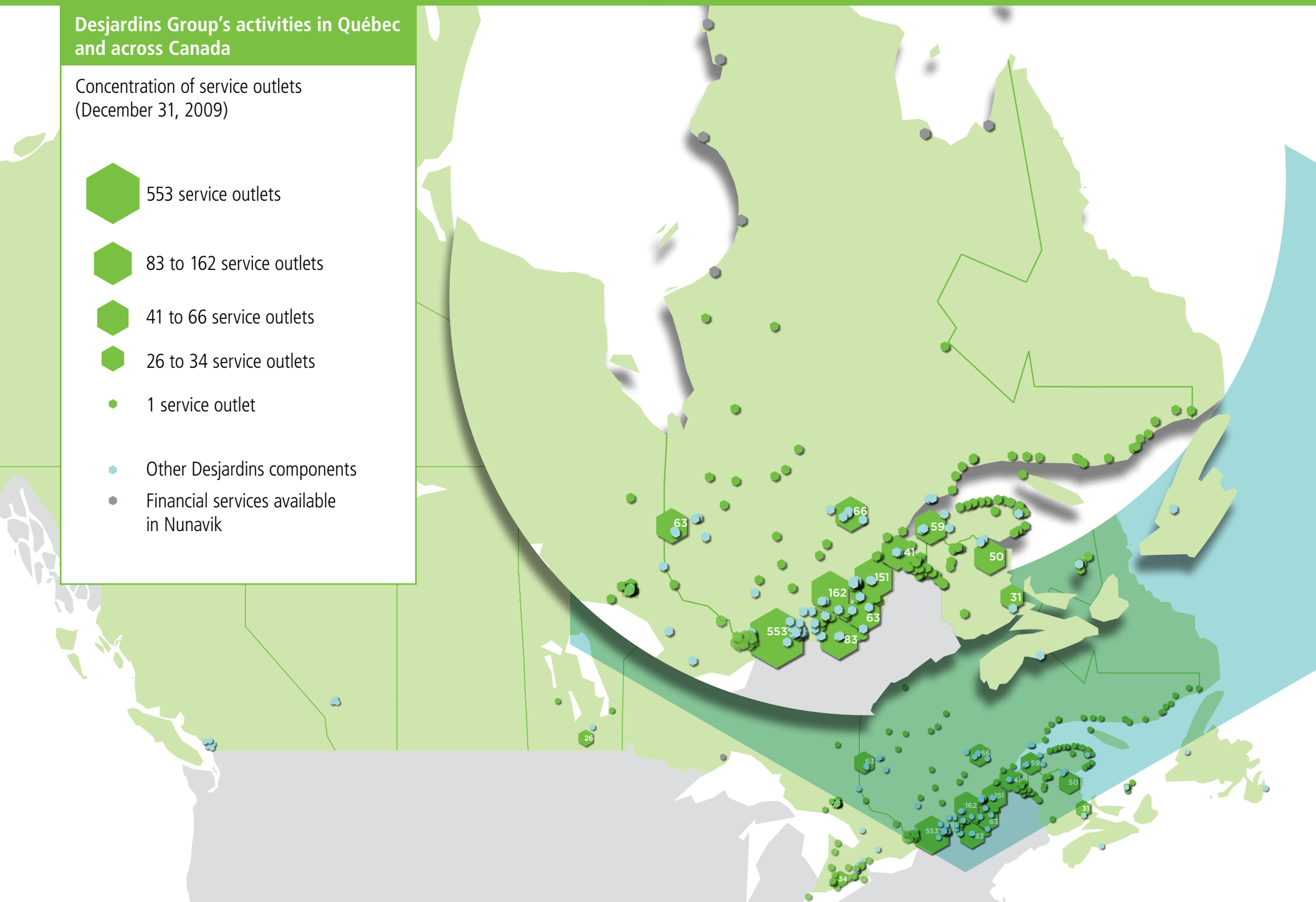
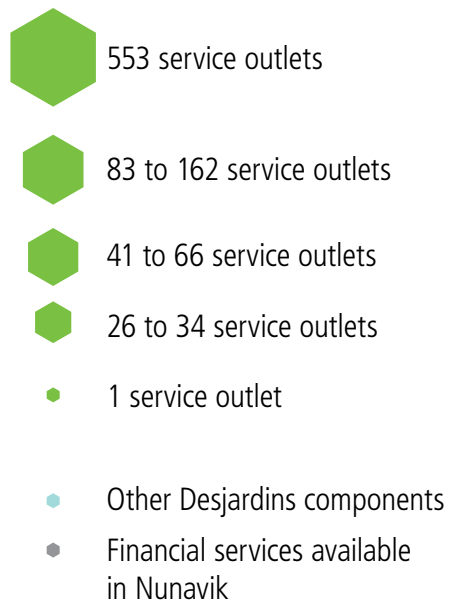
In 2009, Desjardins Group demonstrated its commitment to social responsibility with:

- 103 years of financial and economic education through the School Caisse program and more than \$18 million dedicated to education
- \$589 million invested in venture capital in Québec's resource regions
- 34% of service outlets located in low population density areas
- 5 Aboriginal caisses and 36 caisses located near Aboriginal communities
- A total of \$1,740,854 awarded to youth through 2,343 scholarships by 215 caisses and Fondation Desjardins
- Microfinance, microcredit and microinsurance products adapted to the needs of underprivileged clientele
- The participation of over 88,950 people in Desjardins Group democratic meetings
- 50% of senior management positions posted at Desjardins in 2009 filled by women
- A defined benefit pension plan for employees, which adopted a policy on socially responsible investing in 2010
- An alternative transportation program for employees
- \$109 million outstanding in SocieTerra Portfolios and commitment by Desjardins Funds to the Principles for Responsible Investment
- Preferred partnerships with The Climate Project Canada, founded by Al Gore, and with the David Suzuki Foundation



(1) The data in this report reflects results as at December 31, 2009, as published in the *Desjardins Group 2009 Annual Report*. However, this report also includes information for 2010 stemming from actions taken or results achieved in 2009.

Desjardins Group's activities in Québec and across Canada

Concentration of service outlets
(December 31, 2009)



A strong international role

-  Countries where Développement international Desjardins (DID) was active in 2009
-  Caisse centrale Desjardins U.S Branch and Desjardins Bank



"WE BELIEVE
that innovation
flourishes through
idea-sharing and
dialogue."

STAKEHOLDER DIALOGUE

In its 2010 Strategic Plan, Desjardins reaffirmed its desire to engage in an active dialogue with its members and clients, its elected officers and key players in the socio-economic, political and environmental fields. In its relationship with stakeholders, Desjardins fosters an approach that is open to sharing ideas and opinions. By remaining flexible and adopting a collaborative mindset, Desjardins maintains a constructive dialogue with stakeholders, which enables it to better understand their expectations and needs, as well as increase their understanding of the organization.

For example, Desjardins holds meetings with consumer associations two or three times per year to exchange information, listen, share concerns and gain a better understanding of the challenges facing each party. Doing so ensures that the concerns of consumers as well as those of Desjardins members can be taken into account when making certain decisions.

For Desjardins, 2009 provided many opportunities to establish a dialogue with its officers, members and the general public. Preparations for the 20th Congress of Elected Officers, entitled "Desjardins, a Leader in a Changing World", included a number of engagement and consultation activities using a variety of discussion platforms. For further information about these activities, please refer to the [Shared and Cohesive Leadership](#) brochure.

The presentation of Desjardins Group's position paper as part of the public consultation entitled "Leveraging Excellence: Charting a course of action to strengthen financial literacy in Canada" is an excellent example of Desjardins Group's support for discussions related to the economic and social well-being of people and communities.

In terms of its social responsibility reporting, Desjardins attempted to obtain feedback from its stakeholders by means of an online survey included in its *2008 Social and Cooperative Responsibility Report*. The low response rate has motivated Desjardins to seek new means to more effectively connect with stakeholders.

Stakeholder	Communication or consultation mechanism
Our members	Cooperative network and subsidiary employees (at the counter, by e-mail, by telephone, Web site, etc.) Caisse annual general meetings Ad hoc consultation committees Officer elections: one member, one vote Magazines: <i>Desjardins and Me</i> , <i>Desjardins Entreprises</i> , <i>Partenaires</i> Desjardins.com Web site Satisfaction surveys Member services and Desjardins Group Ombudsman Online consultations Round-table meetings
Our clients	Subsidiary call centres Desjardins Group and subsidiary Web sites
Our elected officers	Caisse boards of directors and boards of supervision Meetings and assemblies (general, regional or group caisse meetings; Assembly of Representatives) Councils of representatives 20th Congress of Elected Officers Annual Rendez-vous Meeting of Caisse Presidents and General Managers Annual Rendez-vous Meeting of Board of Supervision and Audit Committee Chairs <i>Desjardins</i> magazine Video conferences, telephone conferences and online conferences with Desjardins Group management E-mail address: president@desjardins.com <i>Elected Officers' Info Bulletin</i> <i>Coming Together</i> newsletter <i>BoD Info</i> and <i>Ethics Info</i> bulletins ⁽²⁾
Not-for-profit organizations	Partnership agreements Sponsorships Presence on boards of directors Consumer associations
Government agencies	Representation activities (registered as a lobbyist in Québec, Ontario and Canada) Presentation of statements, commentaries and conferences Participation in parliamentary commissions
Our employees and management	Engagement survey Internal information portal for Desjardins employees Web and telephone conferences with employees, management and the President Information and video clips on the Portal Internal bulletins <i>Desjardins</i> magazine Online consultations Discussion forums Ad hoc surveys on specific subjects Reporting mechanisms to flag actions that violate the <i>Code of Ethics and Professional Conduct</i> and other frameworks Senior management blogs
General public	Desjardins.com Web site <i>Desjardins and Me</i> magazine Information distributed through the caisse network Focus groups (market research)

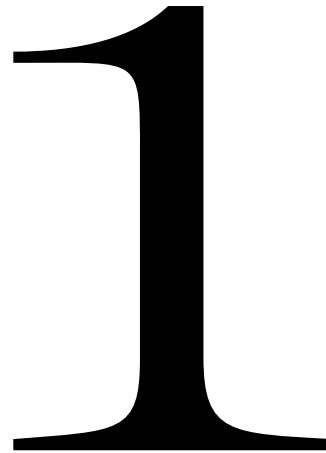
(2) These information bulletins outline the activities of the Board of Directors and the FCDQ Board of Ethics and Professional Conduct.



COOPERATIVE DNA
AT THE HEART OF
OUR POSITIONING

The following is a list of the
names of the people who
participated in the
COOPERATIVE DNA project.
The names are listed in
alphabetical order.

"WE BELIEVE
that cooperation
is the financial
model of the
future and the
key to sustainable
prosperity."

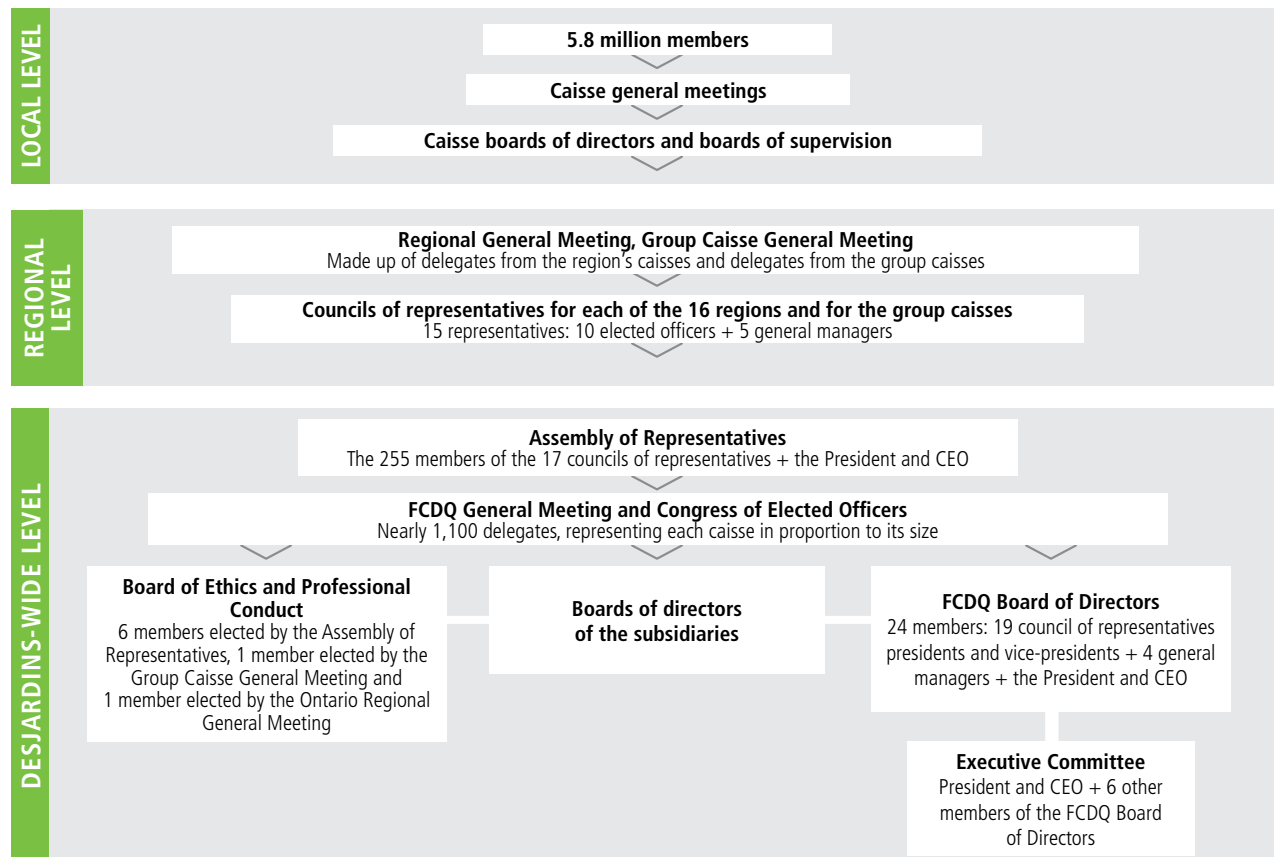


Members and Elected Officers

1.1

Democratic and Ethical Governance

Desjardins Group is a democratic organization run by its members, who are called upon to actively participate in establishing policies and in making decisions.



The notion of social responsibility is woven into the very fabric of Desjardins Group, whose mission is to contribute to the economic and social well-being of people and communities.

Since Desjardins Group is a cooperative financial group, its members' and clients' expectations in terms of social responsibility are high, and they do not hesitate to cast a critical eye on the organization. They count on Desjardins Group to adopt cooperative governance practices that set an example in terms of integrity and rigour. They also want Desjardins Group to offer products and services that meet their needs, while being based on the values of equity and solidarity. Finally, they expect internal management practices to reflect Desjardins Group's commitment to social responsibility and sustainable development.

A vibrant democracy

Over the years, Desjardins Group has developed democratic mechanisms to facilitate the participation of members in decisions concerning their caisse. Among other things, they can attend their caisse's annual general meeting, elect members or stand for election to the caisse's board of directors or board of supervision (audit committee in Ontario), sit on various ad hoc committees, and participate in consultation activities and satisfaction surveys in order to express their point of view.

In a Desjardins caisse, it is the members who decide on its major objectives, on potential amalgamations (mergers) and on by-laws that govern its operations. They learn about their caisse's annual results and vote on the distribution of surplus earnings, where applicable. According to the "one member, one vote" principle, caisse members at a general meeting have certain powers reserved for them under the *Act respecting financial services cooperatives*, in Québec, and the caisse's Internal By-laws. For Desjardins caisses in Ontario, members' powers are defined under the *Credit Unions and Caisses Populaires Act, 1994*, and the caisse's by-laws.

Another key part of the decentralized democratic process at Desjardins are the councils of representatives, which are responsible for addressing the concerns and expectations specific to either the caisses in a particular region or the group caisses, and communicating them to the Fédération des caisses Desjardins du Québec (FCDQ). These councils actively participate in defining Desjardins Group's orientations. There are 17 councils of representatives for all the caisses: 16 for the caisses populaires and one for the group caisses.

Each council of representatives is made up of 10 elected officers and five caisse general managers. All the members of a council of representatives are elected by the officers of the caisses in their region or group. The 17 presidents of the councils of representatives are all members of the FCDQ Board of Directors. The Board of Directors also includes four general managers who are elected by the members of the council of representatives and the Chair of the Board, President and CEO of Desjardins Group, for a total of 22 people. There are also two managing directors on the Board of Directors to ensure adequate representation of the caisses belonging to an exceptionally large territory.

PARTICIPATION IN THE DEMOCRATIC ASPECT OF CAISSE ACTIVITIES	2009	2008	2007
Number of members attending caisse annual general meetings	88,951	88,274	89,881
Percentage of members attending caisse annual general meetings	1.56 %	1.56 %	1.69 %
Number of caisse delegates at regional and group caisse general meetings	1,030	1,026	1,100
Number of delegates at FCDQ general meetings	1,085	1,094	1,119
Percentage of representatives attending the Assembly of Representatives ⁽¹⁾	85.4 %	89.2 %	89.3 %

(1) The Assembly of Representatives is held three times per year, bringing together the members of the 17 councils of representatives in Québec and Ontario, as well as the Chair of the Board, President and CEO of Desjardins Group (256 people).

One of Desjardins Group's objectives is to optimize the ways in which caisse representatives can influence Desjardins Group's decisions. The elected officer component of the Collaboration, Participation and Connection with the Caisse Network project aims to find the best ways to make the most of officers' contributions, as they are the ones in the best position to understand and communicate the needs of members and clients.

The first part of this major Desjardins-wide project, which was completed in 2009, was aimed at updating methods of collaboration with caisse general managers so that they could participate more actively in Desjardins Group's decisions regarding operational strategies and in the development of solutions that are best adapted to their regional context and their members' needs. This collaborative approach, intended to foster engagement among general managers, enables them to have a say in operational decisions that have an impact on member satisfaction and on their caisse's performance, for which they are ultimately responsible.

Furthermore, to support the Board of Directors role in terms of its orientation, planning and supervision of Desjardins Group's cooperative difference, the Board created the Cooperative Orientations Commission. This commission is responsible for making sure that, overall, the organization's cooperative values are respected as well as ensuring that its democratic bodies are adequately representative. It reports to the Board of Directors and makes recommendations. It is up to caisse boards of directors and boards of supervision to ensure that the values of Desjardins Group are respected at the local level.

Tools for better cooperation

For Desjardins Group, improving member satisfaction with respect to its distinctive cooperative business practices is a daily commitment. Several tools have been developed to make these practices better known among caisse members and elected officers:

- In 2009, the Action-based Training on the Cooperative Difference program continued to be offered to all caisses in Québec and Ontario. Two new workshops have been added to the training program: one laid the foundations for a framework based on Desjardins Group's service-oriented approach and the other dealt with cooperative dialogue. Since the program was launched, more than 96 caisses have participated, enabling more than 4,284 members, elected officers, managers and employees to be educated about or trained in the cooperative difference and to establish the basis for a related action plan.
- The Know-how and Governance program was designed to support caisse elected officers in carrying out their duties. In 2009, 1,356 officers in Québec and Ontario participated in one of the 132 training sessions offered, with an 83% satisfaction rate.
- Available at more than 167 caisses, the Young Intern Officer program allows members between the ages of 18 and 30 to complete a one-year practical internship on the board of directors or board of supervision of a caisse. In 2009, 203 young people participated in the program.

"WE BELIEVE
that every person
who gets involved
is contributing to the
greater good."

Ensuring community representation

The presence of members who are representative of their community on caisse boards of directors and boards of supervision allows caisses to gain a better understanding of the people who make up its community, which in turn allows them to provide better service. Initiatives have been undertaken to foster improved representation levels, notably by

- Developing an officer training program on diversity based on the roles and responsibilities of the members of the board of directors and the board of supervision (In 2009, a total of 118 officers completed this training program.)
- Updating the orientation program for new officers
- Continuing the Young Intern Officer program and adapting it for cultural communities

REPRESENTATION OF WOMEN IN CAISSE GOVERNANCE (as a %)	2009	2008	2007
Percentage of elected officers who are women	34.7	34	34
Percentage of board of directors chairs who are women	14.6	13.5	14
Percentage of board of supervision chairs who are women ⁽²⁾	33.5	34	33

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

ELECTED OFFICER REPRESENTATION BY AGE GROUP (as a %)	2009	2008	2007
Officers between the ages of 18 and 34	11.0	10.8	10.1
Officers between the ages of 35 and 49	20.7	21.3	22.8
Officers between the ages of 50 and 64	43.6	44.4	45.2
Officers age 65 and up	24.7	23.5	21.9

Rigorous ethics

Remaining faithful to the vision of its founder Alphonse Desjardins, Desjardins Group upholds the highest standards in ethics and professional conduct. Its permanent values are as follows:

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

Code of Ethics and Professional Conduct

Each officer and employee must respect the rules of the *Desjardins Group Code of Ethics and Professional Conduct* and must conduct themselves and their decisions according to the principles and values in the Code. The Code ensures that people who work at Desjardins

- Take the values of the organization into account in their day-to-day actions and decisions, thus helping Desjardins Group achieve its mission and vision and fulfil its social responsibility; and
- Protect the interests of Desjardins and its stakeholders. In this regard, the Code lists three principles: respect for persons, respect for the common good and respect for the organization.

ALPHONSE DESJARDINS

With Desjardins Group's 110th anniversary approaching, its founder Alphonse Desjardins was named the Greatest Canadian Co-operator in a popular vote held by the Canadian Co-operative Association. The honour, awarded in June 2009, recognizes the cooperative vision of Alphonse Desjardins, who not only founded the caisses populaires in Québec, but also greatly inspired the founding of credit unions elsewhere in the country, as well as in the United States.

The *Desjardins Group Code of Ethics and Professional Conduct* sets out very precise rules on confidentiality, data protection, conflicts of interest, granting contracts and protecting the reputation of the organization. All Desjardins Group officers and employees have access to online and classroom training tools and, every year, sign a statement in which they acknowledge having read the Code and affirming that they are committed to following its values, principles and rules. There is also an anonymous reporting mechanism for flagging situations that violate the Code.

Desjardins Group has a Board of Ethics and Professional Conduct composed of eight members who are elected officers from caisses in Québec and Ontario. The purpose of this Board is to

- See to the independence and impartiality of the FCDQ's inspection and audit services
- Ensure that the rules of ethics and professional conduct it adopts are observed
- Support the caisses and the FCDQ in ethics and professional conduct matters
- Coordinate the Desjardins Group bodies responsible for ethics and professional conduct
- Make sure that complaints from the caisses about the FCDQ are handled appropriately

The Board of Ethics and Professional Conduct is independent from the Board of Directors and reports to the Desjardins Group General Meeting on an annual basis.

As for its marketing communications—advertising, promotions, sponsorships—Desjardins Group's practices are guided by the values of honesty and transparency. In these matters, Desjardins respects the *Charter of the French Language*, the *Consumer Protection Act* and the *Copyright Act*. Thus, Desjardins Group faithfully respects all matters concerning photographic rights, standards of the *Union des artistes* and intellectual property.

Human rights

Desjardins Group is concerned with protecting human rights. Its actions in this area are guided by basic principles such as those expressed by the UN's *Universal Declaration of Human Rights*, the International Labour Organization's (ILO) Fundamental Conventions, the Canadian *Human Rights Act* and the Québec *Charter of Human Rights and Freedoms*. Its support for these principles is reflected in its policies and practices with respect to its employees, members and suppliers, as well as the communities it serves. Desjardins keeps a close eye on these issues, which are particularly complex in the areas of procurement and investment management.

Framework for representation activities

Desjardins Group develops and maintains strong relationships with the political and administrative arms of the federal and provincial governments, while preserving its autonomy and independence. These relationships seek to fulfil four objectives:

- To support the strategic orientations of Desjardins Group
- To ensure that its interests are taken into consideration when legislative and regulatory decisions are being made
- To enhance its business relationships
- To gain recognition for its cooperative difference

Each Desjardins Group intervention is aimed at ensuring the continuity of its activities and serving the best interests of its members and clients, elected officers and employees, as well as the communities it serves. For example, in Québec, it has expressed its point of view on student debt on numerous occasions. It has also presented its recommendations regarding the financial accessibility of education. The Corporate Affairs and Desjardins Group Management Advisory Division handles all responsibilities with respect to representation to government officials.

In Canada, these relationships are subject to legislation on lobbying, recognized as being the legitimate means of accessing the different levels of government with respect to both policy and administration. In order to guarantee transparency and ethical conduct in all of its activities, Desjardins Group scrupulously respects the laws and standards dictated by the *Commissaire au lobbyisme du Québec*, the Office of the Commissioner of Lobbying of Canada and the Office of the Integrity Commissioner of Ontario. Desjardins Group is thus duly registered as a lobby group in each of these jurisdictions, which make the subject matter of representations made by lobbyists accessible to the public.

Finally, Desjardins Group actively participates in public debate concerning its activities in the interest of its members, clients and communities by presenting statements and commentaries to legislative and government bodies, and by organizing conferences.

Privacy policy for members and clients

Desjardins Group takes the protection of personal information very seriously. As a result, it has adopted and upholds a privacy policy that establishes the guidelines and rules for Desjardins Group components under which the components must ensure the privacy of personal information collected, kept, used or disclosed about their members or clients. The Desjardins Group Privacy Policy can be found at www.desjardins.com/privacy.

Complaint management

In 1994, Desjardins created an Ombudsman function, which operates under conditions aimed at ensuring the exercise of independent judgment. The Ombudsman reports to the Cooperative Development and Democratic Governance Support Corporate Division. This office is meant to be a last recourse for members, clients and employees to ensure cases are dealt with in a fair and impartial way, while taking into account Desjardins Group's values and rules of conduct. The Ombudsman carries out a thorough analysis of the facts, examines cases with specialists from all sectors of the institution and then makes recommendations to each Desjardins component as to how to handle the complaints. The Ombudsman can settle complaints of its own accord and financially compensate a member or client that it deems has been unfairly treated.

Each year, the Ombudsman produces a report stating its observations and recommendations to senior management and to Desjardins Group officers. The Ombudsman also serves as the link between the *Autorité des marchés financiers* and Desjardins for handling complaints to the organization as a whole.

OMBUDSMAN	2009	2008	2007
Number of complaints handled by the Ombudsman	217	194	202

Fraud prevention

Desjardins Group has deployed numerous training and awareness programs designed to protect the private information of its members and ensure the security of their assets. During 2009, approximately 900 individuals were alerted to and trained in topics such as preventing identity theft, information security and preventing money laundering.

In addition, Desjardins Group actively supports the government in its efforts to fight money laundering and terrorist financing activities. Caisse network employees are trained to check identities and file reports as outlined in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

Several information sessions for members are held during Cooperation Week and during the annual general meetings. One of the training sessions offered, *"Effectuez vos transactions en toute sécurité"*, explains how to make sure transactions are secure and has been adapted for several client groups, including students, workers and the elderly. Desjardins also offers its members complete and regularly updated online information about ways they can protect themselves against fraud on a security micro-site.

Protecting members' assets is a major concern for Desjardins and several campaigns and events have been launched to provide information to members and to increase their awareness of these issues, including Fraud Prevention Month, a document shredding day and a series of TV shorts in French entitled *Tout savoir sur vos avoirs* that also addresses personal information and identify theft. In addition, the Guaranteed 100% Secure program ensures that members are refunded if they are victims of online or ATM fraud.

Desjardins Group is a partner of the Bank Crime Prevention Investigation Office (BCPIO). The organization is a group of Canadian financial institutions that aims to protect clients against financial crime, including credit card and debit card fraud, robbery, counterfeiting, cybercrime, money laundering and the use of fake documents.

Anti-corruption measures

Desjardins Group also set up an operational risk management framework in order to integrate Basel II Accord requirements into its practices. This framework is an independent supervision tool that ensures the implementation of the measures required for the sound management of the risks to which Desjardins is exposed in order to promote an overall sound and sustainable performance.

Corruption falls under one of the seven risk categories included in regulatory authority guidelines. This risk is therefore a key factor in Desjardins Group's operational risk management program and is subject to rigorous monitoring. In addition, in order to promote effective management of this risk, four practices were put in place: risk and control self-assessment, data collection on operational losses, risk indicators and measures, and the implementation and follow-up of remedial measures.

Finally, Desjardins Group's monitoring of corruption risk, which is part of the operational risk management program, is supported by a framework policy that ensures the identification, measurement, management, mitigation, monitoring, intervention and disclosure of all major operational risks in accordance with the policies and tolerance thresholds approved by the Desjardins Group Board of Directors.

OUR CHALLENGE WITH RESPECT TO DEMOCRATIC AND ETHICAL GOVERNANCE

To ensure better representation of our members among elected officers by increasing the number of women acting as board chairs and fostering interest in officer positions among younger people and representatives from cultural communities.

CORRUPTION (as a %)	2009	2008	2007
Percentage of strategic fields of activity subject to the new risk and control self-assessment practices for operational risk, including internal fraud	100	89	31

OUR CHALLENGE WITH RESPECT TO CAPITALIZATION

To convince our members, through education and awareness initiatives, of the importance of continuing to capitalize their caisse by ensuring a balance between using annual surplus earnings for member dividends (short-term decision) and for the general reserve (long-term decision) in order to ensure the long-term continuity and prosperity of their caisse and Desjardins Group. Also, to encourage members to become involved in the capitalization of their caisse by purchasing permanent shares and surplus shares, which constitute favourable investment options.

1.2 Capitalization

Strong capital levels are, today, a decisive factor in terms of the confidence placed in financial institutions. Now more than ever, both credit rating agencies and the market favour institutions with the strongest capitalization levels. Furthermore, during the second half of 2009, authorities announced tougher regulations worldwide. These factors provide a strong argument for an overall increase in the level and quality of capital issued by financial institutions.

As Desjardins Group is the leading cooperative financial group in Canada and a major player on global markets, it must take a disciplined approach to capitalization. In this regard, Desjardins Group's choices have been clear since its very beginnings. Alphonse Desjardins dreamed of the future of Desjardins by speaking of the creation of an "unshakeable foundation". The financial strength of Desjardins relies not only on the expertise of its managers, risk management and the quality of its portfolio of assets, but also, and above all, on the quality of its capital.

As a result, Desjardins must demonstrate and continue to build its financial strength through strong capitalization levels. This is an integral part of Desjardins Group's mission and strategic orientations, which aim to ensure the organization's long-term continuity, competitive edge and support for future growth. In 2009, remarkable progress was made in this respect, with two issues on the securities market totalling \$1 billion as well as a \$654-million issue of permanent shares. The positive response from members led Desjardins to extend the permanent share issue into 2010. As a result of these efforts, more than \$1 billion of additional funds will have been added to Tier 1 capital over a 12-month period. Last but not least, surplus earnings net of the provision for member dividends will buoy Desjardins Group's reserves.

The sum of all these efforts meant that, as at December 31, 2009, Desjardins Group's Tier 1 capital ratio was 15.86%, compared to 13.39% in 2008. The level and quality of capital—which is a little more than \$11 billion, 73.1% of which is from the reserves—contributed to maintaining excellent credit ratings and positioned Desjardins favourably with respect to its industry peers.

For Desjardins Group, the most natural and least expensive way to increase its capitalization will always be paying surplus earnings into the reserve and its Surplus Shares program, which allows members to convert their member dividends into equity securities to capitalize their caisse. That is why Desjardins believes it is wise and prudent to divide the distribution of its surplus earnings into three parts:

- One third for member dividends
- One third for development
- One third for the reserve to ensure the longevity of the caisse and, by extension, of Desjardins Group.

Strengthening its financial foundations

A practical application of the third cooperative principle of the International Co-operative Alliance, member economic participation, is the acquisition of capital stock. By acquiring capital stock, members can contribute more directly to the development and sustainability of their financial services cooperative. By doing so, they can leave future generations a solid financial institution that is capable of weathering turbulent periods.

Capital stock comprises qualifying shares, capital shares, permanent shares and surplus shares.

The caisses may issue an unlimited number of qualifying shares with a par value of \$5, redeemable at the option of the issuer. Members have only one vote each, no matter how many qualifying shares they own, as per the cooperative principle of “one member, one vote”.

A Desjardins caisse can issue capital shares to its members and determine the par value, rights, privileges and restrictions that go with them. The caisse’s board of directors has the power to determine interest payable on those shares without, however, exceeding the maximum interest rate determined by the Fédération des caisses Desjardins du Québec (FCDQ). These shares are transferable among members with the authorization of the board of directors and are redeemable according to the standards established by the FCDQ.

The *Act respecting financial services cooperatives* authorizes the issuance of an unlimited number of permanent and surplus shares, which have a par value of \$10 and \$1, respectively. These shares do not carry any voting rights and cannot be redeemed except under certain conditions stipulated by the Act. Their rate of interest is determined annually by the General Meeting of each caisse.

Sharing surplus earnings

Each year, in each caisse, after ensuring that there are sufficient funds in the general reserve, the members who make up the General Meeting decide on how the caisse’s surplus earnings will be distributed. If there are surplus earnings to be distributed, the members vote on the amounts to distribute in the form of individual member dividends and contributions to the community through the Community Development Fund.

In Ontario, after making sure that the caisse has maintained sufficient capital and liquid assets for its operations, the caisse’s board of directors may declare and pay out member dividends.

Member dividends are paid to individual and business members according to the use they have made of the caisse’s services. The money paid into the Community Development Fund when member dividends are distributed is used to support projects that contribute to local development (see the “Collective prosperity” section for more information).

MEMBER PARTICIPATION IN CAISSE CAPITALIZATION	2009	2008	2007
Permanent shares (in millions)	\$1,502	\$828	\$813
Qualifying shares (in millions)	42	38	33
Capital shares (in millions)	42	40	31
Surplus shares (in millions)	64	49	17
Individual participation in caisse capitalization – amount per member	\$1,929	\$1,704	\$1,601

"WE BELIEVE
that cooperation
is an economic
model that
performs well
for everyone."

Desjardins Group offers its 5.8 million members a wide variety of financial services adapted to their needs, accessible 24/7, at competitive prices. This service offer is provided with thought, consideration and courtesy and is recognized as such by our members, as seen in the satisfaction surveys that are carried out on a regular basis.

1.3

Member and Client Relations

A service-oriented approach

As a cooperative, Desjardins Group was first and foremost created to meet the needs of its owners: its members. After 110 years of existence, this service-oriented approach remains central to the organization's actions. Serving its members is a cooperative's very reason for being. Loyal to that commitment, a cooperative enterprise will spare no efforts to meet the needs and expectations of all its member-owners, regardless of their financial status, while upholding cooperative values.

Service takes priority over profit, which is the focal point of financial institutions owned by shareholders. Desjardins does not seek to achieve maximum profitability for the sole benefit of a small group of shareholders by exploiting only the most lucrative markets. While a cooperative like Desjardins must still achieve the earnings it needs to develop its services and maintain sound financial management, profit simply represents a means to carry out its mission and is not an end in itself. Even with this particular approach to profit-making, Desjardins Group was ranked 25th among the 50 soundest financial institutions in the world, according to the list of the World's 50 Safest Banks published by *Global Finance*.

The service-oriented approach practiced by Desjardins guides the rules, specific to cooperatives, under which it operates and its distinctive business practices. These practices are defined by the following features:

- The physical and social accessibility of the financial products being offered
- Availability of educational opportunities and information for members, who then benefit from this support to make knowledgeable financial decisions
- Solidarity with individuals experiencing financial difficulties and the development of members' communities
- The overriding importance of member interest in the product and service offer

Lastly, in 2009, Desjardins Group used this “service first” approach to rework its performance model, redefining each of the strategic orientations that contribute to the concrete expression of its cooperative values for the benefit of its members and clients.



STRONG VALUES

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

Combining strengths and expertise

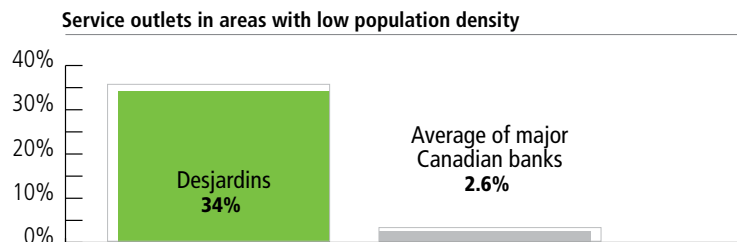
In 2009, Desjardins Group implemented a new organizational structure, one of the advantages of which is the pooling of strengths and expertise to develop a more integrated service offer for members and clients. Today, its activities are structured according to the needs of members and clients as well as the markets it serves. Its operations are divided into four Business Sectors: Personal Services; Business and Institutional Services; Wealth Management and Life and Health Insurance; and Property and Casualty Insurance.

Personal Services

Service accessibility

Desjardins Group has more locations than any other financial institution in Québec, with more service outlets than all the banks combined. In Québec, 34% of its service outlets are located in areas with low population density. Added to that are the caisses founded by the Chinese, Italian, Lithuanian, Polish, Portuguese and Ukrainian communities, as well as five caisses and one service outlet on First Nations land and 36 caisses located near Aboriginal communities. Through its geographical proximity, its unique culture and its social role, Desjardins Group is a natural fit for meeting the needs of First Nations communities.

A pilot project aimed at offering access to financial services for individuals in the Inuit villages of Nunavik is underway at the Nunavik Financial Services Cooperative. This project, put forth by the Kativik Regional Government in 2007, the local development centre (or “CLD”), the *Fédération des coopératives du Nouveau-Québec* and Caisse d'économie solidaire Desjardins, has so far made it possible to provide nine of the 14 Inuit villages physical access to Desjardins financial services by establishing service outlets in those areas. As at December 31, 2009, a total of 2,161 people and 54 businesses had become members and were being served by 16 employees in these bilingual and trilingual communities. For more information, visit www.nunavikfinancialservices.coop (available in English, French and Inuktitut).



Elsewhere in Canada, Desjardins Group is associated with the Ontario caisses populaires, a network of 21 caisses and 41 service outlets, in addition to caisses in Manitoba and New Brunswick, as well as Desjardins Credit Union in Ontario. To complement its sizeable distribution network, Desjardins offers an incomparable advisory team working for its members and clients, with nearly 10,000 advisors, financial planners, mortgage representatives and agents. The Ontario caisses populaires became full-fledged members of FCDQ and, as such, have the same democratic rights within Desjardins as the Québec caisses.

In the United States, Desjardins members and clients can count on the services offered by Desjardins Bank during their stay on U.S. soil.

Despite their great accessibility, in recent years, some caisses in the Desjardins network were forced to close certain service outlets due to insufficient use by members. Well aware of the concerns of the towns and villages affected when a service outlet must be closed and the resulting impact on the community, Desjardins intends to continue to collaborate with other community leaders to find sustainable solutions to the problems of low population density and devitalized areas.

That said, it is important to examine the question of accessibility in light of the cooperative nature of Desjardins and its members' responsibilities:

- As users and owners of their caisse, caisse members benefit from democratic rights and accept, in exchange, to make a commitment to the development of their

cooperative by using its services, thus making their financial resources available for the development of the community.

- To properly carry out its mission, the cooperative must pay close attention to its financial soundness (capitalization, solvency, profitability), but this cautious attitude is a condition for its success, not its reason for being.
- The caisse, as a cooperative enterprise whose mission is to ensure access to financial services for its members, shares the members' concern for equity and solidarity. While it is committed to the development of its community, a caisse is not a charitable organization. This means that for reasons of fairness, all members or groups of members must assume the costs related to the services that they use. As users, they benefit from their cooperative and from fair redistribution of its surplus earnings on the basis of their use of those services. Thus, members who deposit their savings in other financial institutions and who use their caisse only to update their passbook or to withdraw money will affect the overall profitability of their caisse.
- The caisse cannot, in the medium or long term, offer services to specific groups at a loss without jeopardizing the fairness of its practices to all members and the healthy balance of its income and expenses.

AN ALTERNATIVE SOLUTION FOR THE ROLLET NEIGHBOURHOOD

In 2009, the Board of Directors of Caisse Desjardins de Rouyn-Noranda, in the Abitibi region of Québec, was forced to close a service centre located in a neighbourhood known as Rollet, nearly 50 kilometres from its head office. After gathering feedback from the members and clients of this service centre and after identifying their main needs, the Board of Directors opted for an alternative solution called Express Desjardins: one day per week, a caisse employee goes to Rollet to perform regular transactions for users. This solution has been in use since the beginning of 2010 and makes it possible to accommodate members while respecting the financial limits of the Caisse.

Virtual accessibility

Online solutions offer members a simple, quick and secure means of access. For example, Desjardins.com is the most visited financial Web site in Québec and the sixth most visited in Canada. Following the adaptation of its 15,000 pages of information and images to be readable with either a text-to-Braille or text-to-speech screen reader, Desjardins.com also offers easy access to the visually impaired. Finally, AccèsD is the most frequently-used transactional site in Québec: in 2009, more than 2 million users carried out 789 million automated transactions.

Meanwhile, Desjardins AccèsD call centres remain an international benchmark among financial institutions, having been awarded COPC (Customer Operations Performance Center) certification in 2009 for the fifth year running. COPC certification is based on over 200 performance indicators for productivity, service quality and customer satisfaction. To date, it has never been awarded to any other financial institution in North America.

Accessible ATMs

The 2,854 ATMs operated by the Desjardins network are accessible to people with visual impairments and reduced mobility. Desjardins is the only financial institution in the world to make such a high number of accessible ATMs available to its members. These ATMs can be identified by their lower components (keyboard, screen, buttons) and shelves that are more practical for the wheelchair-bound or people of smaller stature, who can thus comfortably and securely carry out their transactions.

Desjardins ATMs also offer voice assistance for the visually impaired, illiterate and elderly. By inserting earphones into a jack on the ATM, these members can obtain private voice instructions explaining how to use the service and guiding them every step of the way through their transactions. This application, available on all Desjardins ATMs, was developed in collaboration with associations for persons with disabilities.

Buildings for people with reduced mobility

In order to make its premises accessible to people with reduced mobility, Desjardins recommends that current regulations be respected and, wherever possible, uses universal design principles to provide safe and barrier-free access in its existing buildings, new constructions and renovations of network service outlets.

Facilitating financial integration for newcomers

At the Desjardins Group Annual General Meetings in March 2010, delegates voted in favour of a proposal to make tools available to newcomers to Canada and cultural communities to help them further their general understanding of financial regulations in Québec and the services offered by Desjardins. A variety of initiatives have been implemented:

- A welcome kit for newcomers, available in French, English and Spanish, that presents and demystifies the Canadian financial system
- Conferences on financial services in Canada, presented at welcome organizations and as part of francization courses for newcomers to Canada and cultural communities
- Guides for employees to increase openness to ethnic and cultural diversity
- Revised account-opening and more flexible credit-granting procedures

"WE BELIEVE
that solidarity
is a source of
wealth and growth
for communities."

Socially and environmentally responsible products

Desjardins Mutual Assistance Funds

In accordance with its mission to contribute to the economic and social well-being of people, Desjardins Group offers a number of solidarity products. This particular range of financial products contributes to the financial education of individuals and makes it possible to help those who have been excluded from traditional credit channels to regain confidence. Through this offer, these individuals are able to obtain the credit that they need to carry out their projects or deal with unexpected expenses in their daily lives.

The Desjardins Mutual Assistance Funds are one of the products offered to individuals in collaboration with budget consulting organizations. Through this program, users not only benefit from the counselling services offered by the organizations to help them become better informed consumers, but also learn about all the other resources available to assist them. In addition, participating caisses provide these partners with funds that can be used as emergency loans. Women are the main users of this type of counselling and financial assistance. They are mostly from 25 to 54 years of age, live alone or are single parents, and receive less than \$15,000 per year in government benefits. The average amount of a loan is \$614 and the repayment rate is about 87%.

DESJARDINS MUTUAL ASSISTANCE FUNDS (DMAFs)	2009	2008	2007
Participating caisses	61 %	59.4 %	55 %
Number of loans granted through a DMAF	703	672	629
Total lent through DMAFs	\$433,150	\$409,712	\$366,324

VISA Desjardins Affinity cards

Desjardins offers a line of VISA Desjardins credit cards that allow cardholders to support social and environmental organizations such as Oxfam-Québec or the *Fondation de la faune du Québec* through the purchases they make with their card. Desjardins Card Services (DCS) is committed to paying a percentage of the total amount of purchases made with the card to the corresponding organization. In some cases, an annual donation to the organization is charged to the card. For a complete list of VISA Desjardins Affinity cards, visit www.desjardins.com/en/visa.

Planetair and Équiterre BONUSDOLLARS

In December 2009, DCS opened up new possibilities for its BONUSDOLLARS. In addition to giving VISA Desjardins cardholders access to a rewards program, BONUSDOLLARS can also be used by cardholders to support their favourite causes. In 2009, two not-for-profit organizations, *Équiterre* and *Maison du développement durable*, received donations in the form of BONUSDOLLARS. Other organizations will soon be added in order to offer more choices to cardholders who wish to donate their BONUSDOLLARS.

Furthermore, last December, on the first day of the international climate change negotiations in Copenhagen, Denmark, Desjardins Group added a “Green Rewards” option to its BONUSDOLLARS catalogue. The Green Rewards program allows VISA Desjardins cardholders with the BONUSDOLLARS option to actively participate in fighting climate change by exchanging their BONUSDOLLARS for carbon offset credits. These carbon offset credits are purchased from Planetair and finance projects to replace polluting technologies with clean and renewable energy technologies. A third party verifies that all Planetair credits are used toward the projects for which they are collected. These are usually projects in emerging countries where financing would otherwise be problematic.

Member satisfaction

Overall satisfaction

Each year, Desjardins Group carries out surveys to measure member satisfaction. The caisses use the results of these surveys to design action plans to improve areas that pose particular challenges. The caisse surveys are consolidated to give an overall view of the caisse network.

In 2009, caisse members were surveyed on the following seven aspects of service: consideration, responsiveness, professionalism, efficiency, accessibility, courtesy and confidentiality. The percentage of members who reported that they were “very satisfied” or “somewhat satisfied” reached 93%—down by one point—while members reporting that they were “very satisfied” remained at 61%.

Starting in 2010, member satisfaction will be measured according to an approach based on evaluating service delivery within the caisse which will make it possible to better define areas for improvement and accelerate the implementation of corrective measures.

SATISFACTION OF INDIVIDUAL MEMBERS (as a %)	2009	2008	2007
“Very satisfied” and “somewhat satisfied”	93	94	93
“Very satisfied”	61	61	60

Satisfaction with the cooperative difference

Each year, members are also surveyed on their satisfaction with respect to Desjardins Group’s cooperative difference. This survey addresses social accessibility, the overriding importance of members’ interests, the ability to influence major decisions, community involvement, financial information and the financial advantage of doing business with a caisse.

In 2008, a total of 46,350 individual members took part in the survey. In the overall population, one in three Québec residents referred to the cooperative nature of the caisses when asked to differentiate between Desjardins and the banks. This proportion is trending upward but remains relatively low.

COOPERATIVE DIFFERENCE SATISFACTION SURVEY RESULTS (as a %)	2009	2008	2007
“Very satisfied” individual members	43	44	40
“Somewhat satisfied” and “very satisfied” individual members	83	84	82
“Very satisfied” business members	50	52	50
“Somewhat satisfied” and “very satisfied” business members	88	89	88
Cooperation as an advantage compared to the banks – “very satisfied”	34	32	28

Business and Institutional Services

Service accessibility

Desjardins offers a full range of financial products and services at competitive rates, giving priority to the quality of its dealings with members and clients. Businesses have access to business centres, which specialize in services for SMEs, and to Caisse centrale Desjardins, which specializes in the specific requirements of large businesses.

In the farm credit sector, Desjardins Group supports over 17,000 businesses and holds 45.3% of the market share in Québec, more than all the banks combined. Desjardins can rely on the expertise of over 200 agriculture and agri-food account managers, making them the largest dedicated agricultural sector team in the banking industry. This sustained commitment contributes to the economic vitality of non-urban regions.

Desjardins Card Services (DCS) serves more than 200,000 companies and 55,000 merchants throughout Québec and across Canada through its offer of business card products and merchant payment solutions. DCS also makes it possible for businesses to access their account statement electronically through the AccèsD Affaires service included in the *Business Freedom Solutions* plan.

Distribution of the business loan portfolio in Québec and Ontario

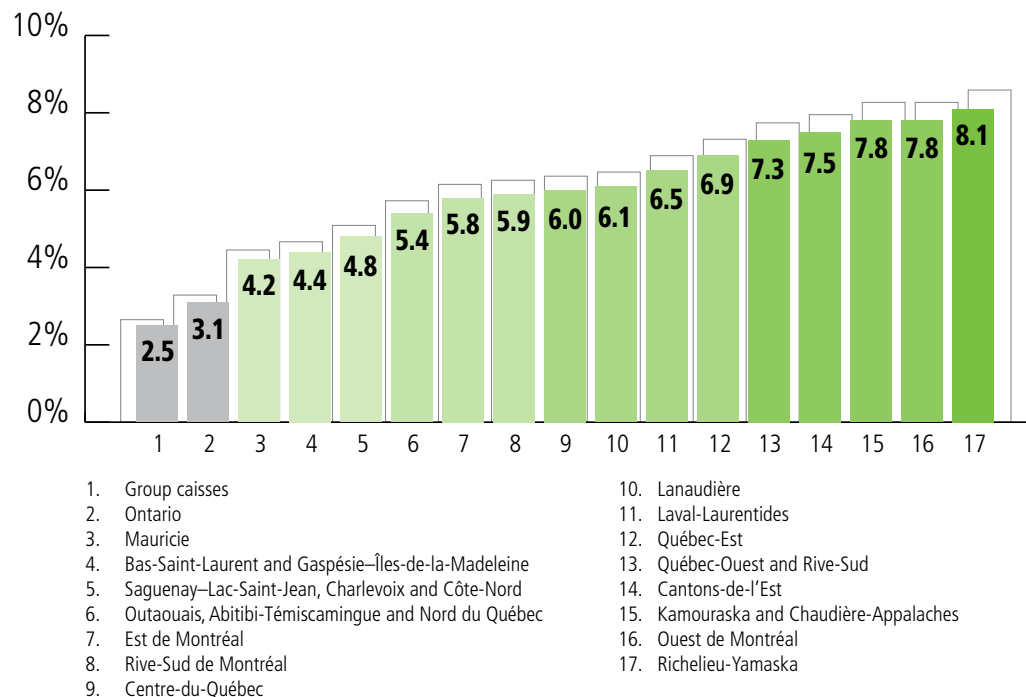
The Desjardins caisse network extends throughout Ontario and Québec. The caisse network is made up of 16 regions plus the group caisses. The group caisses are usually associated with a particular workplace or organization and its members are the employees of the organization.

ACCESS TO FINANCING FOR FIRST NATION BUSINESSES

Desjardins Group was the only financial institution in Québec selected by Indian and Northern Affairs Canada to implement and manage a \$3-million fund to secure \$12 million in loans granted to First Nation entrepreneurs and businesses run by band councils. This fund is an additional tool that Desjardins Group can use to provide Aboriginal entrepreneurs with more effective support in developing their current and future businesses.

Distribution of business loan portfolio

As at December 31, 2009

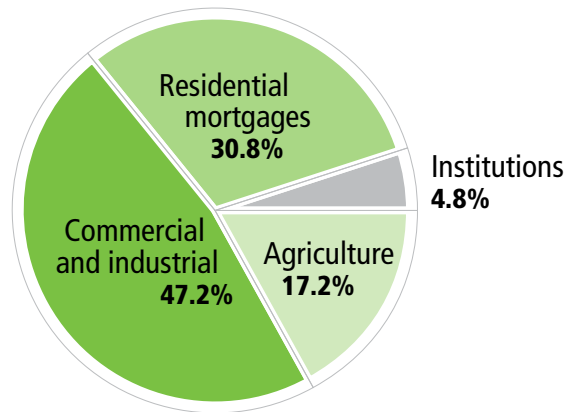


Desjardins is the predominant financial institution among very small (business volume under \$1 million) and small businesses (business volume from \$1 million to \$10 million respectively). More than 60% of the business loan portfolio is held by members in these two categories.

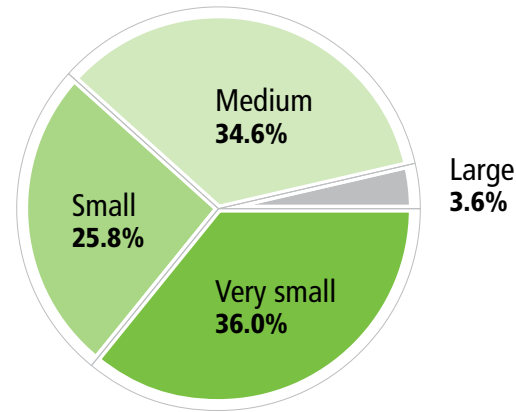
Desjardins Group's expertise is increasingly recognized by medium-sized business (business volume from \$10 million to \$250 million). The proportion of the loan portfolio held by business members in this category has been growing steadily and makes up more than one third of all loans.

Desjardins also stands out from the competition in the agricultural and residential mortgage sectors, which make up nearly 50% of the loan portfolio.

Loan distribution by clientele (sector)



Loan distribution by business size



Socially and environmentally responsible products

Credit to businesses – evaluating environmental risk

Desjardins also includes an environmental risk analysis when assessing corporate credit risk. This analysis deals with the risk related to operating a business, including its sector of activity, its ability to manage risk related to the environment and its operational characteristics. The first step of the analysis is to identify the company's sector of activity which is followed by an analysis of the risks inherent to that sector. When the information gathered from the company is not sufficient, its environmental compliance is verified. In certain cases, a phase 1 environmental site assessment is required to obtain credit. The main purpose of the assessment is to detect indications of the real or potential contamination of a site.

For farm credit borrowers, an extra risk rating is added to the conventional risk analysis, i.e. the risk of default on environmental provisions. This rating comes from the evaluation of the level of risk with respect to general environmental legislation or with respect to the *Agricultural Operations Regulation*.

Since 2006, Desjardins has also made considerable efforts to raise awareness among business members of the importance of properly assessing the environmental risks related to their projects and to support them in performing that assessment. With over 400,000 business members in Québec and Ontario, including more than 150,000 borrowers, Desjardins can have a significant impact in this regard.

"WE BELIEVE
that showing respect
for the environment
also shows respect
for one another."

Aside from financial services and the advisory role it fulfils for its members, Desjardins makes a great effort to respond to the major challenges facing businesses today. It does so by promoting best management practices, strategic planning, business transfer planning, promoting research and development and developing means for dealing with upcoming labour shortages. Promoting sustainable development is also among its concerns, in accordance with its policy on the subject.

Energy-efficiency loan

A first in Québec, the Desjardins Energy-Efficiency Loan can be used to finance projects that target a reduction in energy consumption and greenhouse gases while minimizing the effect on the company's liquidities. No other financing product has ever had such a precise objective. This new loan is for businesses in the commercial, industrial and agricultural sectors whose projects are eligible for financial aid from institutional partners such as Hydro-Québec, the *Agence de l'efficacité énergétique du Québec* and the *Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec*.

By putting this new product on the market, Desjardins hopes to make its business members more aware of climate change issues and the actions that can be taken to reverse this trend. On December 31 of each year, on behalf of the company, Desjardins acquires carbon offset credits equivalent to 0.5% of the balance of the energy-efficiency loan, up to a maximum of \$7,500. The offer is increased by 25 basis points (0.25%), up to a maximum of \$3,750, if the company also takes out loan insurance with Desjardins Financial Security.

In order to position this new product, a telephone conference was held to inform account managers about the Desjardins Energy-Efficiency Loan. During the conference, which also included a short training session on climate change by the David Suzuki Foundation, it was also announced that a French version of the Foundation's "Doing Business in a New Climate" guide, produced in collaboration with Desjardins, was now available online on www.desjardins.com. This guide offers businesses resources and advice on the key elements of a greenhouse gas management program.

Solidarity products

Among the many solidarity products offered by Desjardins, there are two for business members. The first is the Desjardins Microcredit to Businesses program, which is for entrepreneurs who, often unemployed, are excluded from the traditional credit channels. These entrepreneurs are usually women who earn under \$20,000 a year, and 25% of them are immigrants or members of visible minorities. Of the micro-businesses created through this program, 62% have lasted more than five years and the loan repayment rate sits at 93%. Agreements signed with partner organizations, including the *Fonds d'emprunt économique et communautaire* and the *Cercles d'emprunt*, enable beneficiaries of the program to receive coaching and financing, which often constitute a major economic leveraging tool for them to access other sources of financing.

MICROCREDIT	2009	2008	2007
Percentage of caisses participating	4.8 %	5 %	4.7 %
Financing granted	\$285,526	\$208,055	\$172,854

The second solidarity product, Créavenir, is designed for young entrepreneurs between the ages of 18 and 35 who have promising business plans but who do not qualify for traditional financing. Through this program, they have access to financing and support offered in collaboration with partners in the community. They can also take part in a business management training program. Without requiring the usual down payments and guarantees from borrowers, Créavenir provides a combination subsidy/loan designed to meet young entrepreneurs' cash-flow and equipment needs. It also constitutes an important stepping stone for accessing other types of financing.

CRÉAVENIR	2009	2008	2007
Participating caisses	21 %	16 %	5 %
Loan amounts	\$497,025	\$160,156	\$46,000
Subsidy amounts	\$174,821	\$55,350	\$21,900

Capital régional et coopératif Desjardins

Capital régional et coopératif Desjardins is a fund that enables people in Québec to contribute to the capitalization of cooperatives and contribute to the growth of resource regions in the province while bringing in good returns on their investments. As at December 31, 2009, the fund had 118,119 shareholders, with total capital stock worth nearly \$934 million.

Business member satisfaction

Since 2002, the satisfaction of borrowing members served at business centres has been measured through a telephone survey. Among the service aspects evaluated are courtesy to members, professionalism and consideration shown by staff as well as confidentiality with regard to all aspects of service.

In 2009, the survey was carried out from September to November, and nearly 1,500 business members participated. The difficult economic context in 2009 could in part explain the results for the lower satisfaction rate, which dropped to 91%. Desjardins makes member satisfaction a priority, so several measures were taken to rapidly improve the situation, including the implementation of a new client management solution throughout all business centres, which will enable Desjardins to better determine the needs and expectations of its business clientele.

Since July 1, 2010, users of AccèsD and AccèsD Affaires have been able to view their monthly account statements in PDF format with an identical layout to the paper statements. Beginning in 2010, in addition to financing services, business-member satisfaction surveys will also include other parts of the service offer, such as banking and account opening services.

BUSINESS MEMBER SATISFACTION (as a %)	2009	2008	2007
"Very" and "somewhat satisfied"	91	93	93
"Very satisfied"	63	65	64
Satisfaction of businesses that received development capital – "completely satisfied"	69	61	N/A

Wealth Management and Life and Health Insurance

Service accessibility

In order to meet members' and clients' life and health insurance needs, Desjardins Group created two groups of advisors in Québec:

- Financial security advisors assigned to the caisses, who specialize in life and health insurance, and offer Desjardins insurance products
- SFL financial security advisors, who operate independently; they have access to the products and services of many insurers and mutual fund companies, including those of Desjardins

Other Canadian provinces are served by the Desjardins Financial Security Independent Network. Several insurance products are also available directly through the Internet.

On the wealth management side, Desjardins Fund products are offered directly at the caisse or through Disnat online brokerage services. Their accounts can be accessed by cell phone, making them readily accessible at all times. Disnat offers several trading platforms for investors, so they can make online transactions on their own and follow market developments. For the second consecutive year, Disnat received the highest customer service rating among Canadian online brokers, according to a survey conducted by J.D. Power and Associates, a global marketing information services company. Carried out in May 2010 and polling 2,835 investors, the J.D. Power and Associates 2010 Canadian Discount Brokerage Investor Satisfaction Study™ examined investor satisfaction by measuring six key factors: interaction; account information/statements; trading charges and fees; account offerings; information resources; and problem resolution.

GPS Program

"Guide. Protect. Support." The GPS program offers a range of telephone assistance and support services. It is included in all Desjardins insurance products offered in the caisses and business centres, as well as by telephone or via the Internet.

Telephone assistance

Through its subsidiary Sigma Assistel, Desjardins also offers telephone assistance services for legal matters, travel, roadside assistance, convalescence and identity theft and restoration. Sigma also offers employee assistance programs. Sigma Assistel has a large roster of Canadian and international clients, such as insurance companies, financial institutions, credit card issuers and associations. Sigma Assistel has been certified ISO 9001:2008 since 2009, which sets high standards for measuring effective and proactive practices.

"WE BELIEVE
that though the
world changes,
basic values
stay the same."

Socially and environmentally responsible products

Socially responsible investing

A pioneer in socially responsible investing (SRI), Desjardins Group offers investment products from companies whose practices clearly demonstrate their sense of social responsibility and their respect for the environment. To be eligible for Desjardins SRI funds, companies must go through a double verification process, which analyzes both financial and non-financial criteria.

SRI funds outstanding represent 2% of the total assets of Desjardins Funds.

SOCIALLY RESPONSIBLE FUNDS OUTSTANDING (in millions of \$)	2009	2008	2007
Desjardins Environment Fund	149.86	91.77	123.9
SocieTerra Funds – Secure Market Portfolio	12.36	–	–
SocieTerra Funds – Balanced Portfolio	34.58	–	–
SocieTerra Funds – Growth Portfolio	45.64	–	–
SocieTerra Funds – Growth Plus Portfolio	16.67	–	–
Total	259.00	–	–

In 2010, Desjardins Funds became a signatory to the Principles for Responsible Investment, a United Nations initiative. These principles promote the integration of environmental, social and governance (ESG) issues in investment practices.

At Desjardins Funds, socially responsible investing is also an active form of investing. The Shareholder Action Program, designed and managed by our partner Northwest & Ethical Investments is designed to influence businesses and encourage them to adopt best practices with regard to the environment and communities.

For Desjardins Funds, SRI is based on four strategies:

- Excluding companies whose revenue comes from the nuclear, tobacco or arms industries (exclusion screening)
- Selecting companies by evaluating their environmental, social and governance (ESG) practices as well as financial criteria (inclusion screening)
- As a shareholder, asking companies to improve their ESG practices (shareholder engagement)
- Working with other responsible investors in national and international organizations to promote SRI (collaboration)

Socially responsible investment funds from Desjardins Funds are offered as turnkey solutions or à la carte:

- SocieTerra Portfolios, a turnkey investment solution
- The Desjardins Environment Fund
- An à la carte selection of responsible funds managed by Northwest & Ethical Investments

At the beginning of 2010, Desjardins Funds reaffirmed its role as a leader in Canada in the field of socially responsible investing by joining the Boreal Leadership Council and becoming a signatory of the Boreal Forest Conservation Framework.

Moreover, the Desjardins Group Pension Plan adopted a socially responsible investing (SRI) policy in 2009 that integrates environmental, social and governance criteria in its practices for selecting and managing investments. Work is currently underway to determine how this approach can be applied to all Desjardins Group investment activities in the long term.

Proxy voting rights policy

As manager of the Desjardins Funds, the Fédération des caisses Desjardins du Québec (FCDQ) has proxy voting rights at the shareholder meetings of the companies in which it owns stock. The FCDQ votes on behalf of all Desjardins Fund investors on the various motions proposed at those meetings. The FCDQ carries out this task in compliance with a policy that governs the proxy voting rights for Desjardins Funds. This policy reflects Desjardins Group's values and its commitment to sustainable development, while preserving the long-term interests of investors. 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. The policy, as well as the results of all proxy votes exercised for Desjardins Funds subject to the policy, is available at www.desjardinsfunds.com.

Global Equity Guaranteed Investment

Launched in June 2006, the Global Equity Guaranteed Investment was designed to offer Desjardins members a medium- and long-term return based on the performance of a basket of 15 equity-type international securities.

This investment product makes it possible for members to profit from the growth of businesses that are well positioned with respect to the various repercussions of climate change. While a number of businesses selected meet SRI criteria, Desjardins may also include businesses that do not meet those criteria; however, those businesses must support climate change initiatives. For example, for a business to be selected, it might focus on one of the following aspects:

- Improving the energy efficiency of its clients
- Supplying equipment for producing wind energy
- Manufacturing energy-efficient construction materials
- Generating energy and electricity with a view to sustainable growth
- Manufacturing solar panels
- Manufacturing low-energy consumption vehicles
- Committing to reducing the company's environmental impact

GLOBAL EQUITY GUARANTEED INVESTMENT	2009	2008	2007
Cumulative return	59.9%	—	—
Monetary value (in millions)	\$36.0	—	—
Number of holders	6,241	—	—

*Financial security products***Disability insurance**

The SOLO range of disability insurance products was designed for self-employed workers, business owners and employees who do not have group insurance coverage.

Critical illness insurance

Through its life and health insurance subsidiary, Desjardins now offers caisse members critical illness coverage for up to 33 illnesses and surgical procedures. Like all other coverage of this type designed for members, critical illness insurance reimburses the costs of home care services (housekeeping, childcare, personal assistance, meal preparation, basic personal care) as well as certain nursing services. Those eligible for this reimbursement also receive the support of specialized personnel who assess their needs and help them find appropriate home care services in their area. This coverage is unique on the market because of that feature, which is based on listening to and assisting policyholders.

All life and health insurance contracts offered to caisse members include various types of assistance services to help them through difficult or problem situations.

GetWell Insurance is also unique, because insured individuals can use it to receive a lump-sum payment at the time of an initial cancer diagnosis. In addition, Desjardins Financial Security (DFS) established a partnership with the Canadian Cancer Society, whereby it gave the organization an initial donation of \$25,000 in addition to committing to donating a percentage of the annual premiums on each new contract issued in 2010 and 2011.

Newcomers to Canada

Newcomer Emergency Health Care Insurance is designed for immigrants who need coverage while they wait to become eligible for Québec's public health insurance plan. This product is part of Desjardins Group's efforts to increase its presence and involvement in the newcomer community.

Savings-Life Insurance

The Desjardins caisses also offer members Savings-Life Insurance, which allows subscribers to pay a very affordable premium for life insurance. The amount of this coverage, initially set at \$10,000, has been increased to \$25,000, and the process for enrolling in this insurance was simplified to make it even more accessible.

Client satisfaction

In the Wealth Management and Life and Health Insurance sector, four different client satisfaction surveys are conducted each year to reach members and clients who use the various services. For example, the Desjardins Financial Security survey measures customer satisfaction with respect to insurance products, the buying process, administration, benefits, product renewal and service quality.

The following table shows the data, in percentages, for members who report being "very satisfied." Since the surveys do not measure the same aspects of satisfaction and because they are administered by a number of different firms that each use its own methodology, the results are not comparable with one another.

CLIENT SATISFACTION (as a %)	2009	2008	2007
Desjardins Financial Security clients	49.6	50.7	50.1
Desjardins Investment Fund clients	46	N/A	N/A
Desjardins Private Management clients	46	36	N/A
Desjardins Securities clients	79	N/A	N/A

Property and Casualty Insurance

Service accessibility

Through its subsidiary Desjardins General Insurance Group (DGIG), Desjardins Group boasts 550 property and casualty (P&C) insurance points of sale in Québec throughout the caisse network. DGIG also serves clients in the rest of Canada through its many state-of-the-art call centres.

DGIG's Web site features an online auto and home insurance quoter to facilitate service accessibility. In addition, in June 2010, Desjardins General Insurance (DGI) became the first insurer in Canada to offer tenant insurance quotes through an iPhone application.

Fast claims service is key to social responsibility at DGIG. The claims department is open 24 hours a day, 7 days a week, 365 days a year, and field claims advisors are available in all regions.

Socially and environmentally responsible products

The cooperative difference and sustainable development are priorities in the P&C insurance sector's strategic plan, given its role as a manufacturer and distributor of products and services. This plan includes a commitment to carry out a number of key initiatives, especially with respect to developing socially and environmentally responsible products.

In 2010, following negotiations that began in 2009, DGIG became a preferred partner of The Climate Project Canada, which seeks to train people from all walks of life to raise awareness about climate change issues in their communities. This partnership agreement confirms the P&C insurance sector's key role in addressing Desjardins Group's top environmental priority: fighting climate change.

Green insurance products

In January 2006, DGIG introduced a premium reduction for hybrid vehicles. In 2009, the number of hybrid vehicles affected by this measure reached 2,821. In August 2010, this premium reduction increased from 10% to 15%, and a 10% premium reduction was introduced for fuel-efficient vehicles.

A 10% premium reduction is also offered for LEED-certified (Leadership in Energy and Environmental Design) buildings. Desjardins is watching this segment closely to determine how it can best support this emerging market.

GREEN INSURANCE PRODUCTS	2009	2008	2007
Number of hybrid vehicles insured with premium reduction	2,821	2,563	1,674
Value of premiums for hybrid vehicles	\$2,464,627	\$2,213,143	\$1,523,167
Number of LEED-certified buildings insured with premium reduction	7	3	–
Value of premiums for LEED-certified buildings	\$4,037	\$1,574	–

Win for a Good Cause contest

In 2009, Desjardins General Insurance (DGI) combined product promotion with community involvement, through the Win for a Good Cause contest. Seven winners from among DGI clients and potential clients who requested an automobile or home insurance quote shared \$25,000 in prizes, and DGI donated an equal amount to charities chosen by the winners. Following the success of the 2009 campaign, DGI launched a similar contest in 2010.

Desjardins Aid Fund

In 2008, through Desjardins General Insurance (DGI), Desjardins Group also launched the Desjardins Aid Fund, used to help Desjardins members experiencing difficulties following a loss not covered by their insurance policy. The fund has a \$1 million budget allocated from DGI's income, and a committee is responsible for evaluating aid applications. In 2009, this fund helped a dozen families.

OPERATION RED NOSE

For the last 25 years, DGI has partnered with Operation Red Nose in Québec. This organization offers a designated driver service during the holiday season for drivers who have been drinking or who do not feel able to drive. Since the beginning of this partnership, along with Desjardins Group, DGI has donated almost \$3.5 million to Operation Red Nose, in addition to providing insurance coverage for its offices and equipment and the cars of its volunteers, clients and organizers.

OUR CHALLENGE WITH RESPECT TO MEMBER AND CLIENT RELATIONS

In keeping with Desjardins Group's strategic orientations, to offer a complete and integrated line of socially responsible financial products and services.

Micro insurance

Desjardins, in partnership with community organizations and the city of Trois-Rivières in Québec, is currently supporting a trial project aimed at offering residents basic, affordable fire insurance, as well as financial support and budget counselling for residents who do not have the means to purchase such insurance.

Client satisfaction

CLIENT SATISFACTION (as a %)	2009	2008	2007
Clients who gave DGIG a 9 or 10 out of 10	70	70	71

The overall satisfaction rate of Desjardins General Insurance Group (DGIG) clients is 94%. This includes clients who rated DGIG with a 7, 8, 9 or 10 for sales, customer service and claims. The proportion of clients who gave DGIG a 9 or 10 out of 10 was 70%.

Financial and economic education:

A total of \$1,740,854 distributed to youth by 215 caisses and Fondation Desjardins through 2,343 scholarships.

- 1- André Martin, recipient of a doctoral scholarship in cooperation.
- 2- *L'École de l'argent*, a joint project between Desjardins caisses in the Outaouais area and *Carrefour jeunesse emploi de l'Outaouais* to teach youth about money.
- 3-4- Desjardins Securities supports the Montréal Canadiens Children's Foundation.

Arts and culture:

The Desjardins art collection: nearly 2,500 works created by more than 600 artists from Québec.

- 5- A temporary exhibition of artwork recently acquired by Desjardins at the *Musée d'art contemporain des Laurentides* in Saint-Jérôme and the *Palais des arts Harricana* in Amos.

Socio-economic development:

Almost 90% of caisses have a Community Development Fund (CDF). In 2009, the caisses contributed a combined total of \$25.5 million to their CDFs.

- 6- Caisses in the Eastern Townships teamed up with their regional development cooperative and contributed \$50,000 to launch a fund in support of cooperatives in the pre-start-up phase.

Inter-cooperation:

Desjardins shares its cooperative expertise and provides financial support for groups promoting the cooperative model in Québec, elsewhere in Canada and abroad.

- 7-8- Développement international Desjardins is present in more than two dozen countries.

Volunteerism:

Desjardins Group actively encourages its employees to volunteer and lend their support for a variety of causes.

- 9- The *Défi Vélo* bike challenge is a truly motivating event for Desjardins employees and a fundraiser for a mother-child centre in Québec.



"WE BELIEVE
that businesses
have a social
responsibility
towards the
community."

By doing business with their Desjardins caisse, members contribute to the economic and social development of their community. Through the commitment of its 5.8 million members, Desjardins Group becomes a major contributor to the achievement of major collective goals.

2 The Community

2.1 Collective Prosperity

Participating in local development

Through their contribution to the Community Development Funds (CDF), the members of Desjardins caisses can take action to support the socio-economic development of their communities. At the caisses' annual general meetings, members elect to give up all or part of their member dividends in a gesture of solidarity to contribute to the CDF, which is managed by each caisse's board of directors. In this way, members can contribute to major projects that meet the needs of their communities. In 2009, nearly 90% of caisses had a CDF, into which they paid a total of \$25.5 million at their AGMs.

COMMUNITY DEVELOPMENT FUND (CDF)	2009	2008	2007
Percentage of caisses that have a CDF	89.8 %	84.2 %	87.7 %
CDF balance at year-end (in millions)	\$89.2	\$86.6	\$75.2
Amounts paid into CDFs during the year (in millions)	\$25.5	\$38.6	\$35.3
Amounts paid to support initiatives (in millions)	\$22.8	\$27.3	\$26.2

Desjardins also contributes to local economies through partnerships that foster sustainable land development. For example, in 2009, an enhanced range of services for individuals and businesses in the Montagnais community of Mashteuiatsh was made possible through a new partnership between Desjardins Group and the *Conseil des Montagnais du Lac-Saint-Jean*. This agreement complements pre-existing initiatives by the Domaine-du-Roy Desjardins Business Centre and several other Desjardins Group components, which, in association with Caisse populaire Desjardins de Pointe-Bleue, play an active part in the growth and socio-economic development of the community.

DIVERSIFYING A SHAKY ECONOMY

Forestry forms the basis of the local and regional economy in the Regional County Municipality of Antoine-Labelle, which was hit hard by the crisis in the forest sector. Since the fall of 2007, the Caisse Desjardins de Mont-Laurier Board of Directors has become actively involved in diversifying the regional economy by asking local politicians and representatives of various economic organizations to sit on a committee to promote the community. The resulting project analyses and presentations, along with start-up support of \$1 million from the Community Development Fund (CDF), helped get seven major projects going. For every dollar invested by Desjardins, the community invested an average of \$1.50. In 2009, a Caisse Desjardins de Mont-Laurier member poll showed that members appreciate and encourage such community support initiatives. As a matter of fact, members elected to invest the maximum possible amount into their institution's Community Development Fund

Participating in regional development

Caisse involvement

The caisses contribute to the development of regional economies in a variety of ways: they maintain direct jobs, support local savings and, through the business centres, offer decentralized and specialized financial services to SMEs tailored to meet their particular local needs. The main objective of Capital régional et coopératif Desjardins is to raise development capital for Québec's economic development and to further the growth of cooperatives and the resource regions.

Regional Economic Development Policy

In a broader sense, Desjardins has adopted a Regional Economic Development Policy based on its principles of mutual assistance, solidarity, equality and subsidiarity. Its democratic structure gives decision-making power to the regions by grouping each region's caisses into 17 councils of representatives, which are made up of elected officers and caisse general managers. The presidents of these 17 councils sit on the Desjardins Group Board of Directors where they are regularly called upon to help make decisions that will directly affect the future of their cooperatives and regions. The councils of representatives have decision-making power when it comes to regional business plans, representation in social and economic organizations in their region and granting donations and sponsorships.

Deconcentration Policy

In 2001, Desjardins Group adopted a Deconcentration Policy for the FCDQ's and the subsidiaries' activities in non-urban regions. The purpose of this policy is to ensure that due consideration is given to the possibility of decentralizing activities initially planned for large urban centres.

A good example of this policy's successful application is the 2002 grouping of student-loan management activities into a single centre located in the Gaspé, a region in economic decline. A local investment of \$3,022,649 helped create around 100 jobs. A study carried out by the *Chaire Bombardier en gestion de la marque* (Bombardier chair of brand management) at *Université de Sherbrooke* in 2007 showed that the Desjardins Group Student Service Centre in the Gaspé had an exponentially beneficial effect on the local economy, creating over 35 indirect jobs.

Solidarité rurale du Québec consultation

Desjardins was the only financial institution to participate in the large-scale consultation about Québec land use launched by *Solidarité rurale du Québec* in 2009. Alongside leaders of civil society organizations operating in the social, economic, cultural, environmental, agricultural, union, cooperative, forestry, financial, municipal, educational and social economy fields, Desjardins became a signatory of the Shawinigan declaration "*Pour un Québec fort de ses communautés*" (for a Québec strengthened by its communities), presented to the Government of Québec in April 2010.

Venture capital investments

Through its funds under management, Desjardins also offers venture and development capital to entrepreneurs, along with strategic support. It encourages the creation of value within companies, while helping them accelerate their growth.

Over the course of 2009, Desjardins Group's venture capital investment activities generated a number of positive economic spinoffs in the regions where its partner companies do business. Thus, in addition to strengthening employment and creating jobs, these investments help develop expertise, promote the emergence of leaders in different fields, and generate economic activity that is essential to the vitality of the regions. Moreover, through its Capital régional et coopératif Desjardins fund under management, specifically created to support business start-ups and the growth and innovation of manufacturing companies in the regions, Desjardins Venture Capital (DVC) is recognized as being the venture capital company with the strongest presence in Québec's resource regions: Abitibi-Témiscamingue, Bas-Saint-Laurent, Côte-Nord, Gaspésie-Îles-de-la-Madeleine, Mauricie, Nord-du-Québec and Saguenay-Lac-Saint-Jean.

In 2009, nearly \$100 million in commitments were made to companies operating in a variety of business sectors, for total investment assets of \$589 million. Included among these business sectors is renewable energy, with \$10.6 million in investments. DVC now supports 329 companies across Québec, thereby helping to create or maintain over 35,000 jobs.

As ownership of over half of Québec SMEs will be transferred sometime in the next decade, business transfers remain a top priority for DVC and a key economic issue for Québec as a whole. Through its investments, DVC has contributed to keeping businesses alive as well as saving the jobs they create in the regions where they were founded. Through these transactions, which bridge the gap between two generations of entrepreneurs, company founders can retire with their assets secure and their businesses in the hands of a reliable and talented management team that otherwise would not have had the financial means to take up the torch. Since 2005, DVC has seen businesses through 83 transfers, 14 of which were completed in 2009.

Inter-cooperation

Desjardins Group is convinced that cooperation is a valuable tool for the development of people and communities and has set up a unique offer of services to support the creation of new cooperatives. In 2009, DVC, through the Capital régional et coopératif Desjardins (CRCD) fund, has continued to offer substantial support to the cooperative sector, with 14 cooperatives in its investment portfolio. CRCD invested in Magnus Poirier's worker shareholder cooperative, located in Montréal, and in CoopTel, Québec's only telecommunications cooperative, located in Valcourt. As well as providing a living example of the cooperative difference, worker shareholder cooperatives encourage the sharing of wealth by giving all employees the chance to become owners of the company they work for, right alongside the management team and DVC.

On a similar note, Caisse centrale Desjardins provides financing for agri-food, financial, forestry and funeral cooperatives.

DESJARDINS VENTURE CAPITAL (in millions of \$)	2009	2008	2007
Venture capital assets invested in non-urban regions	589	526	522
Assets invested in cooperatives or other companies located in resource regions	123	122	117
By sector			
Social enterprises	0.5	2.1	—
Environment management	4.8	2.7	—
Renewable energy	10.7	11	11

"WE BELIEVE
that entrepreneurship
and innovation
go hand in hand
with cooperation."

Fonds coopératif d'aide à la relève agricole

In July 2008, Desjardins Group began lending its support to the *Fonds coopératif d'aide à la relève agricole* (cooperative fund for future farmers), along with the *Fédération de la relève agricole du Québec* and *La Coop fédérée*.

The fund was created as a support initiative for an industry where 62% of young workers struggle with funding issues. The initiative supports the next generation of farmers by offering them financial assistance to pursue skills development, complete training and support them professionally as they start their businesses. Desjardins sees this fund as an opportunity to pass along cooperative values, invest in young people and support the survival and prosperity of agri-businesses.

By creating the Desjardins Farm Transfer Grant component of the fund, Desjardins provides financial support in the form of principal payment reductions to six young applicants, between 18 and 40 years of age, who have demonstrated excellent entrepreneurial, managerial and forward-thinking abilities. Desjardins has also created the *Mentorat Desjardins* component, which gives young entrepreneurs a chance to network and hone their business practices through mentorships with one of the 1,200 SME owners associated with the *Groupement des chefs d'entreprise*. Over its three-year commitment, Desjardins will have contributed \$260,000.

Desjardins Entrepreneur Prizes

Desjardins Group recognizes that the strength of the economy depends, in large part, upon the health of local businesses and is committed to playing the role of an active partner for all businesses, regardless of their size or the project at hand or whether their operations are here in Canada or abroad. In addition to providing financial support, Desjardins also wishes to pay tribute to people who, through their creativity, initiative and leadership, play an important role in community outreach and development. This is the thinking behind the Desjardins Entrepreneur Prizes, which are divided into six categories, including awards for sustainable development and cooperatives.

Desjardins believes that sustainable development and social responsibility derive from positive values that deserve to be encouraged and supported, rather than imposed. With the Desjardins Sustainable Development Prizes, Desjardins Group, in collaboration with Bell Canada, recognizes businesses that demonstrate effective management, sound governance and social responsibility. To be eligible for one of these prizes, companies must show sound financial performance and commitment to sustainable development by contributing to the well-being of the community while managing the effects of their business on the environment.

OUR CHALLENGE WITH RESPECT TO COLLECTIVE PROSPERITY

The survival of a caisse and its community are intertwined. Just as buying locally helps support jobs in the community, members who use the financial products and services offered by its caisse contribute to the community's shared wealth. Our challenge is to make members aware of the positive (or negative) impact they can have on their community's sustainable prosperity by using (or not using) their caisse's products and services.

Economic spinoffs

Through its everyday operations, Desjardins Group creates economic spinoffs and generates wealth in all the areas it serves, as much in the outlying areas as in urban centres. This is especially true in Québec but also elsewhere in Canada, including the caisse network in Ontario and its insurance and wealth management activities.

On top of the direct economic benefits of its main activities as a financial institution, Desjardins generates economic spinoffs through the income and other taxes it pays to the government, which are then reinvested into society, as well as through the salaries and benefits it pays its employees which they, in turn, invest in a wide array of goods and services.

ECONOMIC SPINOFFS (in millions of \$)	2009	2008	2007
Direct and indirect taxes	703	690	866
Salaries	2,113	1,911	1,904
Fringe benefits	310	339	434
Purchase of goods and services	1,112	1,101	1,012

2.2

Community Involvement

Desjardins has identified “educating people, particularly members, officers and employees, about democracy, economics, solidarity, and individual and collective responsibility” as a catalyst towards accomplishing its mission. In addition to the sponsorships and donations awarded in communities across Canada, part of which is intended for sustainable development initiatives, Desjardins also focuses on developing its members’ knowledge, awareness and commitment to economic, social and environmental challenges.

Financial education

As a financial institution, Desjardins Group is keenly aware of consumers’ high debt load: few people put enough money aside to cover their future plans or retirement. For the past fifteen years, the trend has been to buy now and pay later. It has never been easier to get credit. Desjardins believes people could make better choices about their savings and investments—and even avoid fraud—if they better understood financial matters. Moreover, the better informed their clientele, the more financial institutions will have to continually review the financial services they offer so that they can stay on top of consumers’ demands. A financially literate society would see a decrease in debt levels, an increase in investment levels and solid and sustainable economic growth. When it comes to financial education, Desjardins is known for its inclusive approach to training, practice and support.

"WE BELIEVE
financial and
economic education
is an essential
tool for achieving
sustainable
prosperity."

School and Student Caisse programs

In a study published in 2006, the Organisation for Economic Co-operation and Development (OECD) found that financial education should begin as early as possible at school.⁽¹⁾ To this end, Desjardins offers an educational program that has stood the test of time: the School Caisse. The purpose of the School Caisse program is to teach children about saving to help them better understand the basics of financial independence. The School Caisse initiative was established in 1907 by Alphonse Desjardins, founder of Desjardins Group.

SCHOOL CAISSE PROGRAM ⁽²⁾	2009	2008	2007
Percentage of caisses offering the School Caisse program	77 %	79 %	76 %
Schools participating in the School Caisse program	1,075 ⁽³⁾	1,200	1,100
Total value of youth dividends paid to School Caisse members (youth age 5 to 14)	\$349,201	\$337,779	\$285,789

(2) Data based on a voluntary survey carried out among the caisses.

(3) Caisse survey results were incomplete at the time the 2009 Annual Report was published and data collected has subsequently raised this number.

Desjardins also has a presence at the high-school level through the Student Caisses, cooperatives with an educational, economic and social focus, managed and operated exclusively by student volunteers. Services offered by these cooperatives are for the exclusive use of the students and their associations. Student Caisses operate under the authority and supervision of a local Desjardins caisse. They are, first and foremost, an educational program designed to prepare young people to become responsible and involved consumers.

Finally, under a partnership agreement with the *Réseau intercollégial des activités socioculturelles du Québec* (RIASQ), Desjardins is present in 59 French-language colleges out of a potential 69. The caisses have taken part in activities coordinated by RIASQ for the past 12 years. The success achieved by Desjardins in its initiatives to educate young people about saving money is largely due to the collaboration of the schools themselves, which help keep the tradition going.

Desjardins NaturLogic Contest

Beyond its mission of savings education, the School Caisse program also promotes the values of cooperation, which are self-help, self-responsibility, democracy, equality, equity and solidarity. In order to create a lasting feeling of belonging to their school and their community, the School Caisse program offers students the means to practice the values of cooperation and to observe the concrete results of their collective efforts in their school. This is precisely the challenge Desjardins has launched with the Desjardins NaturLogic Contest, held for seven years now in the 1,075 schools offering the School Caisse program.

(1) OECD, *Improving Financial Literacy: Analysis of Issues and Policies*, 2006.

École de l'argent

Since 2005, the *École de l'argent*, a joint project between Desjardins caisses in the Outaouais area and *Carrefour jeunesse emploi de l'Outaouais* and supported by many other partners, has been offering an educational program about personal and financial success, including workshops and personalized support services. This unique approach to financial education for young adults age 16 to 35 helps them develop money management skills. By adopting an entrepreneurial outlook, youth are better equipped to manage their money wisely and become financially independent.

Young Intern Officer program

Desjardins has created an internship program with caisse boards of directors and boards of supervision. Each year, through this program, more than 200 young people, age 18 to 30, are introduced to business management, reading financial statements, sound governance principles, risk management and more. These interns are also granted free access to the *Know-how and Governance* training given to the 6,200 elected board members and members of the boards of supervision (in Québec) and audit committees (in Ontario) of Desjardins Group.

Publications for members, non-members and employees

For nearly 50 years now, Desjardins has been publishing educational and informative magazines tailored to the interests of its different clienteles. Through these publications, Desjardins hopes to help Canadians improve their savings and investment habits and make more informed decisions about debt and borrowing. In keeping with Desjardins Group's financial literacy goals, the magazines use clear, easy-to-understand language.

- *Partenaires* for clients in the agriculture and agri-food industry (circulation: 23,000)
- *Desjardins Entreprises* for small, medium and large business clients (circulation: 65,000)
- *Desjardins and Me / Espace D* discusses personal finances (circulation: 400,000)

Educational tools offered through Desjardins Web sites and other media

Desjardins Group's Web sites, including its components' sites, are a great source of information presented in a variety of formats.

- The Desjardins Group Web site, www.desjardins.com, provides Internet users with
 - Learning and calculation tools.
 - Tips about spending, savings, family, finances, marketing and young people, retirement planning and more.
 - A series of short programs called *Tout savoir sur vos avoirs* where topics such as savings education, credit management, budgeting and financial abuse of the elderly are discussed.
 - A blog for 18-to-30-year-olds and another for people over 30 about topics of interest to these clienteles.

"WE BELIEVE
that the model
created by
Alphonse Desjardins
110 years ago is
a forward-thinking
today as it was
back then."

- Videos and webcasts for the public, students and young members of the workforce covering topics such as loans and scholarships, buying a home or car, travel, asset management, portfolio diversification, investor profiles, wills, budgeting and more.
- Desjardins Financial Security offers subscribers to the *ActiLife* newsletter information on a variety of important topics, including retirement issues (psychology of retirement, progressive retirement, a partner's retirement, etc.) and health matters (disability, work-life balance, critical illness, etc.). Desjardins Financial Security also offers an online health and retirement information centre for group insurance and retirement savings participants and members, as well as the general public.
- In addition to a major policy update initiative, Desjardins Group's property and casualty insurer, Desjardins General Insurance, takes advantage of every opportunity to educate clients about risk prevention so they can better protect their property. Some of the tools it uses to educate its clients are information bulletins and articles published on www.desjardinsgeneralinsurance.com.
- On www.desjardinsfunds.com, Desjardins Funds uses a variety of formats such as articles, simulators, tips and strategies to educate its clients about investment options and help investors make well-informed decisions.
- When it comes to information about securities, Desjardins Securities offers its clients a complete range of educational tools: *Daily Pulse* offers a daily overview of North American, European and overseas markets, and keeps readers abreast of the latest financial news and analysis; *Research Comment* presents an analysis of specific companies and sectors; *Strategy Plus* combines economic and strategic outlooks for specific sectors written by experts on the Desjardins Securities research sector analysis team; the monthly *Focus* newsletter provides an overview of Canadian and U.S. market trends and major macroeconomic developments. Lastly, the Desjardins Securities Web site, www.ds.ca, offers Internet users a financial glossary and financial calculators.
- For independent investors, Disnat, Desjardins Group's online brokerage service, publishes a financial quarterly, the *Disnat Bulletin*, which provides insightful analysis of the financial markets. Disnat also provides other tools such as educational seminars, online tutorials, a financial glossary, model securities portfolios and, since 2006, the annual Montréal Investment Conference.

AssurFinance for Individuals

In 2009, together with Desjardins Group partners, AssurFinance for Individuals participated in a number of financial education activities. These activities included a nationally televised testimonial on the advantages of critical illness insurance and the publication in *Desjardins and Me*, a magazine for Desjardins caisse members, of articles about universal life insurance and the importance of updating their investment portfolios to match their changing needs.

VISA Desjardins debt prevention program

A specialized group of eight employees works for the Administration and Fraud Prevention Administrative Department as part of a strategic initiative addressing the issues of fraud and collections. Their mandate is to take preventive measures for VISA Desjardins cardholders whose account activities seem to point to financial problems or risk of fraud due to payments by NSF cheques. A variety of factors are assessed in order to identify these accounts (unusual cash advances, payments by cheque for abnormally high amounts, indication of unfavourable risk, change in credit habits observed in credit file, etc.).

Part of the communications procedure involves educating clients about sound credit practices and helping them to better manage their personal finances. Special attention is paid to younger clients. The team also uses preventive measures to stop these cardholders from falling further into debt (e.g. restricting credit limit increases, limiting cash advance possibilities, reducing credit limits and closing certain accounts for preventive reasons).

Culture and giving back to the community

Arts and culture

Since 1978, Desjardins Group has collected a large body of artwork, which is a testament to its commitment to promoting art, artists and artistic heritage. In 2009, there were nearly 2,500 works in the collection, including paintings, prints, sculptures and drawings from more than 600 different artists. The works are exhibited in more than a dozen different offices in Lévis, Montréal and Toronto and provide a touch of humanity and beauty to the office buildings while raising employee awareness about the world of art.

Each year, new acquisitions representing major trends in modern and contemporary art are added to the collection. Most of these acquisitions are works by distinguished artists well into their careers or by young people in the early stages of creating a new generation of art.

To showcase a part of the collection to employees, officers, Desjardins members and the general public, certain works or exhibits are loaned to museums. In 2009, a temporary exhibit entitled *Des êtres et des lieux : Acquisitions récentes de la Collection Desjardins d'œuvres d'art* was presented at the *Musée d'art contemporain des Laurentides*, in Saint-Jérôme, and at the *Palais des arts Harricana*, in Amos.

Through its acquisition program and by showcasing its artwork, the *Collection Desjardins d'œuvres d'art* (Desjardins art collection) contributes to the vitality of today's visual arts and to maintaining our shared artistic heritage.

Sponsorships and donations

Granting sponsorships and donations is one of the means by which Desjardins makes a tangible contribution to the community. Naturally in tune with the needs of their members and local organizations, the caisses and Desjardins components contributed a total of more than \$72.3 million to community organizations in 2009, of which \$60.6 million was granted directly by the caisses to organizations within their own communities. The sponsorships and donations granted by Desjardins contribute to creating sustainable prosperity—a distinctive approach that Desjardins has chosen to foster economic growth and create wealth while remaining respectful of people and the environment.

Desjardins Group's national sponsorships support partners and organizations involved in cooperative, economic, educational, cultural, humanitarian, social, environmental and sports activities.

With respect to its major donations, the sectors given precedence by Desjardins Group are university foundations, university hospital foundations and the cooperative movement.

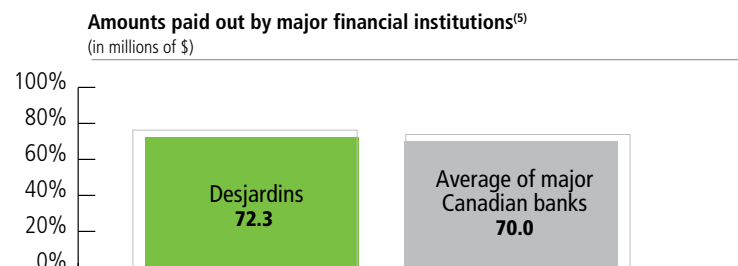
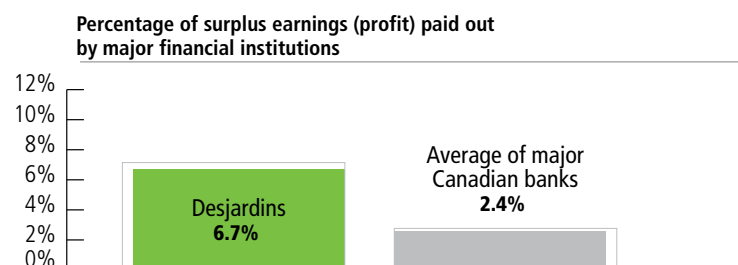
Desjardins also supports a multitude of organizations, projects and events across Canada in fields such as health, education, agriculture and the arts. It does so through contributions from the caisses and from its insurance subsidiaries, Desjardins Financial Security and Desjardins General Insurance Group. In Ontario, for example, the *Fonds Thomas-Blais* was created as a tribute to Mr. Blais, president of the Ontario Council of Representatives and President of the *Fédération des caisses populaires de l'Ontario*. The fund supports projects in Ontario with high potential for positive impacts on the community.

In addition, having observed a major shortage of workers in the construction trades, the Desjardins caisse network in Ontario contributed to establishing the *Centre des métiers* at *La Cité collégiale*. The Centre is located on *Campus Alphonse-Desjardins* in Ottawa, and has been offering training on sustainable development and technological transfer since September 2010. In doing so, Desjardins has provided Ontario with a major economic leveraging tool while training a new generation of tradespeople and entrepreneurs.

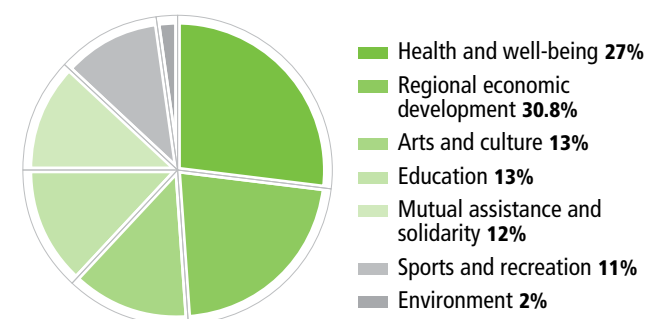
Desjardins Group's management of sponsorships and donations is governed by a policy based on respect for the values, principles and rules inherent to its *Code of Ethics and Professional Conduct*.

SPONSORSHIPS AND DONATIONS BY SECTOR ⁽⁴⁾ (in millions of \$)	2009	2008	2007
Arts and culture	\$7.8	\$10.4	\$8.5
Regional economic development	17.9	17.9	15.2
Education	10.6	10.7	12.2
Mutual assistance and solidarity	5.6	9.1	6.5
Health and well-being	19.6	21.9	19.6
Sports and recreation	10.0	8.7	8.5
Environment	0.8	1.4	1.2
Total	\$72.3	\$80.1	\$71.7

(4) Includes scholarships and bursaries granted by Fondation Desjardins.



Sponsorships and donations by sector



(5) According to data available as at March 1, 2010.

"WE BELIEVE
that education
is one of our
richest assets."

Historical heritage: role and assets of the Société Historique Alphonse-Desjardins

History has always played an important role at Desjardins Group. It continually nourishes the feeling of pride and belonging to the institution created by Alphonse Desjardins and his wife, Dorimène Desjardins. It also offers a benchmark to guide decision-making. Proud of their history, the officers of Desjardins Group created the *Société historique Alphonse-Desjardins* (SHAD) in 1979. Its mission is to safeguard and promote the history and heritage of Desjardins Group and its founders, for the benefit of present and future generations.

For the past 30 years, SHAD has been safeguarding, developing and showcasing Desjardins Group's historical heritage. SHAD continues to develop and provide access to this historical heritage, both for the components of Desjardins Group as well as for the external public. It accomplishes this through its programs to preserve the home and property of Alphonse and Dorimène Desjardins, by showcasing its collections in other museums or within Desjardins, and by offering advisory services, research services, conferences and historical productions about the history of Desjardins Group and its founders. Finally, SHAD manages the *Maison Alphonse-Desjardins*, a well-known museum and a cultural asset that is classified as a historic monument, which, each year, welcomes visitors of all ages and backgrounds who have come to discover the roots and the cooperative nature of Desjardins.

Centres de formation en entreprise et en récupération

Believing that all citizens, regardless of their intellectual abilities or aptitudes, can actively contribute to the development of a sustainable society, Desjardins Group financially supports the *Centres de formation en entreprise et en récupération* (CFERs) training centres.

A CFER is made up of a stable team of volunteer teachers who focus specifically on young people from age 15 to 18 who share similar learning difficulties. CFERs offer programs, sanctioned by the *Ministère de l'Éducation*, designed to help participants become independent members of society who are committed citizens and productive workers. Students receive their training in classrooms, outside the school, and in the workplace where they can practice on the job.

Desjardins Group has been supporting CFERs since 2004 and has been involved in supporting the *Caravane du développement durable* (sustainable development caravan), whose mission is raise awareness about sustainable development. Designed as a type of information kiosk, the caravan provides CFER students with an opportunity to improve their self-esteem and develop positive attitudes by manning the kiosk and sharing their knowledge.

Supporting higher education and entrepreneurship

With over 200 scholarships and bursaries awarded each year, Fondation Desjardins grants more university scholarships than any other private foundation in Québec. Included in these scholarships and bursaries are two grants awarded for research in "Environment and Society", worth \$25,000 and \$15,000 respectively, and a third \$10,000 grant for research in cooperation.

Fondation Desjardins recognizes ambition, knowledge and skills development among young people. The foundation awarded 80 bursaries, worth \$750 each, for personal projects such as technical training, continuing education, gaining international experience, acquiring learning materials or returning to high school, professional or college studies.

In addition to these scholarships, bursaries and grants, there are also awards for young entrepreneurs, non-profit organizations and cooperatives in recognition of their dedication to the community in the following categories: youth assistance, senior citizen assistance, sustainable development, community economic development, community development and cultural services.

SCHOLARSHIPS, BURSARIES AND AWARDS GRANTED BY FONDATION DESJARDINS ⁽⁶⁾	2009	2008	2007
University scholarships	\$507,500	\$431,700	\$416,375
Scholarships and bursaries to support non-university training	92,500	71,680	64,600
Scholarships and bursaries to support cooperative spirit	49,700	35,700	79,500
Awards recognizing volunteer work	35,000	33,500	33,500
Awards supporting entrepreneurship (including sustainable development)	30,000	70,000	90,000
Total number of scholarships, bursaries and awards granted	323	315	350
Total value of scholarships, bursaries and awards granted	\$714,700	\$642,580	\$683,975

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

In 2009, through its scholarships, bursaries, grants and awards, Fondation Desjardins provided more than \$75,000 in financial support to individuals and organizations working in the field of cooperation.

Furthermore, the Fondation acts as an advisor for caisses that wish to offer their own scholarship and bursary programs. In 2009, 215 caisses awarded a total of \$1,171,104 through 2,057 scholarships. All combined, Desjardins Group granted 2,343 scholarships for a total of \$1,740,854.

In 2010, Fondation Desjardins celebrates its 40th anniversary. Since it was first founded, the Fondation has distributed more than \$12 million to approximately 9,300 young people. The financial support provided for the year 2010 by the Fondation will exceed \$700,000.

Encouraging youth to stay in school

The caisse network also plays an active role in financially supporting various local initiatives to encourage youth to stay in school in partnership with schools and school boards. These agreements make it possible to expand the services offered by schools to meet the specific needs of young people who are experiencing learning difficulties or who have poor attendance. Whether it be through acquiring new teaching tools, hiring specialized staff, organizing motivational activities for youth or offering scholarships, the support the Desjardins caisses offer their community provides young people with the right conditions for a brighter future.

For example, Caisse Desjardins du Lac-Memphrémagog, in the Eastern Townships, established a fund to encourage young people

to stay in school. The Caisse used the money to support a number of projects designed to foster young people's interest in attending school and to prevent drop-outs. These projects promote a sense of belonging, personal development and recognition of efforts made by young people. In 2009, the Caisse provided support for a variety of activities and programs:

- *Cirque des étoiles* at the secondary level: \$9,000
- *Comité d'action local Québec enfants de Magog*: \$2,257
- *Corporation de développement communautaire*: \$3,592
- *Corporation jeunesse Memphrémagog*, alternative suspension program: \$7,000
- Carnicas La Ruche Football: \$20,000

Volunteerism

Apart from its commitments as an organization, Desjardins Group actively encourages volunteerism among its employees. One of the causes Desjardins encourages its employees to support is the United Way / Centraide campaign, which sees a significant number of employees get involved each year.

In April 2010, Desjardins signed a new partnership agreement with a non-profit organization (NPO) *Bénévole d'affaires* (business volunteers). The agreement will enable managers to offer their expertise free-of-charge to community NPOs by becoming a member of a board of directors and by carrying out occasional strategic development, communications, human resources, coaching or mentorship activities. Desjardins Group's openness to outside activities is also a motivational factor for employees.

OUR CHALLENGE WITH RESPECT TO COMMUNITY INVOLVEMENT

To use the experience we have gained from our achievements and involvement in the community over the last 110 years to establish a financial literacy program, including performance indicators, that will enable members from all regions, especially young people and newcomers to Canada, to acquire the level of skill and confidence needed to make informed decisions and thereby improve their financial well-being.

2.3

Support for the Cooperative Movement at Home and Abroad

Financial support

Desjardins Group shares its cooperative expertise and contributes financially to a number of groups that are dedicated to inter-cooperation and its development and which promote cooperative education in Québec, across Canada and around the world.

Here are a few of the organizations with which Desjardins is involved:

- *Conseil québécois de la coopération et de la mutualité*
- *Fédération des coopératives de développement régional du Québec*
- *Fondation pour l'éducation à la coopération et à la mutualité*
- *Réseau d'investissement social du Québec*
- Several university chairs devoted to the study of cooperation
- *Conseil de la coopération de l'Ontario*
- *Conseil canadien de la coopération et de la mutualité*
- International Co-operative Alliance, which represents cooperative businesses in all sectors of activity and their 800 million members
- International Confederation of Popular Banks
- International Co-operative Banking Association
- Americas Association of Cooperative / Mutual Insurance Societies
- International Cooperative and Mutual Insurance Federation
- European Association of Co-operative Banks

"WE BELIEVE
that sharing
the cooperative
financial model
will truly help
change the world."

ANNUAL FINANCIAL SUPPORT FOR THE COOPERATIVE MOVEMENT ⁽⁷⁾	2009	2008	2007
<i>Conseil québécois de la coopération et de la mutualité</i>	\$633,168	\$783,360	\$696,640
<i>Conseil de la coopération de l'Ontario</i>	23,983	21,817	20,300
<i>Conseil canadien de la coopération et de la mutualité</i>	15,000	15,000	35,000
International Co-operative Banking Association	— ⁽⁸⁾	7,215	6,300
International Cooperative and Mutual Insurance Federation (ICMIF)	65,000	62,184	54,549
Americas Association of Cooperative / Mutual Insurance Societies (ICMIF American regional chapter)	40,746	43,521	31,381
International Confederation of Popular Banks	38,971	43,885	38,556
European Association of Co-operative Banks	42,449	—	—
International Co-operative Alliance	77,216	69,273	64,008
Total	\$936,533	\$1,046,255	\$946,734

(7) 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.

(8) Does not apply for 2009 as a new subscription formula came into effect for International Co-operative Alliance dues, which now include support for the International Co-operative Banking Association.

In addition to Desjardins Group's financial contribution to several of the organizations mentioned above, Desjardins has also made substantial investments in the form of human and technical resources to actively support them. Desjardins Group also helped strengthen the cooperative economic model by sharing its know-how with some 200 foreign visitors, from all over the world, interested in the cooperative model.

In order to support economic development in the regions and to promote diversification and the growth of cooperatives in new sectors of activity, Desjardins has contributed financially to the partnership agreement for the development of cooperatives that was signed between the *Ministère du Développement économique, de l'Innovation et de l'Exportation* (MDEIE) and the *Conseil québécois de la coopération et de la mutualité* (CQCM). Desjardins provided a total of \$1.2 million (2007–2010) in financial support for the organization and for the establishment of smaller cooperatives under this agreement. In addition to providing financial backing, Desjardins is also involved in selecting the eligible projects. Desjardins is part of a program management committee that met five times in 2009 to analyze infrastructure projects. Given the success of this program and its contribution to inter-cooperation—a cooperative principle whereby successful, prosperous cooperatives come to the aid of more vulnerable co-ops—and following an agreement with the government, Desjardins has renewed its partnership for the years 2010 to 2012, in the amount of \$672,000.

Understanding cooperation and inter-cooperation

Inter-cooperation is one of the seven cooperative principles that are recognized and promoted worldwide by the International Co-operative Alliance and a principle that Desjardins wholeheartedly supports.

To act in the interest of inter-cooperation, it is important to first understand the meaning of cooperation. It is for this reason that, in addition to running the Student Caisse program—where high school students can learn the fundamentals of cooperation—Desjardins is directly and financially involved with the *Comité d'éducation coopérative et mutualiste* (cooperative education committee) of the *Conseil québécois de la coopération et de la mutualité* (CQCM) whose mission is to teach young people about cooperation throughout all levels of education. Desjardins also provides financial support for the CQCM's two projects designed to help young people understand the cooperative model while also helping them find jobs. Nearly 4,000 young people have found work with 103 *Jeunes Coops* (youth co-ops) and 158 *Coopératives jeunesse de services* (youth services co-ops).

OUR CHALLENGE WITH RESPECT TO SUPPORTING THE COOPERATIVE MOVEMENT

To maintain a pertinent international service offer that is in step with the rapid growth and development of the constantly evolving community finance sector.

Because inter-cooperation can be learned and applied at any stage of life, Desjardins actively supports the *Conseil québécois de la coopération et de la mutualité* and the *Alliance des jeunes coopérateurs et mutualistes du Québec* (society of young cooperators of Québec).

Desjardins also supports group entrepreneurship in any and all sectors of business. Desjardins sees this support as an opportunity to encourage young people to get involved in their community and with their financial cooperative. To this end, Desjardins took part in the creation and implementation of the *École des jeunes créateurs de coopératives* (ÉJCC), making an annual financial commitment of \$35,000. The two-year pilot project, inaugurated in 2008, offers young people between the ages of 18 and 35 two weeks of training on how to start a cooperative. It is proving highly successful, with three cooperative projects already launched by the first session's participants. Through its involvement, Desjardins provides and promotes educational material, and also sits on the jury that selects the best cooperative project submitted. Desjardins will continue to invest in such efforts in the future. The ÉJCC provides youth with an opportunity to develop their expertise and interpersonal skills, which are key ingredients to the creation and management of a cooperative. It also encourages important entrepreneurial values such as independence, leadership and the responsibility associated with cooperative activities.

Sharing our cooperative know-how around the world

Desjardins Group believes that cooperation is the ideal tool to help people take charge of their finances and become the agents of their own long-term development. As a financial cooperative, Desjardins Group's know-how and expertise have long been known and recognized outside the country. Through the work of its component Développement international Desjardins (DID), Desjardins has been offering technical and investment support services in the microfinance sector in developing and emerging countries for 40 years.

An international leader in its field, DID supports the creation, consolidation and specialization of sustainable networks of financial institutions rooted in their communities. DID is present in nearly two dozen countries in Africa, Latin America, the Caribbean, Asia, Central Europe and Eastern Europe.

Providing support for micro-, small and medium-sized businesses is just one the main activities that directly contributes to the prosperity and economic independence of hundreds of less-fortunate families in developing countries. DID provides this support through the creation of financial centres for entrepreneurs, which specialize in adapted financial products (savings and credit) and specialized advisory services. For a number of years, in collaboration with partner microfinance networks, DID has also been involved in designing products and developing local expertise for agricultural and housing financing. DID's work promotes financial independence among poor populations—particularly those living in rural areas—with the ultimate goal of eradicating poverty. Since 2009, a large proportion of the coffee consumed by Desjardins employees has been supplied by a Mexican cooperative of coffee-producers whose pre-export costs are financed by SERFIR, a financial cooperative located in Chiapas and supported by DID. Desjardins employees consume over 500,000 cups of coffee each year.

DID's expertise gives the world's poorest communities the means to get organized and find solutions to meet their own needs (www.did.qc.ca).

"WE BELIEVE
that we can
each truly make
a difference for
the Earth."



CONTRIBUTION TO THE DEVELOPMENT OF FINANCIAL COOPERATIVES IN EMERGING COUNTRIES	2009	2008	2007
Number of members or clients of institutions partnering with Développement international Desjardins	6,122,050	5,914,051	4,085,196
Volume of savings for these institutions (in millions)	\$1,863	\$1,679	\$1,274
Volume of credit granted (in millions)	\$1,948	\$1,924	\$1,316
Percentage of members or clients who are women	32.6 %	35.7 %	41.1 %

2.4

The Environment

Since 2005, all of Desjardins has been guided in its actions and its decision-making processes by a sustainable development policy that includes a number of guidelines. Desjardins Group also adheres to the principles of the United Nations Environment Programme Statement by Financial Institutions on the Environment and Sustainable Development (UNEP FI). As proof of its commitment to the environment, Desjardins strengthened its sustainable development positioning in a strategic orientation on cooperation and social responsibility.

Changing the World, One Step at a Time

Desjardins Group became the first private institution to sign on to the "Changing the World, One Step at a Time" campaign organized by Équiterre. The campaign, which was initially launched within Desjardins Group's support and governance body and its components, is gradually being extended to the caisse network, where each caisse is invited to adopt measures according to their local situation and drawing on the guidelines included in the Desjardins Group Strategic Plan. A [report on the status and development of each of the 12 actions that are part of the campaign](#) is published annually.

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 organization (including sponsorships and donations). Sustainable development issues are thus taken into account when drawing up policies, practices, standards, the products and services of Desjardins Group components, as well as their application and marketing. If there is any uncertainty about the impact of a decision, Desjardins Group applies the precautionary principle in order to minimize the risk of serious or irreversible damage.

The policy's implementation is handled by the Cooperative Support Division and Secretariat General, which is responsible for rallying the management teams of the various Desjardins components and staff members around Desjardins Group's overall objectives for sustainable development. Desjardins did not wait for a final verdict on its environmental performance to take action. Desjardins began by focusing on its role as a corporate consumer of goods and services, given the significant impact

that this aspect of its activities has on environmental, social and economic issues (the three spheres of sustainable development). Desjardins thus leads by example, especially with respect to its suppliers and the companies with which it does business.

As a corporate consumer of goods and services, Desjardins has three priorities:

- Responsible procurement
- Residual materials management
- Energy efficiency (property and transportation)

Responsible procurement

Responsible procurement policy

A responsible procurement policy that mirrors Desjardins Group's Sustainable Development Policy has been in effect since 2006. Efforts are ongoing to ensure that, in the long term, the "life cycle" philosophy becomes not only part of its processes and procedures but also of the activities of Desjardins procurement agents. Desjardins Group suppliers will also be made aware of this concept, as they will be asked to produce an environmental statement for their products.

Questions about the social responsibility of suppliers are already included in Desjardins Group's calls for tender and work is underway with some existing suppliers to provide them with guidance on sustainable development issues. In addition, the Desjardins promotional items catalogue and the Desjardins BONUSDOLLARS catalogue (the loyalty program for VISA Desjardins credit card holders) continue to promote items that support the organization's stand on social responsibility and the principles of sustainable development.

In its procurement policy, Desjardins specifies that it gives priority to purchasing goods and services locally, whenever such products or services are available. For example, the agendas and calendars for employees and members are produced by Alliance 9000, a company located in Amqui, Québec, whose mission is to help integrate people with limitations into the labour market. Out of the 314 items in the promotional items catalogue, 64 are made locally.

Fair trade coffee

As part of the "Changing the World, One Step at a Time" campaign, Desjardins is committed to encouraging the consumption of fair trade coffee. In support of this initiative, the coffee made available to the 11,000 Desjardins employees in Lévis and Montréal is now certified fair trade. The next stage of this initiative will involve increasing the proportion of employees who consume only fair trade coffee at work.

Environmentally friendly paper

The Desjardins Paper Challenge, launched in 2005, targeted an overall reduction of 15% in paper consumption for internal use and a 15% increase in the amount of recycled paper used. Having reached those targets, Desjardins Group wanted to go further, and so took the necessary measures to ensure that it would only purchase paper with 100% post-consumer fibre for internal and commercial use. Already, in 2009, 83% of the paper purchased by Desjardins was recycled paper (not taking into account the specific percentage of post-consumer fibre).

PAPER CONSUMPTION ⁽⁹⁾	2009	2008	2007
Total used for internal and commercial activities (in tonnes)	4,014	4,292	4,182
Percentage of recycled paper	83 %	70 %	57 %

(9) Based on data from Desjardins Group's main suppliers and results of a voluntary survey among the caisses.

Residual materials management

Since 2008, Desjardins has upheld its commitment to *RECYC-QUÉBEC* to promote the “*ICI ON RECYCLE!*” recycling program in its components and to gradually implement it throughout the organization. Currently, 32 of Desjardins Group’s Montréal workplaces meet *RECYC-QUÉBEC*’s level 2 criteria. Furthermore, with a view to reducing waste at source, Styrofoam cups for employees and visitors were withdrawn from a number of Desjardins Group offices. This means 400,000 fewer Styrofoam cups will be thrown away each year.

Cell phone recovery

Since October 2007, Desjardins has partnered with Bell Canada to offer cell phone users a fast and secure means of disposing of their outdated phones. The caisses, business centres and other Desjardins components set up recovery stations in more than 480 locations in Québec and Ontario. The net earnings from the re-sale and recycling of these cell phones are given to WWF-Canada, an organization dedicated to protecting nature and the environment. In 2009, a total of 619 cell phones were recovered from the caisse network, which translated into a donation of \$1,413 to WWF-Canada.

Eco-friendly events

Since 2006, most major events and meetings held by Desjardins have been eco-friendly. Making events eco-friendly requires thorough consideration of all event-related activities, from design through to execution, in order to limit the volume of residual materials and greenhouse gases. Any unavoidable travel by motor vehicle is compensated for by planting trees or purchasing carbon credits. Moreover, excess food from these events is distributed to community organizations, through a partnership with *La Table des Chefs*. In 2009, nearly 6,000 people took part in environmentally responsible events organized by Desjardins Group. The 20th Congress of Elected Officers and the Annual General Meetings each brought together nearly 2,000 people over the course of two and three days respectively, presenting a unique challenge in terms of ensuring the events remained environmentally responsible.

In order to make planning and communications between parties involved with food redistribution easier, *La Table des Chefs* has provided a form for the Desjardins events management team and the caisse network. Personal contacts have also been established with the caisse network to promote the *La Table des Chefs* services and to encourage caisses to redistribute food whenever they host events.

ECO-FRIENDLY EVENT RESULTS	2009	2008	2007
Number of eco-friendly events (greenhouse gas and residual materials management components)	4	4	2
Number of events addressing the greenhouse gas component only	10	13	2
Rates for recycling or recovery of residual materials	80.3 %	85.1 % ⁽¹⁰⁾	93.4 %
Greenhouse gas emissions offset through the purchase of carbon credits (tonnes of CO ₂ equivalent)	490	402	235
Number of meals redistributed	1,013	1,060	800

(10) Previously published data were modified as a result of changes to the calculation method.

Climate change

In adhering to Québec's commitment to support the Kyoto Protocol and joining the fight against climate change, Desjardins has shown that the environment is one of its top priorities. Consequently, Desjardins has set forth several initiatives to measure and reduce its carbon footprint and to educate members and employees about the importance of fighting climate change.

Energy-efficient buildings program

In 2007, the Desjardins Group Management Committee assigned its component Desjardins Property Management the task of implementing an energy-efficiency program. Since then, an energy and characterization audit pilot project for 15 caisse network buildings has been completed. The project showed great energy-efficiency potential in the caisse network, Desjardins Group's greatest energy consumer. As each caisse is an independently managed property, a strategy is being drawn up to encourage the caisses to adopt their own energy-efficiency programs, and offer them support as they do so.

Desjardins is also working in partnership with the *Association québécoise pour la maîtrise de l'énergie* (AQME) and four other major organizations to improve its energy efficiency.

Automobile policy for managers

To meet one of the commitments made as part of the "Changing the World, One Step at a Time" campaign, Desjardins reviewed its Automobile and Work-related Expenses Policy to include environmental considerations. Since 2009, the policy has included incentives and restrictions designed to reduce fuel consumption for the Desjardins car fleet. Desjardins set a target to reduce fuel consumption by 10% over three years with 2008 as the base year. In order to reach this goal, a series of measures were put in place: credits for those who drive low fuel-consumption vehicles, penalties for high fuel-consumption vehicles and a ban on remote car starters. The penalties will be used to purchase carbon credits.

Along the same lines, Desjardins wishes to make managers, employees and members aware of things they can do to reduce the environmental impact of using cars. Desjardins has distributed a checklist to managers, employees and members that outlines some steps that can be taken to significantly reduce the pollution caused by vehicles.

Desjardins Alternative Transportation Program

Further to its efforts to achieve the goals set under the "Changing the World, One Step at a Time" campaign, an alternative transportation program was developed by the People and Culture Executive Division for employees commuting to and from work. Desjardins wishes to encourage the use of public transportation (bus, subway, train), make carpooling and car-sharing easier, promote walking and biking, and cut down on solo automobile travel.

Desjardins has identified the ten locations with largest number of employee commuters and each location will have its own action plan with specific measures designed to fit the infrastructure and transportation services available in that area. Thereafter, the program will be expanded and used as a model for areas outside these first ten locations, and for the caisse network to use as part of its own sustainable transportation plans.

The new program, which was officially launched at the beginning of 2010, will offer a series of measures to make it easier for employees to use alternative means of transportation and encourage them to adopt these practices regularly. This program, along with the Health and Well-being Program, has a triple objective: reducing the carbon footprint of employee transportation, contributing to the well-being of employees by encouraging physical activity, and reducing transportation costs.

In addition, since the beginning of the 1990s, the Desjardins shuttle has been available to staff. This group transit solution enables employees to travel both to and from the head office in Lévis and the Montréal offices, morning and evening, on a daily basis. In 2009, the Desjardins shuttle made 782 trips for 13,578 employees. If each of those passengers had taken their own vehicles, an additional 600 tonnes of greenhouse gases would have been released into the atmosphere.

Encouraging low environmental impact service delivery

Since the way members carry out their financial transactions has an impact on the environment, either because they drove a car to make their transactions or because they used paper as part of the process, Desjardins has made an effort to promote more ecological solutions. Over the years, several campaigns have been launched to encourage members to perform their financial transactions online with AccèsD. In 2009, the "GO Eco-Green, GET Organic Fresh" promotion encouraged Desjardins members to make the switch from receiving their Desjardins or VISA Desjardins monthly account statement on paper to receiving them online via the AccèsD Web site. The results speak for themselves: more than 40,000 monthly VISA Desjardins account statements and 88,000 Desjardins account statements were converted. What's more, as of 2010, participants in group-retirement savings plans from Desjardins Financial Security will be able to sign up to receive their statements electronically too.

As a financial institution, paper consumption is one of the ways in which Desjardins Group can have a major impact on the environment. Switching to electronic statements means Desjardins can reduce paper consumption and, in so doing, minimize its ecological footprint. Paper consumption made up nearly 13% of Desjardins Group's greenhouse gas emissions for 2009, three times the emissions resulting from air travel.

Raising awareness

In 2009, Desjardins teamed up with The Climate Project Canada, an organization founded by Al Gore in the United States and supported by the David Suzuki Foundation in Canada, as a financial partner in their work to raise awareness and educate people about climate change. This commitment falls under the responsibility of the property and casualty insurance sector, for which climate change has particular importance.

At the beginning of 2010, Desjardins also partnered with the Québec arm of the David Suzuki Foundation to deliver the first French translation of the Foundation's *Doing Business in a New Climate* guide. This guide has since been distributed to Desjardins business account managers so that they can promote it to their clients (see the Energy-Efficiency Loan on page 29).

OUR CHALLENGE WITH RESPECT TO THE ENVIRONMENT

To roll out the energy-efficiency program for all Desjardins Group buildings and strengthen initiatives that support best practices in residual materials management.

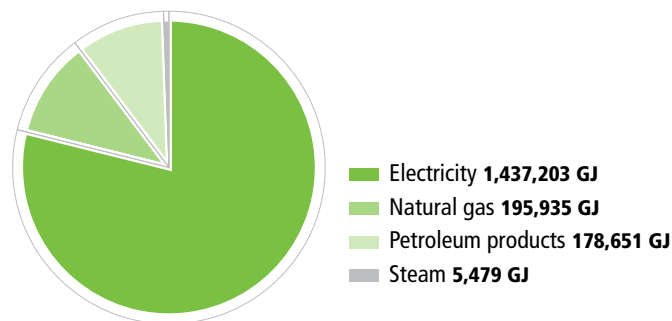
Review of greenhouse gas emissions

The climate impact of Desjardins Group's operations has been reviewed annually since 2007, according to ISO 14064. As a result of the many measures it has implemented, there has been a steady, observable reduction in emissions, both in terms of absolute emissions and emission intensity per employee.

GREENHOUSE GAS EMISSIONS (GHG) IN TONNES OF CO ₂ EQUIVALENT ⁽¹¹⁾	2009	2008	2007
Direct emissions – car fleet, fuel	17,858	16,140	16,825
Indirect emissions – electricity, steam	6,021	6,371	6,322
Indirect emissions – rental vehicles, personal vehicles, air travel, Desjardins shuttle, rented offices (fuels), paper ⁽¹²⁾	20,296	22,194	25,215
Total GHG emissions	44,174	44,704	48,362
Emission intensity (tonnes per employee)	1.05	1.07	1.21
Reduction since 2007 (base year)	13 %	11 %	—

(11) Electricity and fuel conversion factors were updated according to the most recent Environment Canada report (*National Inventory Report: Greenhouse Gas Sources and Sinks in Canada, 1990-2007*), resulting in a revision of previously published data. Data from the caisses are based on an annual voluntary census.
(12) Calculations based on the Environmental Defense Fund Paper Calculator.

Energy consumption by source





 **Bujold**

427 Assisted Operations
and Transactions Managers



 **Akande**

9 Senior Advisors,
Distributor Services



 **Camus**

14,727 Environmentalists



 **Béland-Mongeau**


 **Beauregard**

 **Lemay**

120 Actuaries

"49,000 employees and officers share
the same thought: sustainable prosperity."



 **Nikiea**

 **Lee**


 **Mercier**


 **Laliberté**

 **Charli**

15,336 Men



 **Gagné**

 **Sawyer**

1,626 Board of
Supervision Members

"WE BELIEVE
that cooperation
is a powerful
motivator for
employees."

3 Employees

3.1 Work Environment

Desjardins believes that human capital is its most valuable asset. It is by leveraging the skills, talents, and creativity of its elected officers, caisse general managers, management and employees that Desjardins Group can move forward and meet the expectations of members and clients. The organization has always been careful to foster a dynamic and respectful work environment that allows employees to develop professionally. The challenge of finding and retaining new talent pushes Desjardins to continue these efforts. The Desjardins Group Development Plan entered one of its most important stages in 2009: the implementation of a new organizational structure. The new structure offers development opportunities for officers, managers, and employees alike.

Desjardins Group continues its efforts to provide a healthy and stimulating work environment for its employees.

In acknowledgement of its various initiatives geared towards employee satisfaction and, more particularly, employee engagement, Desjardins made the list of Best Employers in Canada in 2009. The quality of working conditions and the availability of opportunities to grow within the company contributed to an increased employee retention rate in 2009, with only a 4.2% voluntary departure rate. In 2009, a total of 116,117 applications were received to fill 4,269 available positions.

In 2009, Desjardins reaffirmed its desire to ensure the financial security of its employees through its retirement and employee benefits plans. The defined benefit pension plan has been maintained, even though many other companies have decided to either partially or totally eliminate this type of pension plan. The Desjardins Group Pension Plan ensures employees' financial security upon retirement, a reflection of Desjardins Group's fundamental values. The plan also reinforces Desjardins Group's distinctive reputation as a Best Employer. The investment policy and its results are continuously monitored to ensure the long-term continuity of this plan for employees. Pension plan members and employers each play a part in financing the plan—65% of the plan's cost is assumed by the employers and 35% by plan members. For more information, visit www.rcd-dgp.com.

Moreover, Desjardins Group offers performance management and career development programs. Career management and reflection tools are available to support both employees and managers. The career development approach at Desjardins includes one-on-one meetings between managers and employees, one to three times per year, to make sure that employees understand their roles and responsibilities, to enable employees to discuss their career interests and determine the skills development needed to achieve their established performance objectives.

VOLUNTARY DEPARTURES OF REGULAR EMPLOYEES (as a %)	2009	2008	2007
Regular employees who voluntarily left Desjardins Group ⁽¹⁾	4.2	4.7 ⁽²⁾	4.9 ⁽²⁾

(1) Does not include retirement.

(2) The method was changed to facilitate benchmarking.

Training and careers

In Québec in 2009, Desjardins invested 2.69% of its total payroll in training.

The kinds of training programs available are designed with the needs of the organization in mind, so that employees can develop their skills according to career opportunities that are of interest to them. There are also programs available for end-of-career management, mostly focusing on retirement planning. Due to today's particular demographics and labour scarcity, Desjardins has worked to develop adapted training programs such as preparing for retirement, while seeking ways to delay departures that are mutually beneficial for employees and the organization.

Desjardins Group also offers its employees the possibility of continuing their studies in recognized educational institutions and offers them flexible work schedules to facilitate their success. When an employee successfully completes a course, Desjardins reimburses course fees and the cost of books and requisite documents.

Engagement

Under its continuous improvement approach, Desjardins Group periodically surveys its employees on a number of issues, including engagement. Desjardins Group uses the survey data to develop action plans that address employee concerns. The last survey, carried out in 2008, brought out several positive trends in terms of employee engagement. A large proportion of employees stated that they are proud of Desjardins Group's cooperative nature and that they believe Desjardins motivates them to always do their best. They particularly appreciate the respectful work environment, management support, work-life balance initiatives and the importance attached to employee training and development. They also confirmed that the employee benefits program and pension plan were meeting their needs.

Moreover, there are several mechanisms available for employees to voice their concerns in cases where they experience a situation that they feel is discriminatory. In 2009, the caisse network and the FCDQ received no complaints of discrimination, while in 2008 one complaint went to arbitration and was settled out of court and, in 2007, one complaint was settled in mediation. The complaints are logged by the Workplace Relations Administrative Department and are handled through various internal processes.

Sustainable mobility

In 2009, the all-new Desjardins Alternative Transportation Program was launched to reduce solo car travel by encouraging the use of public transit (subway, train, bus and the Desjardins shuttle), carpooling and active transport (walking, cycling). The program also seeks to limit the need for transportation by using teleconferencing, video conferencing, and telecommuting. The Desjardins Alternative Transportation Program contributes to improving employees' quality of life in a number of ways. Here are a few of its many benefits:

- Improved health through stress reduction and increase of physical activity
- More free time and less road congestion
- Better working conditions and quality of life
- Reduced cost compared to driving solo
- A sense of pride in expressing personal environmental values
- A sense of belonging to the organization and its strategic orientations
- Lower risk of accidents
- Less noise and greenhouse gas pollution
- Lower health-care costs

Representation

Diversity has been identified as a major issue at Desjardins Group, firstly, in response to the current and future needs of its members and clients, and secondly, so that these members and clients can identify with a financial institution that is representative of their community. Desjardins has identified young people, women in senior management positions, cultural and Aboriginal communities, as well as English-speaking communities, as target groups in its efforts to positively shape its future.

Openness to diversity is directly related to Desjardins Group's other cooperative values: solidarity, democracy and equality. In 2006, Desjardins Group adopted an inclusive management style that fosters a respectful environment that celebrates differences. This approach guides the organization as a whole in diversity-related matters.

EMPLOYEE DISTRIBUTION ⁽³⁾	2009	2008	2007
By component			
Desjardins Group, excluding the caisse network	16,803	16,776	15,817
Caisse network	25,470	25,145	24,528
By province ⁽⁴⁾			
Québec	39,434	39,119	37,959
Lévis—Québec City	9,180	9,081	8,587
Greater Montréal	13,864	13,804	12,851
Other regions	16,390	16,234	16,521
Ontario	2,657	2,650	2,585
Other provinces	127	96	81
Outside Canada	55	56	58
By status ⁽⁴⁾			
Regular	37,298	36,419	35,363
Temporary	4,636	4,636	4,563
By job category ⁽⁴⁾			
Senior management	596 ⁽⁵⁾	772	816
Management (excluding senior management)	3,615	2,553	2,466
Employees	38,489	37,730	36,644
Total	42,273	41,921	40,345

(3) Some previously published figures were altered to reflect changes or corrections to the compilation methodology.

(4) Excludes data for certain group and Ontario caisses; however, more and more caisses are being progressively included (number of caisses excluded: 9 group caisses in 2009; 10 group caisses and 4 Ontario caisses in 2008; 14 group caisses and 6 Ontario caisses in 2007).

(5) The definition of senior management was modified in 2009 to account for the new structure. It includes caisse network general manager positions as well as vice-president and higher positions in the new Desjardins Group structure.

REPRESENTATION OF EMPLOYEES AGE 30 AND UNDER (as a %)	2009	2008	2007
Management	2.6	1.9	2.1
Employees	20.9	20.0	20.3
Total	19.4	18.5	18.8

Ensuring fair representation of women

In 2006, Desjardins created a Gender Equity Committee to develop an action plan to increase the number of women among senior management staff while maintaining skills-based appointments. Assigned the role of ambassador for the gender equality component of diversity management, its objectives are to

- Foster the promotion of women to senior management positions
- Increase the representation of women among senior management positions
- Make Desjardins known on the market as a major player in the recruitment, retention, development and advancement of women in management positions
- Influence the next generation of women across all management levels with the objective of preparing future female executives

At Desjardins in 2009, 50% of posted management (excluding senior management) and 25% of posted senior management⁽⁶⁾ positions were filled by women. At Desjardins Group, 83% of employees believe men and women have an equal opportunity for career advancement.⁽⁷⁾

Desjardins has also been a member of Catalyst for several years and holds a seat on the Canadian Advisory Board. Catalyst is the leading non-profit corporate membership research and advisory organization working globally with businesses and professional groups to build inclusive environments and expand opportunities for women in businesses.

REPRESENTATION OF WOMEN (as a %)	2009	2008	2007
Senior management	20.5 ⁽⁶⁾	19.2	19.1
Management	56.7	56.9	56.2
Employees	78.3	78.7 ⁽⁸⁾	79.3

(6) This data takes the entirety of Desjardins Group into account. The definition of senior management was modified in 2009 to account for the new structure. It includes caisse network general manager positions as well as vice-president and higher positions in the new Desjardins Group structure.

(8) Some previously published figures were altered to reflect changes or corrections to the compilation methodology.

Pay equity

Desjardins Group is among the few private employers in Québec in favour of the concept of a pay equity act. Since the adoption of the *Pay Equity Act*, Desjardins has completed its pay equity exercise for 12 of 29 programs, representing 60% of employees. The pay equity exercise is scheduled to be completed in 2010. Desjardins Group has proven that its pay is equitable and that it is in compliance with the parameters set out in this Act.

The base salary ratio is established according to the following principle: all employees occupying equivalent positions fall into the same job level or class and the same salary scale. Salary differences are the result of other factors such as seniority.

In June 2010, Desjardins Group finalized agreements with unions representing certain caisse network employees. These agreements are in addition to those signed in recent years with other groups of unionized and non-unionized employees. Salary scales for certain job types will be increased. Terms have been defined to ensure pay equity is maintained and will result in further salary adjustments in late 2010.

(6) This data takes the entirety of Desjardins Group into account. The definition of senior management was modified in 2009 to account for the new structure. It includes caisse network general manager positions as well as vice-president and higher positions in the new Desjardins Group structure.

(7) 2008 engagement survey

"WE BELIEVE
that our similarities
outnumber our
differences."

Cultural diversity

Over the last four years, Desjardins has taken action to raise awareness about diversity issues and provide training and coaching to Desjardins management staff, employees and officers. For example, Operation Discovery is aimed at implementing a skills development approach to diversity management. Furthermore, many Desjardins caisses offer services in languages other than English and French; some even have staff that can speak up to 10 languages, as is the case at Carrefour Desjardins.

The most recent diversity survey at Desjardins Group was carried out in 2008–2009. Following this survey, the representation rate of cultural communities among employees was 4.97%. The table below presents a breakdown of the groups targeted in the equal access employment program.

	Island of Montréal	Caisse network	FCDQ	DFS	DGIG	CCD	DAM- DPM	DVC	DID	DG TOTAL
Date of survey	As at June 17, 2009	As at June 17, 2009	As at Dec. 31, 2008	As at Dec. 31, 2009	Fall 2007	As at Dec. 31, 2009	Spring 2008	Spring 2008	September 2008	
Response rate	88.64	85.22	80.79	—	76.40	90.29	69.33	85.98	65.82	75.65
Target groups										
% ethnic minorities	9.62	1.96	1.62	0.91	1.22	—	2.52	0.93	0.00	1.68
% visible minorities	9.59	2.32	5.44	2.73	1.22	7.19	2.94	0.00	1.27	2.88
% Aboriginal peoples	0.43	0.66	0.34	0.27	0.20	0.00	0.42	0.00	0.00	0.51
% cultural communities	19.65	4.94	7.40	3.91	2.63	7.19	5.88	0.93	1.27	5.07
% disabled persons	0.87	0.62	0.87	—	0.43	0.00	0.42	0.93	1.27	0.58

Note: The "Island of Montréal" column applies to the caisse network only.⁽⁹⁾

FCDQ: Fédération des caisses Desjardins du Québec

DFS: Desjardins Financial Security

DGIG: Desjardins General Insurance Group

CCD: Caisse centrale Desjardins

DAM-DPM: Desjardins Asset Management – Desjardins Property Management

DVC: Desjardins Venture Capital

DID: Développement international Desjardins

DG: Desjardins Group

(9) Desjardins Financial Security and Caisse centrale Desjardins participate in contractual federal government and provincial government employment equity programs and, as a result, do not conduct internal surveys.

Reorganization of Desjardins Group

Consistent with the Desjardins Group Development Plan, Desjardins undertook a significant overhaul of its organizational structure in 2009.

Desjardins Group took several measures to protect its employee base and retain the best talent. Teams of human resources professionals dedicated to each of the various sectors and functions of Desjardins Group were set up to enable this process. The teams provided advisory support during the design phase of the new structure, supported our leaders in rolling out the new structure and managing change, and coordinated the rules governing our human resources management in order to ensure fairness and optimal talent placement throughout the process.

The following are some of the measures applied during the reorganization:

- A position matching process
- Reassignment of an employee to the same position if at least 75% of tasks remained the same
- Priority given to surplus employees for each new position created
- Training and support provided to facilitate the transition
- Rollout of new functions spread out over time to promote natural attrition

There was also increased communication with managers and employees. The intranet site was updated on a regular basis, as were the multimedia zone and the blogs written by members of senior management and the Chair of the Board, President and CEO of Desjardins Group.

At the beginning of 2010, a survey was carried out among employees specifically to measure how well they understood the changes and the impacts of those changes on their day-to-day activities. This survey showed that employees understood the need for the transformation very well. The survey also gave employees an opportunity to express their need for additional support and guidance, information and involvement to enable them to better integrate the changes and better understand their personal roles and the role of their business units. In response to those concerns, additional measures will be rolled out to further increase the support available to employees.

3.2

Health and Well-Being

For some years now, Desjardins has been working on setting up a team dedicated to general health management. Under the new organizational structure, that team is now known as the Group Insurance and Health Management Department. In 2009, Desjardins Group maintained its status as a Canadian leader in workplace health and safety.

Health promotion

Every year, Desjardins makes a significant investment in employee health and well-being. In 2009, approximately \$6 million was spent on illness prevention and health promotion programs and initiatives. To provide even more guidance and support to employees with health problems, Desjardins launched an “Early Assistance” program developed jointly by Desjardins Financial Security and rehabilitation companies. This program offers employees optimal support right from the start of a disability, so that they can get the care and services they need, when they need it, which aids in their recovery and, therefore, return to work.

Employee participation is important when it comes to activities promoting healthy lifestyle habits. In 2009, the flu shot campaign held annually in many offices throughout Desjardins Group enabled nearly 7,000 employees to take pre-emptive measures against the flu. Additionally, approximately 37% of employees have taken advantage of the Physical Activity Fees Reimbursement Policy.

OUR CHALLENGE WITH RESPECT TO HUMAN CAPITAL

To continue supporting employees who are affected by changes related to the organizational transformation while maintaining quality customer service and financial performance.

OUR CHALLENGE WITH RESPECT TO HEALTH AND WELL-BEING

To take advantage of the new Desjardins Group organizational structure to update and standardize best practices in terms of workplace health and safety as well as emergency measures.

A major partner of the 5/30 Health and Wellness Challenge, Desjardins recorded a strong level of participation among its officers, employees, family members and retirees. In 2009, more than 10,500 people signed up for the challenge.

In 2009, because of changes to preventive care needs and offers, Desjardins decided to add a health spending account to the group insurance plan. This account includes an annual amount that employees can use as they see fit for health care not included in their health coverage.

Finally, Desjardins Group continues to develop its health management model in order to maximize the use of resources for preventing psychological health problems, musculoskeletal problems, and chronic illnesses.

Ensuring employee safety at all times

Desjardins Group offers many support programs for employees who have fallen victim to a traumatic event, whether or not it is related to the nature of their work in a financial institution. Compensation mechanisms are available for people needing time off work following a traumatic event. Employees also have access to a support program for victims of violent acts such as a robbery or attempted robbery, death threats and hostage-taking within the context of their job.

HR intervention plan

In autumn of 2009, the H1N1 flu pandemic led Desjardins Group to deploy significant measures to prevent and limit the spread of the virus among its employees and in the community. A plan was put forward in order to

- Communicate clear and transparent information to managers and employees about measures taken at each stage of the pandemic
- Promote good hygiene practices by supplying employees with effective protection supplies, including latex gloves, surgical masks, hand sanitizers and the products necessary for them to clean their individual workspaces
- Implement stricter cleaning methods and measures for the disinfection of workspaces considered at risk
- Encourage employees with symptoms of the H1N1 flu virus (and employees living with someone showing symptoms) to stay home while guaranteeing their financial security